PHILLIPS, HAGER & NORTH
Investment Management®

PHILLIPS, HAGER & NORTH FUNDS

2016 Interim Financial Statements

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc.,
the Manager of the Funds and an indirect wholly owned subsidiary of Royal Bank of Canada.

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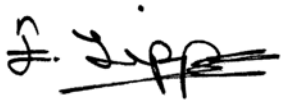
PHILLIPS, HAGER & NORTH
Investment Management®

The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM"), as manager of the Phillips, Hager & North Investment Funds (the "Funds") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within these financial statements.

We have maintained appropriate procedures and controls to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgments). The significant accounting policies, which we believe are appropriate for the Funds, are described in Note 3 to the financial statements.

Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.



Frank Lippa, CPA, CA
Chief Financial Officer and Chief Operating Officer
RBC Global Asset Management Inc.

August 10, 2016

Unaudited Interim Financial Statements
The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN MONEY MARKET FUND

June 30, 2016

Par Value (000s)	Security	Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
78 669	Bank of Montreal	$ 78 713	
73 985	Bank of Nova Scotia	73 745	
20 500	Canadian Imperial Bank of Commerce	20 447	
64 025	HSBC Bank Canada	63 958	
24 471	National Bank of Canada	24 588	
		261 451	**20.5**
COMMERCIAL PAPER			
37 500	AltaLink LP	37 473	
63 450	Banner Trust	63 267	
63 250	Bay Street Funding Trust - Class A	62 970	
35 000	Canadian Master Trust - Series A	34 821	
36 975	Canadian Utilities Ltd.	36 961	
63 550	Central 1 Credit Union	63 501	
10 000	Clarity Trust	9 977	
37 000	Enbridge Pipelines Inc.	36 931	
17 000	EPCOR Utilities Inc.	16 992	
6 000	Fusion Trust	5 973	
37 550	Husky Energy Inc.	37 526	
22 500	Imperial Oil Ltd.	22 486	
37 500	Inter Pipeline Corridor Inc.	37 466	
63 000	King Street Funding Trust	62 744	
3 000	Lower Mattagami Energy LP	2 999	
28 500	McCain Financial Canada	28 472	
63 500	Merit Trust - Senior Notes	63 198	
20 000	Nissan Canada Financial Services Inc.	19 986	
38 050	Nova Scotia Power Inc.	38 019	
61 000	Prime Trust - Senior Notes	60 727	
43 500	Ridge Trust	43 276	
61 700	SAFE Trust - Series 1996-1	61 408	
61 325	SOUND Trust	61 073	
30 650	SURE Trust	30 493	
21 650	Toronto Hydro Corp.	21 648	
63 755	Zeus Receivables Trust - Senior Notes	63 543	
		1 023 930	**80.2**
TOTAL INVESTMENTS		1 285 381	**100.7**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		(8 670)	**(0.7)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		$1 276 711	**100.0**

Investments, which are grouped by issuer, earn interest at rates ranging from 0.80% to 1.29% and mature between July 4, 2016 and June 14, 2017.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 1 285 381**	$ 1 546 984
Cash	**117**	17
Subscriptions receivable	**1 847**	7 639
Dividends receivable, interest accrued and other assets	**2 176**	2 288
TOTAL ASSETS	**1 289 521**	1 556 928
LIABILITIES		
Redemptions payable	**12 587**	495
Distributions payable	**62**	53
Accounts payable and accrued expenses	**161**	276
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**12 810**	824
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 276 711**	$ 1 556 104
Investments at cost	**$ 1 285 381**	$ 1 546 984
NAV		
SERIES A	**$ 5 599**	$ 6 575
ADVISOR SERIES	**$ 2 707**	$ 3 576
SERIES D	**$ 290 873**	$ 519 426
SERIES F	**$ 3 497**	$ 3 806
SERIES O	**$ 974 035**	$ 1 022 721
NAV PER UNIT		
SERIES A	**$ 10.00**	$ 10.00
ADVISOR SERIES	**$ 10.00**	$ 10.00
SERIES D	**$ 10.00**	$ 10.00
SERIES F	**$ 10.00**	$ 10.00
SERIES O	**$ 10.00**	$ 10.00

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 6 566**	$ 7 116
TOTAL INCOME (LOSS)	**6 566**	7 116
EXPENSES (see notes – Fund Specific Information)		
Management fees	**974**	722
Administration fees	**206**	225
Independent Review Committee costs	**2**	2
GST/HST	**95**	79
TOTAL EXPENSES	**1 277**	1 028
INCREASE (DECREASE) IN NAV	**$ 5 289**	$ 6 088
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 13**	$ 13
ADVISOR SERIES	**$ 6**	$ 9
SERIES D	**$ 818**	$ 812
SERIES F	**$ 8**	$ 9
SERIES O	**$ 4 444**	$ 5 245
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.02**	$ 0.02
ADVISOR SERIES	**$ 0.02**	$ 0.02
SERIES D	**$ 0.02**	$ 0.02
SERIES F	**$ 0.02**	$ 0.03
SERIES O	**$ 0.04**	$ 0.05

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 5 289**	$ 6 088
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**–**	–
Change in unrealized loss (gain) on investments	**–**	–
(Increase) decrease in accrued receivables	**112**	322
Increase (decrease) in accrued payables	**(115)**	7
Cost of investments purchased	**(5 139 269)**	(4 408 687)
Proceeds on sales of investments	**5 400 872**	4 384 643
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**266 889**	(17 627)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**702 275**	650 439
Cash paid on redemption of redeemable units	**(968 655)**	(632 432)
Distributions paid to holders of redeemable units	**(409)**	(380)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (266 789)**	$ 17 627
Net increase (decrease) in cash for the period	**100**	–
Cash (bank overdraft), beginning of period	**17**	30
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 117**	$ 30
Interest received (paid)	**$ 6 678**	$ 7 438
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 6 575**	$ 4 313	**$ 3 576**	$ 3 327	**$ 519 426**	$ 271 683	**$ 3 806**	$ 5 237
INCREASE (DECREASE) IN NAV	**13**	13	**6**	9	**818**	812	**8**	9
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**2 913**	1 844	**267**	1 288	**164 506**	142 814	**418**	728
Reinvestments of distributions to holders of redeemable units	**12**	13	**6**	10	**808**	802	**8**	9
Redemption of redeemable units	**(3 902)**	(958)	**(1 142)**	(1 057)	**(393 867)**	(114 066)	**(735)**	(2 858)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(977)**	899	**(869)**	241	**(228 553)**	29 550	**(309)**	(2 121)
Distributions from net income	**(12)**	(13)	**(6)**	(10)	**(818)**	(812)	**(8)**	(9)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(12)**	(13)	**(6)**	(10)	**(818)**	(812)	**(8)**	(9)
NET INCREASE (DECREASE) IN NAV	**(976)**	899	**(869)**	240	**(228 553)**	29 550	**(309)**	(2 121)
NAV AT END OF PERIOD	**$ 5 599**	$ 5 212	**$ 2 707**	$ 3 567	**$ 290 873**	$ 301 233	**$ 3 497**	$ 3 116

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 1 022 721**	$ 980 168	**$ 1 556 104**	$ 1 264 728
INCREASE (DECREASE) IN NAV	**4 444**	5 245	**5 289**	6 088
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**528 379**	498 009	**696 483**	644 683
Reinvestments of distributions to holders of redeemable units	**4 037**	4 826	**4 871**	5 660
Redemption of redeemable units	**(581 101)**	(514 542)	**(980 747)**	(633 481)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(48 685)**	(11 707)	**(279 393)**	16 862
Distributions from net income	**(4 445)**	(5 245)	**(5 289)**	(6 089)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(4 445)**	(5 245)	**(5 289)**	(6 089)
NET INCREASE (DECREASE) IN NAV	**(48 686)**	(11 707)	**(279 393)**	16 861
NAV AT END OF PERIOD	**$ 974 035**	$ 968 461	**$ 1 276 711**	$ 1 281 589

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a steady level of current income, capital preservation and liquidity by investing in a well-diversified portfolio of short-term Canadian money market securities with strong credit ratings.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
R-1 (H)	**63.7**	70.0
R-1 (M)	**11.8**	11.6
R-1 (L)	**24.5**	18.4
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Notes	**100.0**	99.4
Cash/Other	**–**	0.6
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
0 – 1 month	**52.3**	46.4
1 – 3 months	**22.5**	31.9
4 – 6 months	**20.0**	17.6
7 – 12 months	**5.2**	4.1
Total	**100.0**	100.0

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**1 285 381**	**–**	**1 285 381**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**–**	**1 285 381**	**–**	**1 285 381**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 546 984	–	1 546 984
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	1 546 984	–	1 546 984
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses*
Series A	up to 0.65%	0.05%
Advisor Series	up to 0.65%	0.05%
Series D	up to 0.50%†	0.05%
Series F	up to 0.40%	0.05%
Series O	n/a‡	0.02%

* Effective January 1, 2016, the administration fees for Series O units were reduced to 0.02% from 0.03%.

† 0.50% of the Series D net asset value of the Fund up to $200 000 000 and 0.40% of the Series D net asset value of the Fund in excess of $200 000 000.

‡ Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**46**	43
Advisor Series	**53**	53
Series D	**4 922 106**	4 007 825
Series F	**2**	2
Series O	**470**	519
Value of all units	**49 227**	40 084

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**658**	431
Issued number of units	**291**	185
Reinvested number of units	**1**	1
Redeemed number of units	**(390)**	(96)
Ending number of units	**560**	521
Advisor Series		
Opening units	**358**	333
Issued number of units	**26**	129
Reinvested number of units	**1**	1
Redeemed number of units	**(114)**	(106)
Ending number of units	**271**	357
Series D		
Opening units	**51 943**	27 168
Issued number of units	**16 450**	14 282
Reinvested number of units	**81**	80
Redeemed number of units	**(39 387)**	(11 407)
Ending number of units	**29 087**	30 123
Series F		
Opening units	**381**	524
Issued number of units	**42**	73
Reinvested number of units	**1**	1
Redeemed number of units	**(74)**	(286)
Ending number of units	**350**	312

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series O		
Opening units	**102 272**	98 017
Issued number of units	**52 838**	49 800
Reinvested number of units	**404**	483
Redeemed number of units	**(58 110)**	(51 454)
Ending number of units	**97 404**	96 846

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
BonaVista Balanced Fund	**–**	0.1
BonaVista Canadian Equity Fund	**–**	0.1
BonaVista Canadian Equity Value Fund	**–**	–
BonaVista Private Balanced Fund	**–**	–
Phillips, Hager & North Balanced Fund	**0.9**	0.8
Phillips, Hager & North Balanced Pension Trust	**1.4**	1.2
Phillips, Hager & North LifeTime 2015 Fund	**–**	–
Phillips, Hager & North LifeTime 2020 Fund	**–**	–
Phillips, Hager & North LifeTime 2025 Fund	**–**	–
Phillips, Hager & North LifeTime 2030 Fund	**–**	–
Phillips, Hager & North LifeTime 2035 Fund	**–**	–
Phillips, Hager & North LifeTime 2040 Fund	**–**	–
Phillips, Hager & North LifeTime 2045 Fund	**–**	–
Phillips, Hager & North LifeTime 2050 Fund	**–**	–
Total	**2.3**	2.2

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in USD000s)

PHILLIPS, HAGER & NORTH $U.S. MONEY MARKET FUND

June 30, 2016

Par Value (000s)	Security	Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
3 340	Bank of Nova Scotia	$ 3 339	
4 115	Toronto-Dominion Bank	4 112	
		7 451	**16.9**
COMMERCIAL PAPER			
2 000	Banner Trust	1 992	
1 945	Caisse Centrale Desjardins	1 944	
1 900	Canadian Master Trust - Series A	1 892	
1 990	Clarity Trust	1 980	
1 100	Enbridge Pipelines Inc.	1 098	
700	Farm Credit Canada	700	
2 000	Fusion Trust	1 990	
1 975	Merit Trust - Senior Notes	1 966	
1 900	OMERS Realty Corp.	1 897	
1 945	Prime Trust - Senior Notes	1 937	
1 945	Ridge Trust	1 939	
1 995	SAFE Trust - Series 1996-1	1 990	
2 000	SOUND Trust	1 994	
2 000	SURE Trust	1 992	
1 900	Zeus Receivables Trust - Senior Notes	1 895	
		27 206	**61.6**
PROVINCIAL OBLIGATIONS			
7 430	Province of Alberta	7 423	
1 800	Province of Quebec	1 799	
		9 222	**20.9**
TOTAL INVESTMENTS		43 879	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		281	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		$ 44 160	**100.0**

Investments, which are grouped by issuer, earn interest at rates ranging from 0.38% to 1.00% and mature between July 5, 2016 and November 1, 2016.

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

PHILLIPS, HAGER & NORTH $U.S. MONEY MARKET FUND

(IN U.S. DOLLARS)

PHILLIPS, HAGER & NORTH
Investment Management®

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)		June 30 2016		December 31 2015
ASSETS				
Investments at fair value	**$**	**43 879**	$	51 812
Cash		**4**		5
Subscriptions receivable		**226**		338
Dividends receivable, interest accrued and other assets		**61**		28
TOTAL ASSETS		**44 170**		52 183
LIABILITIES				
Redemptions payable		**–**		387
Distributions payable		**3**		3
Accounts payable and accrued expenses		**7**		2
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		**10**		392
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$**	**44 160**	$	51 791
Investments at cost	**$**	**43 879**	$	51 812
NAV				
SERIES A	**$**	**1 350**	$	1 469
ADVISOR SERIES	**$**	**57**	$	69
SERIES D	**$**	**13 996**	$	13 985
SERIES F	**$**	**1 249**	$	2 735
SERIES O	**$**	**27 508**	$	33 533
NAV PER UNIT				
SERIES A	**$**	**10.00**	$	10.00
ADVISOR SERIES	**$**	**10.00**	$	10.00
SERIES D	**$**	**10.00**	$	10.00
SERIES F	**$**	**10.00**	$	10.00
SERIES O	**$**	**10.00**	$	10.00

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)		2016		2015
INCOME (see note 3 in the generic notes)				
Interest for distribution purposes	**$**	**151**	$	68
TOTAL INCOME (LOSS)		**151**		68
EXPENSES (see notes – Fund Specific Information)				
Management fees		**12**		5
Administration fees		**12**		13
Independent Review Committee costs		**2**		1
GST/HST		**2**		2
Expenses reimbursed by manager		**(2)**		–
TOTAL EXPENSES		**26**		21
INCREASE (DECREASE) IN NAV	**$**	**125**	$	47
INCREASE (DECREASE) IN NAV				
SERIES A	**$**	**3**	$	1
ADVISOR SERIES	**$**	**–**	$	1
SERIES D	**$**	**32**	$	11
SERIES F	**$**	**4**	$	1
SERIES O	**$**	**86**	$	33
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT				
SERIES A	**$**	**0.02**	$	–
ADVISOR SERIES	**$**	**0.02**	$	–
SERIES D	**$**	**0.02**	$	–
SERIES F	**$**	**0.02**	$	–
SERIES O	**$**	**0.03**	$	0.01

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 125**	$ 47
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**–**	–
Change in unrealized loss (gain) on investments	**–**	–
(Increase) decrease in accrued receivables	**(33)**	–
Increase (decrease) in accrued payables	**5**	1
Cost of investments purchased	**(180 679)**	(227 373)
Proceeds on sales of investments	**188 612**	227 326
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**8 030**	1
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**18 602**	24 496
Cash paid on redemption of redeemable units	**(26 612)**	(24 494)
Distributions paid to holders of redeemable units	**(21)**	(3)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (8 031)**	$ (1)
Net increase (decrease) in cash for the period	**(1)**	–
Cash (bank overdraft), beginning of period	**5**	3
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 4**	$ 3
Interest received (paid)	**$ 119**	$ 68
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH $U.S. MONEY MARKET FUND

(IN U.S. DOLLARS)

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 1 469**	$ 1 930	**$ 69**	$ 93	**$ 13 985**	$ 16 354	**$ 2 735**	$ 3 035
INCREASE (DECREASE) IN NAV	**3**	1	**–**	1	**32**	11	**4**	1
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**303**	146	**–**	43	**6 606**	5 530	**587**	1 377
Reinvestments of distributions to holders of redeemable units	**2**	1	**–**	–	**31**	11	**5**	1
Redemption of redeemable units	**(424)**	(616)	**(12)**	(2)	**(6 626)**	(7 036)	**(2 077)**	(2 349)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(119)**	(469)	**(12)**	41	**11**	(1 495)	**(1 485)**	(971)
Distributions from net income	**(3)**	(1)	**–**	–	**(32)**	(11)	**(5)**	(1)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(3)**	(1)	**–**	–	**(32)**	(11)	**(5)**	(1)
NET INCREASE (DECREASE) IN NAV	**(119)**	(469)	**(12)**	42	**11**	(1 495)	**(1 486)**	(971)
NAV AT END OF PERIOD	**$ 1 350**	$ 1 461	**$ 57**	$ 135	**$ 13 996**	$ 14 859	**$ 1 249**	$ 2 064

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 33 533**	$ 34 032	**$ 51 791**	$ 55 444
INCREASE (DECREASE) IN NAV	**86**	33	**125**	47
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**10 994**	17 256	**18 490**	24 352
Reinvestments of distributions to holders of redeemable units	**67**	30	**105**	43
Redemption of redeemable units	**(17 086)**	(14 671)	**(26 225)**	(24 674)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(6 025)**	2 615	**(7 630)**	(279)
Distributions from net income	**(86)**	(34)	**(126)**	(47)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(86)**	(34)	**(126)**	(47)
NET INCREASE (DECREASE) IN NAV	**(6 025)**	2 614	**(7 631)**	(279)
NAV AT END OF PERIOD	**$ 27 508**	$ 36 646	**$ 44 160**	$ 55 165

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a steady level of current income while preserving capital by investing primarily in Canadian short-term debt instruments denominated in U.S. dollars.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
R-1 (H)	**93.4**	88.9
R-1 (M)	**4.1**	8.6
R-1 (L)	**2.5**	2.5
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Notes	**77.4**	94.0
Government Notes	**22.6**	6.0
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
0 – 1 month	**31.2**	47.9
1 – 3 months	**64.3**	51.9
4 – 6 months	**4.5**	0.2
7 – 12 months	**–**	–
Total	**100.0**	100.0

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

Fair value hierarchy (USD000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**43 879**	**–**	**43 879**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**–**	**43 879**	**–**	**43 879**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	51 812	–	51 812
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	51 812	–	51 812
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	up to 0.75%	0.05%
Advisor Series	up to 0.75%	0.05%
Series D	up to 0.50%	0.05%
Series F	up to 0.50%	0.05%
Series O	n/a*	0.05%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties (USD000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Advisor Series	**37**	101
Series D	**1**	1
Value of all units	**–**	1

Taxes (CAD000s) (see note 5 in the generic notes)

The Fund prepares its financial statements in U.S. dollars but is taxable on its income and net realized capital gains (including gains from foreign exchange movements) calculated on a Canadian dollar basis.

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**147**	193
Issued number of units	**30**	15
Reinvested number of units	**–**	–
Redeemed number of units	**(42)**	(62)
Ending number of units	**135**	146
Advisor Series		
Opening units	**7**	9
Issued number of units	**–**	4
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	–
Ending number of units	**6**	13
Series D		
Opening units	**1 399**	1 635
Issued number of units	**661**	554
Reinvested number of units	**3**	1
Redeemed number of units	**(663)**	(704)
Ending number of units	**1 400**	1 486
Series F		
Opening units	**273**	303
Issued number of units	**60**	138
Reinvested number of units	**–**	–
Redeemed number of units	**(208)**	(235)
Ending number of units	**125**	206
Series O		
Opening units	**3 353**	3 403
Issued number of units	**1 100**	1 726
Reinvested number of units	**7**	3
Redeemed number of units	**(1 709)**	(1 467)
Ending number of units	**2 751**	3 665

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
8 472	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	$ 8 651	$ 8 620	
TOTAL AUSTRALIA BONDS				8 651	8 620	**0.2**
CANADIAN BONDS						
CORPORATE						
40 620	407 International Inc.	3.870	24-Nov-2017	42 308	41 950	
2 380	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	2 380	2 425	
10 158	AltaGas Ltd.	5.490	27-Mar-2017	11 006	10 418	
1 878	AltaGas Ltd.	4.600	15-Jan-2018	2 028	1 946	
2 534	AltaGas Ltd.	4.550	17-Jan-2019	2 698	2 677	
17 311	AltaLink Investments LP	5.207	16-Dec-2016	18 433	17 599	
21 912	AltaLink Investments LP	3.674	05-Jun-2019	22 667	22 902	
3 902	AltaLink Investments LP	3.265	05-Jun-2020	4 080	4 077	
7 102	AltaLink Investments LP	2.244	07-Mar-2022	7 102	7 117	
10 645	AltaLink LP	5.243	29-May-2018	11 748	11 409	
1 575	AltaLink LP	3.621	17-Sep-2020	1 577	1 704	
88 935	Bank of Montreal	2.960	02-Aug-2016	91 114	89 077	
1 100	Bank of Montreal	4.550	01-Aug-2017	1 167	1 140	
19 505	Bank of Montreal	2.240	11-Dec-2017	19 813	19 798	
19 899	Bank of Montreal	6.020	02-May-2018	22 148	21 605	
41 037	Bank of Montreal	3.120	19-Sep-2024	41 247	41 294	
24 310	Bank of Montreal	3.340	08-Dec-2025	24 262	24 707	
11 960	Bank of Montreal	3.320	01-Jun-2026	11 993	12 105	
8 708	Bank of Nova Scotia	2.740	01-Dec-2016	8 868	8 772	
3 480	Bank of Nova Scotia	4.100	08-Jun-2017	3 699	3 577	
9 047	Bank of Nova Scotia	2.242	22-Mar-2018	9 228	9 195	
67 101	Bank of Nova Scotia	1.330	01-May-2018	66 964	67 122	
13 000	Bank of Nova Scotia	2.750	13-Aug-2018	13 387	13 379	
17 500	Bank of Nova Scotia	2.462	14-Mar-2019	17 986	17 999	
1 400	Bank of Nova Scotia	2.130	15-Jun-2020	1 403	1 431	
2 866	bcIMC Realty Corp.	2.650	29-Jun-2017	2 878	2 909	
4 991	bcIMC Realty Corp.	2.100	03-Jun-2021	4 989	5 095	
3 325	Bell Canada	5.000	15-Feb-2017	3 441	3 399	
9 112	Bell Canada	4.370	13-Sep-2017	9 489	9 423	
2 540	Bell Canada	4.880	26-Apr-2018	2 719	2 688	
1 305	Bell Canada	3.500	10-Sep-2018	1 306	1 359	
29 505	Bell Canada	5.520	26-Feb-2019	33 035	32 387	
5 981	Bell Canada	3.350	18-Jun-2019	6 230	6 255	
1 955	Bell Canada	3.540	12-Jun-2020	1 955	2 077	
7 665	Bell Canada	4.950	19-May-2021	8 818	8 708	
950	Bell Canada	3.150	29-Sep-2021	969	999	
11 890	Bell Canada	3.000	03-Oct-2022	11 978	12 412	
8 032	Blackbird Infrastructure 407 GP	1.713	08-Oct-2021	7 969	8 040	
14 096	Brookfield Asset Management Inc.	5.290	25-Apr-2017	15 062	14 496	
10 374	Brookfield Asset Management Inc.	3.950	09-Apr-2019	10 785	10 904	
5 740	Brookfield Asset Management Inc.	5.300	01-Mar-2021	6 406	6 500	
3 350	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	3 350	3 449	
5 028	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	5 028	5 143	
4 776	Brookfield Renewable Energy Partners ULC	6.132	30-Nov-2016	5 134	4 864	
3 425	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	3 848	3 824	
14 220	Bruce Power LP	2.844	23-Jun-2021	14 220	14 399	
2 340	Caisse Centrale Desjardins	2.443	17-Jul-2019	2 407	2 410	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
5 000	Cameco Corp.	5.670	02-Sep-2019	$ 5 626	$ 5 457	
3 087	Cameco Corp.	3.750	14-Nov-2022	3 205	3 199	
25 322	Canadian Credit Card Trust II	1.829	24-Mar-2020	25 263	25 565	
56 434	Canadian Imperial Bank of Commerce	2.650	08-Nov-2016	57 180	56 766	
3 025	Canadian Imperial Bank of Commerce	2.220	07-Mar-2018	3 070	3 074	
58 617	Canadian Imperial Bank of Commerce	1.700	09-Oct-2018	58 786	59 144	
39 435	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	39 502	39 589	
19 410	Canadian Imperial Bank of Commerce	3.420	26-Jan-2026	19 415	19 769	
9 625	Canadian Natural Resources Ltd.	2.600	03-Dec-2019	9 777	9 563	
9 115	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	8 552	9 105	
5 010	Choice Properties LP	3.000	20-Apr-2017	5 080	5 050	
23 790	Choice Properties LP	3.600	20-Apr-2020	24 388	25 160	
2 200	Choice Properties LP	3.600	20-Sep-2021	2 292	2 347	
11 734	Choice Properties Real Estate Investment Trust	3.498	08-Feb-2021	11 790	12 441	
7 675	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	7 675	8 008	
11 260	CI Financial Corp.	2.645	07-Dec-2020	11 260	11 466	
6 865	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	6 885	6 986	
6 960	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	7 369	7 392	
4 350	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	4 362	4 503	
10 110	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	10 062	10 364	
5 425	Cominar Real Estate Investment Trust	4.247	23-May-2023	5 425	5 523	
5 375	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	5 377	5 555	
8 144	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	8 125	8 133	
2 262	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	2 352	2 369	
5 000	CU Inc.	6.145	22-Nov-2017	5 954	5 333	
16 600	Eagle Credit Card Trust	2.849	17-Oct-2018	16 822	17 153	
5 420	Eagle Credit Card Trust	2.147	17-Sep-2020	5 420	5 539	
35 057	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	35 329	35 376	
5 500	Emera Inc.	2.960	13-Dec-2016	5 628	5 537	
3 142	Emera Inc.	4.830	02-Dec-2019	3 451	3 420	
7 440	Emera Inc.	2.900	16-Jun-2023	7 440	7 538	
8 835	Enbridge Gas Distribution Inc.	1.850	24-Apr-2017	8 839	8 882	
3 085	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	3 284	3 250	
7 680	Enbridge Inc.	5.000	09-Aug-2016	8 435	7 706	
24 331	Enbridge Inc.	4.770	02-Sep-2019	26 722	26 218	
9 935	Enbridge Inc.	4.530	09-Mar-2020	10 285	10 708	
5 310	Enbridge Inc.	4.260	01-Feb-2021	5 696	5 713	
19 040	Enbridge Inc.	3.160	11-Mar-2021	19 293	19 587	
1 285	Enbridge Income Fund	2.920	14-Dec-2017	1 297	1 302	
25 814	Enbridge Income Fund	4.100	22-Feb-2019	27 750	27 050	
43 545	Enbridge Pipelines Inc.	6.620	19-Nov-2018	49 536	48 481	
6 395	Enbridge Pipelines Inc.	4.490	12-Nov-2019	7 029	6 954	
2 237	Enbridge Pipelines Inc.	4.450	06-Apr-2020	2 477	2 439	
9 301	Enmax Corp.	6.150	19-Jun-2018	10 611	10 018	
3 435	EPCOR Utilities Inc.	5.800	31-Jan-2018	3 950	3 674	
8 641	First Capital Realty Inc.	4.950	30-Nov-2018	9 309	9 272	
2 076	First Capital Realty Inc.	4.430	31-Jan-2022	2 290	2 301	
11 288	FortisBC Energy Inc.	10.300	30-Sep-2016	13 921	11 520	
95 784	Genesis Trust II	2.295	15-Feb-2017	96 838	96 547	
28 080	Genesis Trust II	1.675	17-Sep-2018	28 082	28 305	
22 205	Genesis Trust II	2.433	15-May-2019	22 521	22 873	
5 965	Granite Real Estate Investment Trust Holdings LP	3.788	05-Jul-2021	5 980	6 238	
3 600	H&R Real Estate Investment Trust	3.344	20-Jun-2018	3 674	3 678	
1 504	H&R Real Estate Investment Trust	4.450	02-Mar-2020	1 590	1 607	
6 379	Hollis Receivables Term Trust II	2.434	26-Jun-2019	6 441	6 560	
7 860	Hollis Receivables Term Trust II	1.788	26-Feb-2020	7 825	7 931	
2 955	HSBC Bank Canada	2.078	26-Nov-2018	2 955	2 982	
2 780	HSBC Bank Canada	2.449	29-Jan-2021	2 781	2 829	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
15 265	Husky Energy Inc.	5.000	12-Mar-2020	$ 16 903	$ 16 617	
23 476	Hydro One Inc.	2.780	09-Oct-2018	23 512	24 257	
36 220	Hydro One Inc.	1.840	24-Feb-2021	36 213	36 793	
6 500	Inter Pipeline Ltd.	3.839	30-Jul-2018	6 855	6 757	
2 000	Inter Pipeline Ltd.	3.776	30-May-2022	2 163	2 133	
7 499	John Deere Canada Funding Inc.	2.300	05-Jul-2016	7 604	7 500	
2 582	John Deere Canada Funding Inc.	1.950	12-Apr-2017	2 575	2 600	
3 275	Loblaw Companies Ltd.	3.748	12-Mar-2019	3 277	3 454	
4 435	Lower Mattagami Energy LP	2.228	23-Oct-2017	4 435	4 489	
5 120	Manitoba Telecom Services Inc.	4.590	01-Oct-2018	5 528	5 438	
6 690	Master Credit Card Trust II	2.723	21-Nov-2018	6 917	6 912	
18 373	North West Redwater Partnership	2.100	23-Feb-2022	18 139	18 253	
2 501	Nova Scotia Power Inc.	9.750	02-Aug-2019	3 417	3 080	
17 827	OMERS Realty Corp.	2.498	05-Jun-2018	17 945	18 221	
3 740	OMERS Realty Corp.	2.473	12-Nov-2019	3 740	3 858	
9 050	OMERS Realty Corp.	2.971	05-Apr-2021	9 092	9 594	
12 657	Pembina Pipeline Corp.	4.890	29-Mar-2021	14 052	13 879	
2 000	Pembina Pipeline Corp.	3.770	24-Oct-2022	2 027	2 090	
3 310	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	3 368	3 377	
5 312	Rogers Communications Inc.	3.000	06-Jun-2017	5 374	5 391	
8 615	Rogers Communications Inc.	2.800	13-Mar-2019	8 613	8 869	
4 465	Rogers Communications Inc.	5.340	22-Mar-2021	5 071	5 119	
3 988	Royal Bank of Canada*	2.820	12-Jul-2018	4 117	4 105	
26 448	Royal Bank of Canada*	2.890	11-Oct-2018	27 521	27 366	
71 920	Royal Bank of Canada*	1.400	26-Apr-2019	72 031	72 185	
17 260	Royal Bank of Canada*	2.350	09-Dec-2019	17 732	17 766	
5 163	Royal Bank of Canada*	1.920	17-Jul-2020	5 153	5 239	
12 755	Royal Bank of Canada*	2.030	15-Mar-2021	12 750	12 999	
7 874	Royal Bank of Canada*	3.040	17-Jul-2024	8 011	7 909	
4 820	Royal Bank of Canada*	2.480	04-Jun-2025	4 692	4 739	
48 020	Royal Bank of Canada*	3.310	20-Jan-2026	47 973	48 657	
1 639	Royal Bank of Canada*	3.450	29-Sep-2026	1 654	1 666	
28 302	Shaw Communications Inc.	5.700	02-Mar-2017	29 648	29 069	
11 290	Shaw Communications Inc.	5.650	01-Oct-2019	12 735	12 491	
5 264	Shaw Communications Inc.	5.500	07-Dec-2020	5 999	5 944	
5 735	Shaw Communications Inc.	3.150	19-Feb-2021	5 729	5 907	
14 831	Sobeys Inc.	3.520	08-Aug-2018	15 026	15 198	
3 175	Suncor Energy Inc. USD	6.100	01-Jun-2018	4 444	4 438	
26 348	TELUS Corp.	5.050	23-Jul-2020	29 313	29 485	
4 000	TELUS Corp.	3.600	26-Jan-2021	4 191	4 265	
7 493	TELUS Corp.	3.200	05-Apr-2021	7 876	7 857	
44 715	TELUS Corp.	2.350	28-Mar-2022	44 239	44 968	
9 644	Teranet Holdings LP	4.807	16-Dec-2020	10 640	10 675	
8 435	Teranet Holdings LP	3.646	18-Nov-2022	8 435	8 910	
23 047	Thomson Reuters Corp.	3.369	23-May-2019	23 146	23 935	
3 105	TMX Group Ltd.	1.975	03-Oct-2016	3 127	3 105	
4 260	TMX Group Ltd.	3.253	03-Oct-2018	4 261	4 421	
35	Toronto Hydro Corp.	5.150	14-Nov-2017	39	37	
674	Toronto Hydro Corp.	4.490	12-Nov-2019	744	742	
32 064	Toronto-Dominion Bank	1.824	03-Apr-2017	32 290	32 264	
30 206	Toronto-Dominion Bank	2.433	15-Aug-2017	30 463	30 646	
9 577	Toronto-Dominion Bank	2.171	02-Apr-2018	9 722	9 729	
6 000	Toronto-Dominion Bank	2.447	02-Apr-2019	6 190	6 181	
11 545	Toronto-Dominion Bank	2.045	08-Mar-2021	11 726	11 797	
20 135	Toronto-Dominion Bank	1.680	08-Jun-2021	20 127	20 299	
10 550	Toronto-Dominion Bank	2.692	24-Jun-2025	10 307	10 470	
17 050	Toronto-Dominion Bank	2.982	30-Sep-2025	17 022	17 092	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
12 640	Toyota Credit Canada Inc.	2.200	25-Feb-2021	$ 12 619	$ 12 944	
4 515	TransCanada PipeLines Ltd.	5.100	11-Jan-2017	4 831	4 602	
4 812	TransCanada PipeLines Ltd.	9.450	20-Mar-2018	6 380	5 413	
3 400	TransCanada PipeLines Ltd.	11.800	20-Nov-2020	5 165	4 729	
1 930	TransCanada PipeLines Ltd.	3.650	15-Nov-2021	2 047	2 082	
17 690	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	18 794	19 163	
6 584	Union Gas Ltd.	9.700	06-Nov-2017	8 354	7 284	
10 000	Union Gas Ltd.	5.350	27-Apr-2018	10 995	10 693	
6 895	Union Gas Ltd.	2.760	02-Jun-2021	6 893	7 225	
8 210	Union Gas Ltd.	4.850	25-Apr-2022	9 391	9 531	
5 696	Westcoast Energy Inc.	5.600	16-Jan-2019	6 362	6 196	
2 735	Westcoast Energy Inc.	9.900	10-Jan-2020	3 643	3 420	
8 175	Westcoast Energy Inc.	4.570	02-Jul-2020	8 577	8 905	
4 000	Westcoast Energy Inc.	3.883	28-Oct-2021	4 212	4 297	
4 045	Westcoast Energy Inc.	3.120	05-Dec-2022	4 037	4 181	
				2 301 788	2 300 116	**41.2**
FEDERAL						
45 825	Canada Housing Trust No. 1	2.050	15-Jun-2017	46 797	46 454	
170 088	Canada Housing Trust No. 1	1.700	15-Dec-2017	174 073	172 714	
6 784	Canada Housing Trust No. 1	2.050	15-Jun-2018	6 983	6 961	
55 709	Canada Housing Trust No. 1	2.350	15-Dec-2018	57 838	57 862	
9 117	Canada Housing Trust No. 1	4.100	15-Dec-2018	10 006	9 855	
65 752	Canada Housing Trust No. 1	2.000	15-Dec-2019	67 706	68 267	
166 931	Canada Housing Trust No. 1	1.200	15-Jun-2020	167 617	168 842	
68 963	Canada Housing Trust No. 1	1.450	15-Jun-2020	69 665	70 416	
144 166	Canada Housing Trust No. 1	1.250	15-Jun-2021	144 823	145 797	
85 782	Government of Canada	1.250	01-Feb-2018	87 035	86 762	
2 950	Government of Canada	1.250	01-Mar-2018	2 984	2 986	
51 600	Government of Canada	0.250	01-May-2018	51 228	51 350	
1 675	Government of Canada	1.250	01-Sep-2018	1 701	1 702	
2 600	Government of Canada	1.750	01-Mar-2019	2 683	2 686	
535	Government of Canada	3.750	01-Jun-2019	586	585	
11 043	Government of Canada	1.750	01-Sep-2019	11 462	11 460	
36 482	Government of Canada	1.500	01-Mar-2020	37 654	37 746	
11 935	Government of Canada	3.500	01-Jun-2020	13 281	13 294	
76 806	Government of Canada	0.750	01-Sep-2020	76 925	77 426	
181 065	Government of Canada	0.750	01-Mar-2021	182 164	182 567	
16 855	Government of Canada	3.250	01-Jun-2021	18 946	19 025	
5 315	Government of Canada	2.750	01-Jun-2022	5 944	5 950	
				1 238 101	1 240 707	**22.2**
PROVINCIAL/MUNICIPAL						
2 773	Ontrea Inc.	4.619	09-Apr-2018	2 775	2 916	
62 103	Province of Alberta	1.250	01-Jun-2020	61 475	62 386	
44 379	Province of Manitoba	1.550	05-Sep-2021	44 314	44 889	
52 233	Province of Newfoundland and Labrador	1.950	02-Jun-2022	52 101	52 853	
70 710	Province of Ontario	1.900	08-Sep-2017	71 995	71 717	
411 489	Province of Ontario	2.100	08-Sep-2018	426 293	422 540	
148 815	Province of Ontario	4.400	02-Jun-2019	164 888	163 408	
41 786	Province of Ontario	4.200	02-Jun-2020	46 989	46 715	
43 497	Province of Ontario	4.000	02-Jun-2021	49 206	49 242	
				920 036	916 666	**16.4**
TOTAL CANADIAN BONDS				4 459 925	4 457 489	**79.8**

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
UNITED KINGDOM BONDS						
34 476	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	$ 34 845	$ 35 019	
3 602	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	3 735	3 754	
TOTAL UNITED KINGDOM BONDS				38 580	38 773	**0.7**
UNITED STATES BONDS						
13 038	AT&T Inc. CAD	3.825	25-Nov-2020	13 133	13 930	
2 215	Citigroup Inc. CAD	4.650	11-Oct-2022	2 212	2 867	
8 905	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	8 765	8 812	
1 126	Molson Coors International LP CAD	3.950	06-Oct-2017	1 160	1 157	
17 335	Molson Coors International LP CAD	2.250	18-Sep-2018	17 275	17 462	
13 215	Molson Coors International LP CAD	2.750	18-Sep-2020	13 156	13 535	
18 755	Molson Coors International LP CAD	2.840	15-Jul-2023	18 751	18 917	
22 560	Wells Fargo & Co. CAD	2.222	15-Mar-2021	22 560	22 927	
TOTAL UNITED STATES BONDS				97 012	99 607	**1.8**
TOTAL BONDS				4 604 168	4 604 489	**82.5**
MORTGAGE-BACKED SECURITIES						
4 456	Canadian Mortgage Pools	1.200	01-Aug-2016	4 419	4 457	
2 335	Canadian Mortgage Pools	1.500	01-Sep-2016	2 267	2 336	
8 512	Canadian Mortgage Pools	1.500	01-Dec-2016	8 506	8 528	
8 470	Canadian Mortgage Pools	1.700	01-Aug-2017	8 326	8 533	
9 738	Canadian Mortgage Pools	1.500	01-Sep-2017	9 652	9 793	
14 953	Canadian Mortgage Pools	1.950	01-Sep-2017	15 196	15 103	
9 591	Canadian Mortgage Pools	1.250	01-Dec-2017	9 425	9 627	
6 530	Canadian Mortgage Pools	1.500	01-Dec-2017	6 381	6 570	
110	Canadian Mortgage Pools	1.700	01-Dec-2017	110	111	
21 929	Canadian Mortgage Pools	1.650	01-Mar-2018	22 088	22 139	
14 754	Canadian Mortgage Pools	1.650	01-Apr-2018	14 473	14 902	
9 305	Canadian Mortgage Pools	1.670	01-May-2018	9 336	9 406	
12 605	Canadian Mortgage Pools	1.600	01-Mar-2019	12 476	12 737	
20 866	Canadian Mortgage Pools	1.750	01-Aug-2019	20 763	21 153	
16 529	Canadian Mortgage Pools	2.000	01-Sep-2019	16 467	16 844	
11 363	Canadian Mortgage Pools	1.900	01-Nov-2019	11 335	11 548	
8 914	Canadian Mortgage Pools	1.800	01-Dec-2019	8 910	9 034	
11 368	Canadian Mortgage Pools	1.200	01-Feb-2020	11 319	11 338	
17 772	Canadian Mortgage Pools	1.200	01-Jun-2020	17 661	17 699	
17 962	Canadian Mortgage Pools	1.386	01-Sep-2020	17 750	17 952	
TOTAL MORTGAGE-BACKED SECURITIES				226 860	229 810	**4.1**
MORTGAGES (SCHEDULE A)				610 323	619 277	**11.1**
SHORT-TERM INVESTMENTS†				92 247	92 247	**1.6**
TOTAL INVESTMENTS				5 533 598	5 545 823	**99.3**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE B)				–	(37)	–
TOTAL PORTFOLIO				$ 5 533 598	5 545 786	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					38 682	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 5 584 468	**100.0**

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2016

SCHEDULE A
Mortgages

Number of Loans	Interest Rate (%)	Principal 2016	2017	2018	2019	2020	2021
4	2.25-2.49	$ 420	$ –	$ 35 621	$ –	$ –	$ –
5	2.50-2.74	705	–	4 563	884	20 050	–
22	2.75-2.99	5 469	18 605	7 784	–	38 699	4 104
18	3.00-3.24	15 776	45 240	13 353	2 333	16 848	–
20	3.25-3.49	6 677	12 033	29 142	20 472	14 354	–
39	3.50-3.74	3 711	28 698	24 589	67 246	–	12 647
35	3.75-3.99	1 623	–	17 363	18 187	2 549	9 650
6	4.00-4.24	7 417	–	2 442	4 165	4 330	–
6	4.25-4.49	2 217	3 569	2 696	–	–	–
6	4.50-4.74	3 239	7 450	–	–	18 162	–
2	4.75-4.99	–	–	5 220	–	–	–
–	5.00-5.24	–	–	–	–	–	–
1	5.25-5.49	–	–	1 325	–	–	–
4	5.50-5.74	7 109	–	–	–	–	–
–	5.75-5.99	–	–	–	–	–	–
1	6.00-6.24	–	482	–	–	–	–
169		$ 54 363	$ 116 077	$ 144 098	$ 113 287	$ 114 992	$ 26 401

SCHEDULE A (cont.)
Mortgages

Number of Loans	Interest Rate (%)	Principal 2022	Cost	Fair Value	% of Net Assets
4	2.25-2.49	$ –	$ 36 107	$ 36 033	
5	2.50-2.74	–	26 268	26 303	
22	2.75-2.99	39 444	114 320	114 882	
18	3.00-3.24	–	93 734	94 249	
20	3.25-3.49	–	82 960	84 324	
39	3.50-3.74	–	137 291	140 406	
35	3.75-3.99	–	49 489	50 959	
6	4.00-4.24	–	18 397	18 846	
6	4.25-4.49	–	8 514	8 654	
6	4.50-4.74	–	29 029	30 172	
2	4.75-4.99	–	5 249	5 447	
–	5.00-5.24	–	–	–	
1	5.25-5.49	–	1 331	1 393	
4	5.50-5.74	–	7 148	7 109	
–	5.75-5.99	–	–	–	
1	6.00-6.24	–	486	500	
169		$ 39 444	$ 610 323	$ 619 277	**11.1**

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

SCHEDULE B
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Loss
Bought CAD 3 305 Sold USD 2 587 @ 1.2775	15-Sep-2016	(37)
TOTAL FOREIGN EXCHANGE		$ (37)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.80% to 1.05% and mature between July 4, 2016 and December 14, 2016.

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 5 545 823**	$ 5 100 467
Cash	**527**	385
Due from investment dealers	**70 441**	4 766
Subscriptions receivable	**122 016**	4 446
Dividends receivable, interest accrued and other assets	**27 156**	24 637
TOTAL ASSETS	**5 765 963**	5 134 701
LIABILITIES		
Due to investment dealers	**66 557**	5 151
Redemptions payable	**114 241**	6 151
Unrealized loss on foreign exchange contracts	**37**	–
Distributions payable	**42**	–
Accounts payable and accrued expenses	**618**	629
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**181 495**	11 931
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 5 584 468**	$ 5 122 770
Investments at cost	**$ 5 533 598**	$ 5 096 878
NAV		
SERIES A	**$ 198 204**	$ 144 831
ADVISOR SERIES	**$ 26 371**	$ 27 136
SERIES H	**$ –**	$ 72 809
SERIES D	**$ 224 810**	$ 220 901
SERIES F	**$ 161 856**	$ 101 384
SERIES I	**$ –**	$ 47 885
SERIES O	**$ 4 973 227**	$ 4 507 824
NAV PER UNIT		
SERIES A	**$ 10.51**	$ 10.49
ADVISOR SERIES	**$ 10.52**	$ 10.49
SERIES H	**$ 10.51**	$ 10.49
SERIES D	**$ 10.48**	$ 10.45
SERIES F	**$ 10.46**	$ 10.43
SERIES I	**$ 10.44**	$ 10.42
SERIES O	**$ 10.19**	$ 10.16

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 69 491**	$ 67 819
Net realized gain (loss) on investments	**6 744**	14 570
Net gain (loss) on foreign currencies and other net assets	**524**	–
Change in unrealized gain (loss) on investments	**8 599**	16 453
TOTAL INCOME (LOSS)	**85 358**	98 842
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2 033**	2 182
Administration fees	**1 307**	1 217
Independent Review Committee costs	**2**	2
GST/HST	**334**	340
TOTAL EXPENSES	**3 676**	3 741
INCREASE (DECREASE) IN NAV	**$ 81 682**	$ 95 101
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 1 436**	$ 2 550
ADVISOR SERIES	**$ 277**	$ 381
SERIES H	**$ 702**	$ 1 155
SERIES D	**$ 2 919**	$ 3 977
SERIES F	**$ 1 461**	$ 2 035
SERIES I	**$ 636**	$ 679
SERIES O	**$ 74 251**	$ 84 324
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.11**	$ 0.16
ADVISOR SERIES	**$ 0.11**	$ 0.16
SERIES H	**$ 0.12**	$ 0.17
SERIES D	**$ 0.14**	$ 0.19
SERIES F	**$ 0.14**	$ 0.19
SERIES I	**$ 0.14**	$ 0.19
SERIES O	**$ 0.16**	$ 0.20

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 81 682**	$ 95 101
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(6 744)**	(14 570)
Change in unrealized loss (gain) on investments	**(8 599)**	(16 453)
(Increase) decrease in accrued receivables	**(2 519)**	(58 560)
Increase (decrease) in accrued payables	**(11)**	125 533
Cost of investments purchased	**(6 911 619)**	(8 367 859)
Proceeds on sales of investments	**6 477 374**	7 941 454
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(370 436)**	(295 354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**911 492**	814 828
Cash paid on redemption of redeemable units	**(535 199)**	(514 928)
Distributions paid to holders of redeemable units	**(5 715)**	(4 525)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 370 578**	$ 295 375
Net increase (decrease) in cash for the period	**142**	21
Cash (bank overdraft), beginning of period	**385**	356
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 527**	$ 377
Interest received (paid)	**$ 66 972**	$ 66 578
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series H		Series D	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 144 831**	$ 172 126	**$ 27 136**	$ 26 702	**$ 72 809**	$ 69 357	**$ 220 901**	$ 227 660
INCREASE (DECREASE) IN NAV	**1 436**	2 550	**277**	381	**702**	1 155	**2 919**	3 977
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**73 058**	14 693	**6 260**	7 607	**11 154**	18 746	**29 870**	28 181
Reinvestments of distributions to holders of redeemable units	**1 008**	1 269	**185**	194	**302**	331	**2 216**	2 340
Redemption of redeemable units	**(21 031)**	(33 338)	**(7 276)**	(8 404)	**(84 470)**	(16 285)	**(28 717)**	(37 603)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**53 035**	(17 376)	**(831)**	(603)	**(73 014)**	2 792	**3 369**	(7 082)
Distributions from net income	**(1 098)**	(1 368)	**(211)**	(230)	**(497)**	(668)	**(2 379)**	(2 507)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(1 098)**	(1 368)	**(211)**	(230)	**(497)**	(668)	**(2 379)**	(2 507)
NET INCREASE (DECREASE) IN NAV	**53 373**	(16 194)	**(765)**	(452)	**(72 809)**	3 279	**3 909**	(5 612)
NAV AT END OF PERIOD	**$ 198 204**	$ 155 932	**$ 26 371**	$ 26 250	**$ –**	$ 72 636	**$ 224 810**	$ 222 048

For the periods ended June 30	Series F		Series I		Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 101 384**	$ 115 516	**$ 47 885**	$ 35 330	**$ 4 507 824**	$ 4 033 918	**$ 5 122 770**	$ 4 680 609
INCREASE (DECREASE) IN NAV	**1 461**	2 035	**636**	679	**74 251**	84 324	**81 682**	95 101
Early redemption fees	**–**	–	**–**	–	**–**	1	**–**	1
Proceeds from redeemable units issued	**83 910**	24 288	**6 111**	16 630	**818 699**	763 273	**1 029 062**	873 418
Reinvestments of distributions to holders of redeemable units	**809**	791	**379**	341	**58 808**	57 335	**63 707**	62 601
Redemption of redeemable units	**(24 519)**	(44 990)	**(54 485)**	(7 391)	**(422 791)**	(378 163)	**(643 289)**	(526 174)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**60 200**	(19 911)	**(47 995)**	9 580	**454 716**	442 446	**449 480**	409 846
Distributions from net income	**(1 189)**	(1 106)	**(526)**	(490)	**(63 564)**	(60 768)	**(69 464)**	(67 137)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(1 189)**	(1 106)	**(526)**	(490)	**(63 564)**	(60 768)	**(69 464)**	(67 137)
NET INCREASE (DECREASE) IN NAV	**60 472**	(18 982)	**(47 885)**	9 769	**465 403**	466 002	**461 698**	437 810
NAV AT END OF PERIOD	**$ 161 856**	$ 96 534	**$ –**	$ 45 099	**$ 4 973 227**	$ 4 499 920	**$ 5 584 468**	$ 5 118 419

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Effective July 4, 2016, units of the Fund will no longer be available for purchase by new investors. Investors who hold units of the Fund on July 4, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with relatively high yields and stability of capital by investing primarily in Canadian government and corporate bonds and multi-residential mortgages on property located in Canada in accordance with National Policy Statement No. 29.

All outstanding Series H units were re-designated as Series C units, and then all Series C units were renamed Series A units effective June 30, 2016. All outstanding Series I units were re-designated as Series F units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**32.6**	35.1
AA	**26.2**	28.2
A	**9.1**	7.9
BBB	**20.7**	15.7
Unrated*	**11.4**	13.1
Total	**100.0**	100.0

* Mortgages represent 100% (December 31, 2015 – 100%) of the unrated above. 1.9% (December 31, 2015 – 2.1%) of the mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. To manage the credit risk on the remaining 98.1% (December 31, 2015 – 97.9%), which are conventional mortgages, the Fund only purchases mortgages that are no more than 75% of the value of the property and the net income generated by the property must be at least 1.2x the income required to pay the monthly debt service requirements. These statistics are monitored on an ongoing basis both at the individual security level and on an aggregate level. As at June 30, 2016 and December 31, 2015, there were no mortgage payments in arrears.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Bonds	**43.9**	43.4
Federal Bonds	**22.2**	22.1
Provincial Bonds	**16.4**	14.8
Mortgages	**11.1**	12.9
Mortgage-Backed Bonds	**4.1**	5.1
Cash/Other	**2.3**	1.7
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**12.5**	13.7
1 – 5 years	**77.7**	77.8
5 – 10 years	**9.8**	8.3
> 10 years	**–**	0.2
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 2.7% (December 31, 2015 – 2.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**5 453 576**	**–**	**5 453 576**
Short-term investments	**–**	**92 247**	**–**	**92 247**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**(37)**	**–**	**(37)**
Total financial instruments	**–**	**5 545 786**	**–**	**5 545 786**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	5 034 989	–	5 034 989
Short-term investments	–	65 478	–	65 478
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	5 100 467	–	5 100 467
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series H	0.90%	0.05%
Series D	0.50%	0.05%
Series F	0.40%	0.05%
Series I	0.40%	0.05%
Series O	n/a†	0.05%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 0.90% from 1.00%; and for Series F units were reduced to 0.40% from 0.50%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**53**	52
Advisor Series	**105**	104
Series H	**–**	101
Series D	**54**	54
Series F	**55**	54
Series I	**–**	104
Value of all units	**3**	5

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**13 808**	16 394
Issued number of units	**6 948**	1 388
Reinvested number of units	**96**	120
Redeemed number of units	**(2 002)**	(3 144)
Ending number of units	**18 850**	14 758
Advisor Series		
Opening units	**2 586**	2 544
Issued number of units	**595**	717
Reinvested number of units	**18**	18
Redeemed number of units	**(692)**	(794)
Ending number of units	**2 507**	2 485
Series H		
Opening units	**6 943**	6 611
Issued number of units	**1 061**	1 774
Reinvested number of units	**29**	31
Redeemed number of units	**(8 033)**	(1 536)
Ending number of units	**–**	6 880
Series D		
Opening units	**21 137**	21 775
Issued number of units	**2 851**	2 670
Reinvested number of units	**212**	222
Redeemed number of units	**(2 742)**	(3 561)
Ending number of units	**21 458**	21 106
Series F		
Opening units	**9 720**	11 071
Issued number of units	**8 028**	2 304
Reinvested number of units	**78**	75
Redeemed number of units	**(2 345)**	(4 256)
Ending number of units	**15 481**	9 194

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series I		
Opening units	**4 596**	3 390
Issued number of units	**585**	1 579
Reinvested number of units	**36**	32
Redeemed number of units	**(5 217)**	(701)
Ending number of units	**–**	4 300
Series O		
Opening units	**443 659**	396 757
Issued number of units	**80 348**	74 218
Reinvested number of units	**5 785**	5 598
Redeemed number of units	**(41 507)**	(36 732)
Ending number of units	**488 285**	439 841

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North PRisM Balanced Fund	**15.6**	14.1
RBC Monthly Income Bond Fund	**7.7**	7.4
RBC Select Choices Balanced Portfolio	**0.5**	0.6
RBC Select Choices Conservative Portfolio	**0.4**	0.5
RBC Select Conservative Portfolio	**14.6**	14.8
RBC Select Very Conservative Portfolio	**14.1**	14.1
Total	**52.9**	51.5

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
10 640	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	$ 10 641	$ 10 826	
TOTAL AUSTRALIA BONDS				10 641	10 826	**0.1**
CANADIAN BONDS						
CORPORATE						
30 215	407 International Inc.	3.870	24-Nov-2017	31 657	31 204	
6 433	Access Prairies Partnership	4.232	01-Mar-2048	6 432	6 780	
2 433	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	2 731	2 964	
2 753	Access Roads Edmonton Ltd.	5.812	30-Sep-2037	3 210	3 431	
7 182	Alliance Pipeline LP	4.928	16-Dec-2019	7 845	7 530	
20 206	Alliance Pipeline LP	7.181	30-Jun-2023	24 253	23 082	
2 681	Alliance Pipeline LP	5.546	31-Dec-2023	2 984	2 809	
15 032	Alliance Pipeline LP	6.765	31-Dec-2025	18 026	17 003	
11 725	Alliance Pipeline LP	7.217	31-Dec-2025	14 545	13 357	
5 865	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	5 881	5 975	
275	AltaGas Ltd.	4.070	01-Jun-2020	291	292	
4 900	AltaGas Ltd.	3.570	12-Jun-2023	4 924	5 076	
19 001	AltaLink Investments LP	5.207	16-Dec-2016	19 828	19 317	
9 870	AltaLink Investments LP	3.674	05-Jun-2019	9 911	10 316	
20 357	AltaLink Investments LP	3.265	05-Jun-2020	20 332	21 271	
12 886	AltaLink Investments LP	2.244	07-Mar-2022	12 886	12 913	
1 815	AltaLink LP	3.668	06-Nov-2023	1 951	2 016	
652	AltaLink LP	4.462	08-Nov-2041	774	762	
2 549	AltaLink LP	4.922	17-Sep-2043	3 002	3 192	
15 923	Bank of Montreal	2.960	02-Aug-2016	16 234	15 948	
1 895	Bank of Montreal	4.550	01-Aug-2017	2 049	1 964	
5 075	Bank of Montreal	6.020	02-May-2018	5 693	5 510	
32 387	Bank of Montreal	3.120	19-Sep-2024	32 702	32 590	
28 380	Bank of Montreal	3.340	08-Dec-2025	28 394	28 843	
4 745	Bank of Montreal	3.320	01-Jun-2026	4 773	4 803	
48 597	Bank of Nova Scotia	2.100	08-Nov-2016	48 720	48 796	
10 564	Bank of Nova Scotia	2.598	27-Feb-2017	10 743	10 675	
18 663	Bank of Nova Scotia	4.100	08-Jun-2017	19 851	19 183	
1 225	Bank of Nova Scotia	2.370	11-Jan-2018	1 204	1 246	
12 103	Bank of Nova Scotia	1.330	01-May-2018	12 104	12 107	
2 310	bcIMC Realty Corp.	2.650	29-Jun-2017	2 364	2 345	
1 017	BC Tel	9.650	08-Apr-2022	1 380	1 405	
5 694	Bell Canada	5.000	15-Feb-2017	5 892	5 821	
235	Bell Canada	4.370	13-Sep-2017	246	243	
630	Bell Canada	4.400	16-Mar-2018	668	660	
65	Bell Canada	4.880	26-Apr-2018	70	69	
3 700	Bell Canada	3.500	10-Sep-2018	3 849	3 852	
6 270	Bell Canada	3.150	29-Sep-2021	6 432	6 592	
22 025	Bell Canada	3.000	03-Oct-2022	21 937	22 991	
17 000	Bell Canada	3.350	22-Mar-2023	18 043	18 055	
845	Bell Canada	3.550	02-Mar-2026	843	894	
3 258	Bell Canada	6.550	01-May-2029	3 270	4 208	
6 325	Bell Canada	7.850	02-Apr-2031	8 995	8 979	
8 378	Bow Centre Street LP	3.690	14-Jun-2021	8 373	8 505	
3 982	Bow Centre Street LP	3.693	14-Jun-2022	3 990	4 034	
25 925	Bow Centre Street LP	3.797	13-Jun-2023	25 479	25 407	
6 415	Brookfield Asset Management Inc.	3.950	09-Apr-2019	6 763	6 743	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
3 804	Brookfield Asset Management Inc.	4.540	31-Mar-2023	$ 3 946	$ 4 223	
29 977	Brookfield Asset Management Inc.	5.040	08-Mar-2024	30 780	34 004	
41 411	Brookfield Asset Management Inc.	4.820	28-Jan-2026	42 697	46 484	
9 980	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	9 980	10 274	
22 616	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	22 657	23 135	
4 360	Brookfield Renewable Energy Partners ULC	6.132	30-Nov-2016	4 480	4 441	
1 380	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	1 529	1 541	
1 678	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	1 679	1 877	
10 955	Bruce Power LP	2.844	23-Jun-2021	10 981	11 093	
10 470	Bruce Power LP	3.969	23-Jun-2026	10 470	10 694	
12 185	Cameco Corp.	5.670	02-Sep-2019	13 674	13 298	
16 101	Cameco Corp.	3.750	14-Nov-2022	16 271	16 683	
25 980	Cameco Corp.	4.190	24-Jun-2024	26 003	27 445	
9 064	Canadian Imperial Bank of Commerce	2.650	08-Nov-2016	9 215	9 117	
54 611	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	54 707	54 824	
40 740	Canadian Imperial Bank of Commerce	3.420	26-Jan-2026	40 750	41 493	
23 385	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	22 904	23 361	
6 095	Canadian Utilities Ltd.	9.400	01-May-2023	9 040	8 848	
2 600	Centra Gas Ontario Inc.	8.650	19-Oct-2018	3 506	2 994	
18 317	Choice Properties LP	3.600	20-Apr-2020	18 739	19 372	
11 085	Choice Properties LP	3.600	20-Sep-2021	11 269	11 827	
2 408	Choice Properties LP	3.600	20-Sep-2022	2 371	2 573	
14 540	Choice Properties Real Estate Investment Trust	3.498	08-Feb-2021	14 540	15 416	
2 380	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	2 380	2 483	
1 404	Choice Properties Real Estate Investment Trust	4.293	08-Feb-2024	1 458	1 549	
2 475	Choice Properties Real Estate Investment Trust	5.268	07-Mar-2046	2 475	2 798	
800	CI Financial Corp.	2.645	07-Dec-2020	800	815	
11 000	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	10 998	11 195	
2 624	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	2 707	2 714	
5 740	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	6 117	6 096	
8 001	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	8 020	8 282	
14 465	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	14 437	14 829	
9 265	Cominar Real Estate Investment Trust	4.247	23-May-2023	9 265	9 432	
8 525	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	8 525	8 811	
7 432	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	7 415	7 422	
13 154	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	13 391	13 776	
4 810	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	4 633	4 823	
4 500	CU Inc.	6.145	22-Nov-2017	5 337	4 800	
5 390	CU Inc.	11.770	30-Nov-2020	8 209	7 670	
13 965	CU Inc.	9.920	01-Apr-2022	21 598	19 788	
5 832	CU Inc.	6.215	06-Mar-2024	6 393	7 477	
5 830	CU Inc.	5.563	26-May-2028	7 202	7 401	
10 418	CU Inc.	5.556	30-Oct-2037	12 552	13 667	
5 606	CU Inc.	4.085	02-Sep-2044	5 640	6 215	
2 113	CU Inc.	4.947	18-Nov-2050	2 425	2 676	
9 973	CU Inc.	4.558	07-Nov-2053	10 364	11 970	
20 780	CU Inc.	4.094	19-Oct-2054	20 781	22 968	
10 535	CU Inc.	4.211	29-Oct-2055	10 543	11 937	
5 552	Dufferin Wind Power Inc.	4.317	30-Nov-2033	5 553	5 923	
14 936	Eagle Credit Card Trust	2.849	17-Oct-2018	14 936	15 434	
19 456	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	19 678	19 633	
9 426	Emera Inc.	2.960	13-Dec-2016	9 497	9 489	
1 458	Emera Inc.	4.830	02-Dec-2019	1 597	1 587	
12 830	Emera Inc.	2.900	16-Jun-2023	12 830	13 000	
15 065	Enbridge Gas Distribution Inc.	1.850	24-Apr-2017	15 062	15 145	
3 985	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	4 425	4 198	
5 505	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	5 835	6 053	
15 400	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	17 435	17 766	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
3 000	Enbridge Gas Distribution Inc.	3.150	22-Aug-2024	$ 3 078	$ 3 214	
21 110	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	21 211	22 773	
1 305	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 758	1 752	
15 353	Enbridge Inc.	4.770	02-Sep-2019	16 459	16 543	
10 069	Enbridge Inc.	4.530	09-Mar-2020	10 733	10 852	
14 569	Enbridge Inc.	4.260	01-Feb-2021	15 061	15 675	
8 511	Enbridge Inc.	3.160	11-Mar-2021	8 634	8 755	
12 735	Enbridge Inc.	3.940	30-Jun-2023	13 026	13 505	
1 686	Enbridge Inc.	5.750	02-Sep-2039	1 766	1 869	
3 610	Enbridge Inc.	7.200	18-Jun-2032	4 890	4 638	
4 407	Enbridge Inc.	5.120	28-Sep-2040	4 784	4 608	
3 015	Enbridge Income Fund	2.920	14-Dec-2017	3 030	3 056	
3 285	Enbridge Income Fund	4.100	22-Feb-2019	3 434	3 442	
1 500	Enbridge Income Fund	3.950	19-Nov-2024	1 527	1 580	
2 420	Enbridge Income Fund	4.870	21-Nov-2044	2 115	2 448	
8 956	Enbridge Pipelines Inc.	2.930	30-Nov-2022	9 026	9 280	
920	Enbridge Pipelines Inc.	3.790	17-Aug-2023	991	996	
2 915	Enbridge Pipelines Inc.	6.350	17-Nov-2023	3 461	3 589	
7 542	Enbridge Pipelines Inc.	8.200	15-Feb-2024	10 213	10 264	
49 299	Enbridge Pipelines Inc.	3.450	29-Sep-2025	49 562	51 806	
1 100	Enbridge Pipelines Inc.	5.080	19-Dec-2036	1 264	1 237	
11 127	Enbridge Pipelines Inc.	5.330	06-Apr-2040	12 676	13 099	
6 115	Enbridge Pipelines Inc.	4.550	17-Aug-2043	6 980	6 549	
18 960	Enbridge Pipelines Inc.	4.550	29-Sep-2045	19 396	20 289	
15 656	Enbridge Southern Lights LP	4.014	30-Jun-2040	15 656	16 261	
17 000	Enersource Corp.	4.521	29-Apr-2021	17 802	19 110	
21 769	Enmax Corp.	6.150	19-Jun-2018	24 704	23 446	
13 173	First Capital Realty Inc.	3.950	05-Dec-2022	14 003	14 312	
1 300	First Capital Realty Inc.	4.790	30-Aug-2024	1 400	1 491	
2 060	FortisAlberta Inc.	5.850	15-Apr-2038	2 622	2 786	
400	FortisAlberta Inc.	4.800	27-Oct-2050	454	492	
5 290	FortisBC Energy Inc.	10.300	30-Sep-2016	7 273	5 399	
1 860	FortisBC Energy Inc.	5.550	25-Sep-2036	2 187	2 416	
5 332	FortisBC Energy Inc.	6.000	02-Oct-2037	7 098	7 347	
2 420	FortisBC Energy Inc.	5.200	06-Dec-2040	2 435	3 102	
9 985	Gaz Metro Inc.	4.930	18-Jun-2019	11 144	11 009	
43 231	Genesis Trust II	2.295	15-Feb-2017	43 231	43 575	
55 005	Genesis Trust II	1.675	17-Sep-2018	55 010	55 445	
40 255	Genesis Trust II	2.433	15-May-2019	40 391	41 466	
947	George Weston Ltd.	6.690	01-Mar-2033	1 069	1 215	
7 651	Grand Renewable Solar LP	3.926	31-Jan-2035	7 651	7 884	
9 590	Granite Real Estate Investment Trust Holdings LP	3.788	05-Jul-2021	9 593	10 030	
3 468	Great Lakes Power Ltd.	6.600	16-Jun-2023	3 993	4 196	
17 787	Great-West Lifeco Finance Delaware LP	5.691	21-Jun-2067	17 286	17 404	
1 625	Great-West Lifeco Finance Delaware LP II	7.127	26-Jun-2068	1 769	1 767	
2 585	H&R Real Estate Investment Trust	4.450	02-Mar-2020	2 733	2 763	
23 991	Hollis Receivables Term Trust II	2.235	26-Sep-2016	23 991	24 063	
36 178	Hollis Receivables Term Trust II	2.434	26-Jun-2019	36 272	37 206	
10 883	Horizon Holdings Inc.	3.033	25-Jul-2022	10 866	11 532	
9 734	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	11 400	11 401	
28 005	HSBC Bank Canada	2.078	26-Nov-2018	28 005	28 257	
2 640	Husky Energy Inc.	5.000	12-Mar-2020	2 631	2 874	
31 371	Husky Energy Inc.	3.550	12-Mar-2025	30 399	32 106	
2 183	Hydro One Inc.	7.350	03-Jun-2030	3 119	3 210	
2 669	Hydro One Inc.	6.350	31-Jan-2034	3 559	3 712	
6 084	Hydro One Inc.	6.030	03-Mar-2039	8 017	8 501	
1 555	Hydro One Inc.	6.590	22-Apr-2043	2 321	2 395	
17 798	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	17 741	18 321	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
780	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	$ 864	$ 858	
3 700	Inter Pipeline Ltd.	3.839	30-Jul-2018	3 700	3 846	
6 630	Lower Mattagami Energy LP	2.228	23-Oct-2017	6 628	6 711	
10 360	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	10 358	11 441	
1 430	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	1 430	1 465	
8 240	Master Credit Card Trust	2.626	21-Jan-2017	8 355	8 313	
16 146	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	16 148	16 371	
11 877	North Battleford Power LP	4.958	31-Dec-2032	11 933	13 796	
1 690	North West Redwater Partnership	2.100	23-Feb-2022	1 687	1 679	
5 313	North West Redwater Partnership	3.200	22-Jul-2024	5 189	5 544	
10 408	North West Redwater Partnership	3.200	24-Apr-2026	10 391	10 726	
13 485	North West Redwater Partnership	4.250	01-Jun-2029	13 520	14 632	
16 290	North West Redwater Partnership	4.150	01-Jun-2033	16 265	16 716	
13 575	North West Redwater Partnership	4.750	01-Jun-2037	13 825	15 002	
5 015	North West Redwater Partnership	4.350	10-Jan-2039	5 010	5 264	
5 804	North West Redwater Partnership	4.050	22-Jul-2044	5 689	5 852	
4 537	Northland Power Solar Finance One LP	4.397	30-Jun-2032	4 537	4 955	
3 285	Nova Gas Transmission Ltd.	8.900	27-May-2025	4 969	4 637	
8 500	Nova Scotia Power Inc.	9.750	02-Aug-2019	11 904	10 469	
9 597	Nova Scotia Power Inc.	8.850	19-May-2025	14 405	14 169	
1 268	Nova Scotia Power Inc.	5.670	14-Nov-2035	1 529	1 630	
332	Nova Scotia Power Inc.	5.950	27-Jul-2039	399	454	
1 448	OMERS Realty Corp.	2.498	05-Jun-2018	1 447	1 480	
7 705	OMERS Realty Corp.	2.473	12-Nov-2019	7 705	7 949	
8 400	OMERS Realty Corp.	3.358	05-Jun-2023	8 900	9 169	
17 047	Pembina Pipeline Corp.	3.770	24-Oct-2022	17 719	17 818	
21 482	Pembina Pipeline Corp.	3.540	03-Feb-2025	21 421	21 585	
3 935	Pembina Pipeline Corp.	4.240	15-Jun-2027	3 870	4 028	
11 343	Pembina Pipeline Corp.	4.750	30-Apr-2043	11 240	10 769	
479	Pembina Pipeline Corp.	4.810	25-Mar-2044	498	458	
10 575	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	11 440	11 937	
6 208	PowerStream Inc.	3.239	21-Nov-2024	6 211	6 701	
8 465	PSS Generating Station LP	4.795	24-Oct-2067	8 465	9 423	
13 850	Ridley Grain Ltd.	5.227	01-Aug-2024	13 850	15 188	
61	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	62	62	
10 342	Rogers Communications Inc.	5.380	04-Nov-2019	11 525	11 528	
18 021	Royal Bank of Canada*	2.260	12-Mar-2018	18 318	18 322	
35 891	Royal Bank of Canada*	2.890	11-Oct-2018	37 333	37 137	
88 720	Royal Bank of Canada*	1.400	26-Apr-2019	88 738	89 046	
72 733	Royal Bank of Canada*	2.350	09-Dec-2019	73 983	74 864	
34 144	Royal Bank of Canada*	2.030	15-Mar-2021	34 165	34 798	
31 000	Royal Bank of Canada*	3.040	17-Jul-2024	31 087	31 139	
12 065	Royal Bank of Canada*	2.480	04-Jun-2025	11 730	11 862	
65 095	Royal Bank of Canada*	3.310	20-Jan-2026	65 184	65 959	
10 228	SEC LP and Arci Ltd.	5.188	29-Aug-2033	10 251	11 161	
9 075	SGTP Highway Bypass LP	4.105	31-Jan-2045	9 076	9 598	
165	Shaw Communications Inc.	5.650	01-Oct-2019	186	183	
7 880	Shaw Communications Inc.	3.150	19-Feb-2021	7 871	8 117	
10 603	Shaw Communications Inc.	6.750	09-Nov-2039	13 138	13 297	
5 155	Sobeys Inc.	7.160	26-Feb-2018	5 979	5 556	
10 702	Sobeys Inc.	3.520	08-Aug-2018	10 762	10 967	
4 020	Sobeys Inc.	4.700	08-Aug-2023	4 032	4 385	
4 665	Sobeys Inc.	6.640	07-Jun-2040	5 122	5 375	
5 470	Suncor Energy Inc. USD	6.100	01-Jun-2018	7 657	7 645	
5 345	TELUS Corp.	5.050	23-Jul-2020	5 944	5 981	
43 325	TELUS Corp.	2.350	28-Mar-2022	42 934	43 570	
13 390	TELUS Corp.	3.350	01-Apr-2024	13 789	14 060	
4 958	TELUS Corp.	3.750	17-Jan-2025	5 046	5 315	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
1 431	TELUS Corp.	3.750	10-Mar-2026	$ 1 471	$ 1 521	
579	TELUS Corp.	4.400	01-Apr-2043	586	573	
5 633	TELUS Corp.	5.150	26-Nov-2043	5 916	6 213	
31 916	TELUS Corp.	4.850	05-Apr-2044	31 824	33 794	
15 977	TELUS Corp.	4.750	17-Jan-2045	15 945	16 676	
35 468	Teranet Holdings LP	4.807	16-Dec-2020	37 479	39 260	
12 805	Teranet Holdings LP	3.646	18-Nov-2022	12 805	13 526	
19 698	Teranet Holdings LP	5.754	17-Dec-2040	21 544	23 437	
1 475	Teranet Holdings LP	6.100	17-Jun-2041	1 630	1 867	
3 454	Thomson Reuters Corp.	4.350	30-Sep-2020	3 668	3 759	
8 270	TMX Group Ltd.	1.975	03-Oct-2016	8 330	8 269	
17 495	TMX Group Ltd.	3.253	03-Oct-2018	17 540	18 156	
11 120	TMX Group Ltd.	4.461	03-Oct-2023	11 154	12 655	
6 900	Toromont Industries Ltd.	3.710	30-Sep-2025	6 900	7 194	
6 042	Toronto Hydro Corp.	5.150	14-Nov-2017	6 831	6 358	
3 619	Toronto Hydro Corp.	4.490	12-Nov-2019	3 984	3 983	
10 574	Toronto-Dominion Bank	1.824	03-Apr-2017	10 683	10 640	
30 124	Toronto-Dominion Bank	2.433	15-Aug-2017	30 399	30 562	
34 590	Toronto-Dominion Bank	1.680	08-Jun-2021	34 577	34 871	
27 289	Toronto-Dominion Bank	2.692	24-Jun-2025	26 702	27 081	
5 795	Toronto-Dominion Bank	2.982	30-Sep-2025	5 786	5 809	
1 785	TransCanada PipeLines Ltd.	4.550	15-Nov-2041	1 860	1 936	
17 095	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	17 055	17 848	
21 990	TransEd Partners GP	3.951	30-Sep-2050	20 339	20 834	
31 125	Union Gas Ltd.	5.350	27-Apr-2018	35 965	33 280	
11 483	Union Gas Ltd.	8.750	03-Aug-2018	15 250	13 091	
9 682	Union Gas Ltd.	8.650	10-Nov-2025	13 643	14 274	
7 560	Union Gas Ltd.	2.810	01-Jun-2026	7 560	7 768	
6 009	Vancouver Fraser Port Authority	4.630	20-Apr-2020	6 815	6 700	
3 896	Westcoast Energy Inc.	5.600	16-Jan-2019	4 296	4 238	
4 645	Westcoast Energy Inc.	3.883	28-Oct-2021	4 920	4 990	
1 476	Westcoast Energy Inc.	3.120	05-Dec-2022	1 375	1 526	
10 385	Westcoast Energy Inc.	3.770	08-Dec-2025	10 379	10 902	
4 850	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	4 851	5 161	
5 477	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	5 662	7 068	
				3 119 262	3 181 692	**32.2**
FEDERAL						
113 980	Canada Housing Trust No. 1	1.250	15-Dec-2020	113 726	115 423	
144 019	Canada Housing Trust No. 1	3.350	15-Dec-2020	157 343	158 969	
234 673	Canada Housing Trust No. 1	1.250	15-Jun-2021	235 016	237 328	
92 689	Canada Housing Trust No. 1	2.650	15-Mar-2022	98 823	100 564	
40 006	Canada Housing Trust No. 1	3.150	15-Sep-2023	44 383	45 093	
74 607	Canada Housing Trust No. 1	2.900	15-Jun-2024	81 961	83 117	
3 802	CBC Monetization Trust	4.688	15-May-2027	3 843	4 492	
3 370	Government of Canada	1.250	01-Mar-2018	3 413	3 411	
12 200	Government of Canada	1.250	01-Sep-2018	12 381	12 396	
4 190	Government of Canada	3.750	01-Jun-2019	4 587	4 579	
35 935	Government of Canada	1.750	01-Sep-2019	37 220	37 295	
25 450	Government of Canada	1.500	01-Mar-2020	26 305	26 333	
9 025	Government of Canada	3.500	01-Jun-2020	10 047	10 054	
113 206	Government of Canada	0.750	01-Sep-2020	113 373	114 123	
761 688	Government of Canada	0.750	01-Mar-2021	762 551	768 014	
54 544	Government of Canada	3.250	01-Jun-2021	61 386	61 572	
73 530	Government of Canada	2.750	01-Jun-2022	82 156	82 334	
4 853	Government of Canada	2.500	01-Jun-2024	5 372	5 466	
52 654	Government of Canada	2.250	01-Jun-2025	57 286	58 514	
82 176	Government of Canada	1.500	01-Jun-2026	84 602	85 565	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
1 240	Government of Canada	5.750	01-Jun-2029	$ 1 872	$ 1 880	
47 140	Government of Canada	5.000	01-Jun-2037	69 608	74 339	
15 140	Government of Canada	1.500	01-Dec-2044	18 538	20 065	
22 993	Government of Canada	3.500	01-Dec-2045	31 254	32 437	
31 507	Government of Canada	1.250	01-Dec-2047	36 595	40 352	
				2 153 641	2 183 715	**22.1**
PROVINCIAL/MUNICIPAL						
4 119	Access Justice Durham Ltd.	5.015	31-Aug-2039	4 534	4 844	
8 107	Hospital for Sick Children	5.217	16-Dec-2049	8 082	10 982	
391	Hydro-Quebec	11.000	15-Aug-2020	627	545	
4 205	Municipal Finance Authority of British Columbia	3.350	01-Jun-2022	4 200	4 624	
33 717	Ontario Electricity Financial Corp.	8.500	26-May-2025	48 025	51 717	
6 576	Ontario Electricity Financial Corp.	9.000	26-May-2025	10 075	10 356	
57 493	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	79 547	89 115	
7 157	Ontrea Inc.	4.619	09-Apr-2018	7 193	7 526	
11 295	OPB Finance Trust	2.950	02-Feb-2026	11 293	11 927	
108 543	Province of Alberta	2.350	01-Jun-2025	110 530	112 102	
8 719	Province of Alberta	3.500	01-Jun-2031	9 518	9 595	
14 444	Province of Alberta	3.900	01-Dec-2033	15 781	16 596	
24 955	Province of Alberta	3.450	01-Dec-2043	27 688	27 483	
23 939	Province of British Columbia	6.350	18-Jun-2031	35 216	35 692	
8 402	Province of British Columbia	4.950	18-Jun-2040	11 159	11 754	
28 732	Province of British Columbia	2.800	18-Jun-2048	27 876	29 606	
7 778	Province of Manitoba	4.050	05-Sep-2045	8 498	9 463	
84 822	Province of Manitoba	2.850	05-Sep-2046	77 425	83 465	
14 350	Province of New Brunswick	3.650	03-Jun-2024	15 875	16 167	
7 306	Province of New Brunswick	4.800	26-Sep-2039	9 632	9 316	
7 865	Province of New Brunswick	4.800	03-Jun-2041	9 525	10 134	
16 009	Province of New Brunswick	3.550	03-Jun-2043	15 501	17 231	
39 492	Province of New Brunswick	3.800	14-Aug-2045	42 141	44 614	
31 531	Province of Newfoundland and Labrador	3.300	17-Oct-2046	29 535	31 409	
55 543	Province of Ontario	2.100	08-Sep-2018	57 037	57 035	
11 437	Province of Ontario	3.150	02-Jun-2022	12 299	12 583	
5 473	Province of Ontario	2.850	02-Jun-2023	5 834	5 942	
131 271	Province of Ontario	8.100	08-Sep-2023	185 187	188 938	
8 275	Province of Ontario	7.500	07-Feb-2024	11 518	11 716	
20 134	Province of Ontario	3.500	02-Jun-2024	22 156	22 834	
101 666	Province of Ontario	8.500	02-Dec-2025	151 622	158 920	
97 448	Province of Ontario	2.400	02-Jun-2026	100 210	101 299	
378 268	Province of Ontario	7.600	02-Jun-2027	551 744	582 101	
71 812	Province of Ontario	6.500	08-Mar-2029	97 893	104 508	
135 415	Province of Ontario	6.200	02-Jun-2031	190 126	197 616	
54 778	Province of Ontario	5.850	08-Mar-2033	75 057	78 719	
67 943	Province of Ontario	5.600	02-Jun-2035	92 108	97 362	
29 415	Province of Ontario	4.700	02-Jun-2037	36 209	38 604	
245 776	Province of Ontario	3.500	02-Jun-2043	259 936	280 287	
65 787	Province of Ontario	3.450	02-Jun-2045	71 641	74 956	
376 511	Province of Ontario	2.900	02-Dec-2046	357 218	388 899	
50 077	Province of Quebec	9.375	16-Jan-2023	75 782	74 315	
3 579	Province of Quebec	2.750	01-Sep-2025	3 764	3 843	
105 615	Province of Quebec	8.500	01-Apr-2026	162 939	165 491	
68 563	Province of Quebec	6.000	01-Oct-2029	90 182	96 415	
9 071	Province of Quebec	5.000	01-Dec-2041	11 755	12 670	
12 738	Province of Quebec	3.500	01-Dec-2045	13 954	14 520	
3 730	Province of Saskatchewan	5.750	05-Mar-2029	5 213	5 052	
4 517	Province of Saskatchewan	6.400	05-Sep-2031	6 879	6 612	
14 109	Province of Saskatchewan	3.900	02-Jun-2045	17 575	16 818	

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
20 706	Province of Saskatchewan	2.750	02-Dec-2046	$ 20 174	$ 20 067	
21 708	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	22 110	23 865	
				3 327 598	3 498 250	**35.3**
TOTAL CANADIAN BONDS				8 600 501	8 863 657	**89.6**
UNITED KINGDOM BONDS						
56 576	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	57 034	57 468	
4 200	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	4 220	4 377	
TOTAL UNITED KINGDOM BONDS				61 254	61 845	**0.6**
UNITED STATES BONDS						
3 475	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	3 476	3 702	
48 980	AT&T Inc. CAD	3.825	25-Nov-2020	49 965	52 331	
11 110	Bank of America Corp. CAD	3.228	22-Jun-2022	11 460	11 566	
4 995	Citigroup Inc. CAD	4.650	11-Oct-2022	4 990	6 466	
18 036	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	17 532	17 848	
5 000	Molson Coors International LP CAD	3.950	06-Oct-2017	5 154	5 138	
12 940	Molson Coors International LP CAD	2.250	18-Sep-2018	12 910	13 034	
37 600	Molson Coors International LP CAD	2.750	18-Sep-2020	37 383	38 511	
13 080	Molson Coors International LP CAD	2.840	15-Jul-2023	13 078	13 193	
19 495	Molson Coors International LP CAD	3.440	15-Jul-2026	19 506	19 643	
30 565	Wells Fargo & Co. CAD	2.222	15-Mar-2021	30 565	31 062	
6 060	Wells Fargo & Co. CAD	3.874	21-May-2025	6 363	6 432	
30 335	Wells Fargo & Co. CAD	2.975	19-May-2026	30 312	30 714	
TOTAL UNITED STATES BONDS				242 694	249 640	**2.5**
TOTAL BONDS				8 915 090	9 185 968	**92.8**
MORTGAGE-BACKED SECURITIES						
12 585	Equitable Bank	4.350	01-Jan-2018	13 080	13 159	
5 151	Merrill Lynch Mortgage Loans Inc.	7.767	05-Sep-2021	5 202	5 919	
3 943	Peoples Trust	4.200	01-Oct-2019	3 972	4 271	
TOTAL MORTGAGE-BACKED SECURITIES				22 254	23 349	**0.2**
MORTGAGES						
CMHC Insured						
21 624	4.980% Jan 01, 2018			21 624	22 738	
23 627	5.040% Jan 01, 2019			23 779	25 625	
547	2.980% Jul 01, 2019			547	564	
2 011	4.860% Jun 05, 2020			2 038	2 247	
3 852	4.260% Nov 01, 2022			3 852	4 362	
TOTAL MORTGAGES				51 840	55 536	**0.6**

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2016

Par Value (000s)	Security	Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS†				
46 275	Banner Trust	$ 46 129	$ 46 129	
63 125	Bay Street Funding Trust - Class A	62 917	62 917	
4 500	Canadian Master Trust - Series A	4 476	4 476	
12 700	Enbridge Pipelines Inc.	12 682	12 682	
6 900	Fusion Trust	6 868	6 868	
55 000	HSBC Bank Canada	54 962	54 962	
23 500	Inter Pipeline Corridor Inc.	23 469	23 469	
73 300	King Street Funding Trust	72 977	72 977	
44 802	Merit Trust - Senior Notes	44 611	44 611	
19 000	Prime Trust - Senior Notes	18 916	18 916	
10 000	Ridge Trust	9 955	9 955	
35 700	SAFE Trust - Series 1996-1	35 559	35 559	
43 175	SOUND Trust	43 008	43 008	
51 075	SURE Trust	50 904	50 904	
73 000	Zeus Receivables Trust - Senior Notes	72 741	72 741	
TOTAL SHORT-TERM INVESTMENTS		560 174	560 174	**5.7**
TOTAL INVESTMENTS		9 549 358	9 825 027	**99.3**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(67)	–
TOTAL PORTFOLIO		$9 549 358	9 824 960	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			70 863	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$9 895 823	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 6 024 Sold USD 4 716 @ 1.2775	15-Sep-2016	(67)
TOTAL FOREIGN EXCHANGE		$ (67)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.80% to 1.07% and mature between July 5, 2016 and December 22, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 9 825 027**	$ 8 818 565
Cash	**759**	321
Due from investment dealers	**90 559**	15 089
Subscriptions receivable	**63 514**	9 578
Dividends receivable, interest accrued and other assets	**52 293**	50 971
TOTAL ASSETS	**10 032 152**	8 894 524
LIABILITIES		
Due to investment dealers	**126 321**	11 863
Redemptions payable	**9 251**	5 201
Unrealized loss on foreign exchange contracts	**67**	–
Distributions payable	**7**	–
Accounts payable and accrued expenses	**683**	668
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**136 329**	17 732
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 9 895 823**	$ 8 876 792
Investments at cost	**$ 9 549 358**	$ 8 742 411
NAV		
SERIES A	**$ 110 555**	$ 112 560
ADVISOR SERIES	**$ 53 370**	$ 44 408
SERIES D	**$ 643 830**	$ 616 099
SERIES F	**$ 113 392**	$ 94 082
SERIES O	**$ 8 974 676**	$ 8 009 643
NAV PER UNIT		
SERIES A	**$ 10.81**	$ 10.51
ADVISOR SERIES	**$ 10.81**	$ 10.52
SERIES D	**$ 10.72**	$ 10.43
SERIES F	**$ 10.77**	$ 10.48
SERIES O	**$ 10.73**	$ 10.44

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 149 177**	$ 150 096
Net realized gain (loss) on investments	**67 845**	135 984
Net gain (loss) on foreign currencies and other net assets	**1 384**	(447)
Change in unrealized gain (loss) on investments	**199 448**	(66 441)
TOTAL INCOME (LOSS)	**417 854**	219 192
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2 597**	2 611
Administration fees	**1 038**	1 005
Independent Review Committee costs	**2**	2
GST/HST	**367**	367
TOTAL EXPENSES	**4 004**	3 985
INCREASE (DECREASE) IN NAV	**$ 413 850**	$ 215 207
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 4 272**	$ 2 425
ADVISOR SERIES	**$ 1 931**	$ 669
SERIES D	**$ 26 260**	$ 14 032
SERIES F	**$ 4 246**	$ 1 663
SERIES O	**$ 377 141**	$ 196 418
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.42**	$ 0.22
ADVISOR SERIES	**$ 0.42**	$ 0.22
SERIES D	**$ 0.45**	$ 0.25
SERIES F	**$ 0.45**	$ 0.25
SERIES O	**$ 0.48**	$ 0.28

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 413 850**	$ 215 207
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**(576)**	–
Net realized loss (gain) on investments	**(67 845)**	(135 984)
Change in unrealized loss (gain) on investments	**(199 448)**	66 441
(Increase) decrease in accrued receivables	**(1 322)**	(121 421)
Increase (decrease) in accrued payables	**15**	149 015
Cost of investments purchased	**(11 306 476)**	(14 177 031)
Proceeds on sales of investments	**10 606 938**	14 006 273
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(554 864)**	2 500
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**1 270 381**	896 896
Cash paid on redemption of redeemable units	**(709 932)**	(894 623)
Distributions paid to holders of redeemable units	**(5 147)**	(4 757)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 555 302**	$ (2 484)
Net increase (decrease) in cash for the period	**438**	16
Cash (bank overdraft), beginning of period	**321**	322
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 759**	$ 338
Interest received (paid)	**$ 147 279**	$ 151 512
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 112 560**	$ 117 482	**$ 44 408**	$ 35 732	**$ 616 099**	$ 622 449	**$ 94 082**	$ 78 952
INCREASE (DECREASE) IN NAV	**4 272**	2 425	**1 931**	669	**26 260**	14 032	**4 246**	1 663
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	1
Proceeds from redeemable units issued	**7 446**	14 286	**13 788**	6 923	**38 338**	35 139	**27 921**	19 689
Reinvestments of distributions to holders of redeemable units	**1 165**	1 426	**506**	419	**8 391**	9 078	**1 194**	1 147
Redemption of redeemable units	**(13 657)**	(15 597)	**(6 704)**	(4 383)	**(36 393)**	(45 758)	**(12 601)**	(13 038)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(5 046)**	115	**7 590**	2 959	**10 336**	(1 541)	**16 514**	7 799
Distributions from net income	**(1 231)**	(1 496)	**(559)**	(476)	**(8 865)**	(9 584)	**(1 450)**	(1 325)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(1 231)**	(1 496)	**(559)**	(476)	**(8 865)**	(9 584)	**(1 450)**	(1 325)
NET INCREASE (DECREASE) IN NAV	**(2 005)**	1 044	**8 962**	3 152	**27 731**	2 907	**19 310**	8 137
NAV AT END OF PERIOD	**$ 110 555**	$ 118 526	**$ 53 370**	$ 38 884	**$ 643 830**	$ 625 356	**$ 113 392**	$ 87 089

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 8 009 643**	$ 7 782 781	**$ 8 876 792**	$ 8 637 396
INCREASE (DECREASE) IN NAV	**377 141**	196 418	**413 850**	215 207
Early redemption fees	**–**	–	**–**	1
Proceeds from redeemable units issued	**1 236 824**	826 761	**1 324 317**	902 798
Reinvestments of distributions to holders of redeemable units	**138 114**	137 382	**149 370**	149 452
Redemption of redeemable units	**(644 627)**	(813 783)	**(713 982)**	(892 559)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**730 311**	150 360	**759 705**	159 692
Distributions from net income	**(142 419)**	(141 368)	**(154 524)**	(154 249)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(142 419)**	(141 368)	**(154 524)**	(154 249)
NET INCREASE (DECREASE) IN NAV	**965 033**	205 410	**1 019 031**	220 650
NAV AT END OF PERIOD	**$ 8 974 676**	$ 7 988 191	**$ 9 895 823**	$ 8 858 046

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

Effective July 4, 2016, units of the Fund will no longer be available for purchase by new investors. Investors who hold units of the Fund on July 4, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with relatively high yields and stability of capital by investing in a well-diversified portfolio of fixed-income securities issued primarily by Canadian governments and corporations.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**28.4**	27.5
AA	**35.7**	38.5
A	**16.0**	15.2
BBB	**19.2**	18.1
Unrated*	**0.7**	0.7
Total	**100.0**	100.0

* Mortgages, which represent 82.3% (December 31, 2015 – 93.1%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at June 30, 2016 and December 31, 2015, there were no mortgage payments in arrears.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Bonds	**35.4**	37.0
Provincial Bonds	**35.1**	36.7
Federal Bonds	**22.1**	19.4
Mortgages	**0.6**	0.6
Municipal Bonds	**0.3**	0.3
Mortgage-Backed Bonds	**0.1**	0.3
Cash/Other	**6.4**	5.7
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**3.6**	4.0
1 – 5 years	**33.6**	32.1
5 – 10 years	**29.5**	27.5
> 10 years	**33.3**	36.4
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 7.4% (December 31, 2015 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**9 264 853**	**–**	**9 264 853**
Short-term investments	**–**	**560 174**	**–**	**560 174**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**(67)**	**–**	**(67)**
Total financial instruments	**–**	**9 824 960**	**–**	**9 824 960**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	8 370 783	–	8 370 783
Short-term investments	–	447 782	–	447 782
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	8 818 565	–	8 818 565
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series D	0.50%†	0.05%
Series F	0.40%	0.05%
Series O	n/a‡	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 0.90% from 1.00%; and for Series F units were reduced to 0.40% from 0.50%.

† Management fees are calculated at the annual rate of 0.50% of the Series D net asset value, provided that the aggregate of all fees and other expenses (excluding the taxes included therein and commissions incurred in connection with portfolio transactions) paid or payable by Series D does not exceed an amount computed with reference to the following percentages of the net asset value of Series D.

Net Asset Value of Series D	Percentage
Up to $1 000 000	2.00
From $1 000 001 up to $3 000 000	1.75
From $3 000 001 up to $5 000 000	1.50
From $5 000 001 up to $10 000 000	1.25
From $10 000 001 up to $100 000 000	1.00
Over $100 000 000	0.75

‡ Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**58**	57
Advisor Series	**115**	114
Series D	**10**	10
Series F	**60**	59
Value of all units	**3**	3

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**10 707**	10 944
Issued number of units	**702**	1 308
Reinvested number of units	**109**	130
Redeemed number of units	**(1 288)**	(1 422)
Ending number of units	**10 230**	10 960
Advisor Series		
Opening units	**4 222**	3 328
Issued number of units	**1 297**	629
Reinvested number of units	**47**	38
Redeemed number of units	**(630)**	(400)
Ending number of units	**4 936**	3 595
Series D		
Opening units	**59 095**	58 463
Issued number of units	**3 641**	3 220
Reinvested number of units	**793**	837
Redeemed number of units	**(3 455)**	(4 207)
Ending number of units	**60 074**	58 313
Series F		
Opening units	**8 981**	7 380
Issued number of units	**2 627**	1 791
Reinvested number of units	**112**	105
Redeemed number of units	**(1 191)**	(1 194)
Ending number of units	**10 529**	8 082
Series O		
Opening units	**767 022**	729 576
Issued number of units	**117 184**	75 350
Reinvested number of units	**13 033**	12 646
Redeemed number of units	**(61 140)**	(74 093)
Ending number of units	**836 099**	743 479

Please see the generic notes at the back of the financial statements.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
BonaVista Balanced Fund	**0.1**	0.1
BonaVista Global Balanced Fund	**–**	–
BonaVista Private Balanced Fund	**0.1**	0.1
Phillips, Hager & North Balanced Fund	**2.9**	3.0
Phillips, Hager & North Balanced Pension Trust	**4.4**	4.8
Phillips, Hager & North LifeTime 2015 Fund	**–**	–
RBC Select Conservative Portfolio	**6.2**	6.4
RBC Select Very Conservative Portfolio	**17.2**	17.5
Total	**30.9**	31.9

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
239	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	$ 239	$ 243	
TOTAL AUSTRALIA BONDS				239	243	**0.1**
CANADIAN BONDS						
CORPORATE						
120	Access Prairies Partnership	4.232	01-Mar-2048	120	126	
80	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	80	81	
270	Bank of Montreal	4.550	01-Aug-2017	287	280	
45	Bank of Montreal	2.240	11-Dec-2017	46	46	
90	Bank of Montreal	6.020	02-May-2018	101	98	
240	Bank of Montreal	3.120	19-Sep-2024	242	242	
645	Bank of Montreal	3.340	08-Dec-2025	646	656	
85	Bank of Montreal	3.320	01-Jun-2026	86	86	
1 253	Bank of Nova Scotia	2.100	08-Nov-2016	1 256	1 258	
2 362	Bank of Nova Scotia	1.330	01-May-2018	2 357	2 363	
60	BC Tel	9.650	08-Apr-2022	81	83	
105	Bell Canada	5.000	15-Feb-2017	109	107	
415	Bell Canada	4.370	13-Sep-2017	435	429	
80	Bell Canada	4.880	26-Apr-2018	86	85	
460	Bell Canada	3.000	03-Oct-2022	458	480	
405	Bell Canada	3.550	02-Mar-2026	404	428	
210	Bow Centre Street LP	3.690	14-Jun-2021	210	213	
74	Bow Centre Street LP	3.693	14-Jun-2022	74	75	
330	Bow Centre Street LP	3.797	13-Jun-2023	325	323	
55	Brookfield Asset Management Inc.	4.540	31-Mar-2023	57	61	
950	Brookfield Asset Management Inc.	5.040	08-Mar-2024	993	1 078	
565	Brookfield Asset Management Inc.	4.820	28-Jan-2026	586	634	
180	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	180	185	
359	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	359	367	
230	Brookfield Renewable Energy Partners ULC	6.132	30-Nov-2016	236	234	
198	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	200	221	
115	Bruce Power LP	2.844	23-Jun-2021	115	116	
200	Bruce Power LP	3.969	23-Jun-2026	200	204	
735	Cameco Corp.	5.670	02-Sep-2019	825	802	
180	Cameco Corp.	3.750	14-Nov-2022	181	187	
445	Cameco Corp.	4.190	24-Jun-2024	445	470	
85	Canadian Credit Card Trust II	1.829	24-Mar-2020	85	86	
531	Canadian Imperial Bank of Commerce	2.650	08-Nov-2016	538	534	
850	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	851	853	
475	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	454	475	
280	Choice Properties LP	3.600	20-Apr-2020	287	296	
538	Choice Properties Real Estate Investment Trust	3.498	08-Feb-2021	545	570	
95	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	96	99	
85	Choice Properties Real Estate Investment Trust	5.268	07-Mar-2046	85	96	
155	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	155	158	
75	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	79	80	
149	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	149	154	
305	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	304	313	
175	Cominar Real Estate Investment Trust	4.247	23-May-2023	175	178	
210	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	210	217	
135	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	135	135	
120	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	121	126	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
120	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	$ 116	$ 120	
125	CU Inc.	9.920	01-Apr-2022	193	177	
555	CU Inc.	4.947	18-Nov-2050	655	703	
320	CU Inc.	4.558	07-Nov-2053	327	384	
360	CU Inc.	4.094	19-Oct-2054	360	398	
190	CU Inc.	4.211	29-Oct-2055	190	215	
102	Dufferin Wind Power Inc.	4.317	30-Nov-2033	102	109	
289	Eagle Credit Card Trust	2.849	17-Oct-2018	289	299	
355	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	359	358	
190	Emera Inc.	2.960	13-Dec-2016	190	191	
350	Emera Inc.	4.830	02-Dec-2019	376	381	
240	Emera Inc.	2.900	16-Jun-2023	240	243	
270	Enersource Corp.	4.521	29-Apr-2021	270	304	
50	Enersource Corp.	5.297	29-Apr-2041	62	64	
350	Enmax Corp.	6.150	19-Jun-2018	398	377	
117	First Capital Realty Inc.	5.600	30-Apr-2020	131	132	
30	First Capital Realty Inc.	3.950	05-Dec-2022	31	33	
70	FortisAlberta Inc.	5.400	21-Apr-2036	85	89	
35	FortisAlberta Inc.	5.850	15-Apr-2038	45	47	
185	FortisBC Inc.	5.900	04-Jul-2047	243	264	
915	Gaz Metro Inc.	4.930	18-Jun-2019	1 043	1 009	
1 180	Genesis Trust II	1.675	17-Sep-2018	1 180	1 189	
935	Genesis Trust II	2.433	15-May-2019	938	963	
145	Grand Renewable Solar LP	3.926	31-Jan-2035	145	149	
150	Greater Toronto Airports Authority	7.050	12-Jun-2030	186	219	
349	Great-West Lifeco Finance Delaware LP	5.691	21-Jun-2067	340	341	
558	Hollis Receivables Term Trust II	2.434	26-Jun-2019	560	574	
171	Horizon Holdings Inc.	3.033	25-Jul-2022	171	181	
50	Husky Energy Inc.	5.000	12-Mar-2020	50	54	
518	Husky Energy Inc.	3.550	12-Mar-2025	501	530	
475	Hydro One Inc.	1.620	30-Apr-2020	475	478	
250	Hydro One Inc.	6.350	31-Jan-2034	325	348	
603	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	601	621	
105	Lower Mattagami Energy LP	4.331	18-May-2021	115	118	
145	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	145	160	
46	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	46	47	
298	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	298	302	
223	North Battleford Power LP	4.958	31-Dec-2032	223	259	
641	North West Redwater Partnership	2.100	23-Feb-2022	622	637	
980	North West Redwater Partnership	4.250	01-Jun-2029	976	1 063	
305	North West Redwater Partnership	4.150	01-Jun-2033	305	313	
105	North West Redwater Partnership	4.750	01-Jun-2037	104	116	
100	North West Redwater Partnership	4.350	10-Jan-2039	100	105	
385	North West Redwater Partnership	4.050	22-Jul-2044	356	388	
90	Northland Power Solar Finance One LP	4.397	30-Jun-2032	90	99	
205	Nova Scotia Power Inc.	5.670	14-Nov-2035	253	264	
170	Nova Scotia Power Inc.	4.500	20-Jul-2043	193	197	
225	OMERS Realty Corp.	2.971	05-Apr-2021	225	239	
350	Pembina Pipeline Corp.	3.540	03-Feb-2025	351	352	
460	Pembina Pipeline Corp.	4.750	30-Apr-2043	411	437	
110	PowerStream Inc.	3.239	21-Nov-2024	110	119	
155	PSS Generating Station LP	4.795	24-Oct-2067	155	173	
195	Ridley Grain Ltd.	5.227	01-Aug-2024	195	214	
512	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	524	522	
135	Rogers Communications Inc.	6.110	25-Aug-2040	168	170	
340	Royal Bank of Canada*	2.890	11-Oct-2018	349	352	
1 140	Royal Bank of Canada*	2.770	11-Dec-2018	1 175	1 178	
1 895	Royal Bank of Canada*	1.400	26-Apr-2019	1 896	1 902	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
141	Royal Bank of Canada*	2.350	09-Dec-2019	$ 145	$ 145	
545	Royal Bank of Canada*	2.030	15-Mar-2021	546	555	
1 490	Royal Bank of Canada*	3.310	20-Jan-2026	1 491	1 510	
437	Royal Bank of Canada*	3.450	29-Sep-2026	442	444	
189	SEC LP and Arci Ltd.	5.188	29-Aug-2033	189	207	
165	SGTP Highway Bypass LP	4.105	31-Jan-2045	165	175	
185	Shaw Communications Inc.	3.150	19-Feb-2021	185	191	
196	Shaw Communications Inc.	6.750	09-Nov-2039	226	246	
247	Sobeys Inc.	4.700	08-Aug-2023	247	269	
90	Sobeys Inc.	6.640	07-Jun-2040	99	104	
75	TELUS Corp.	5.050	23-Jul-2020	83	84	
875	TELUS Corp.	2.350	28-Mar-2022	869	880	
275	TELUS Corp.	3.350	01-Apr-2024	283	289	
160	TELUS Corp.	4.400	01-Apr-2043	154	158	
1 211	TELUS Corp.	4.750	17-Jan-2045	1 217	1 264	
828	Teranet Holdings LP	4.807	16-Dec-2020	892	917	
1 230	Teranet Holdings LP	3.646	18-Nov-2022	1 256	1 299	
270	Teranet Holdings LP	5.754	17-Dec-2040	284	321	
110	TMX Group Ltd.	1.975	03-Oct-2016	111	110	
285	TMX Group Ltd.	3.253	03-Oct-2018	285	296	
170	TMX Group Ltd.	4.461	03-Oct-2023	170	193	
130	Toromont Industries Ltd.	3.710	30-Sep-2025	130	136	
150	Toronto Hydro Corp.	2.520	25-Aug-2026	150	152	
655	Toronto-Dominion Bank	1.680	08-Jun-2021	655	660	
75	Toronto-Dominion Bank	2.692	24-Jun-2025	74	74	
480	Toronto-Dominion Bank	2.982	30-Sep-2025	479	481	
405	TransCanada PipeLines Ltd.	9.450	20-Mar-2018	543	456	
355	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	354	371	
410	TransEd Partners GP	3.951	30-Sep-2050	379	388	
105	Union Gas Ltd.	9.700	06-Nov-2017	144	116	
135	Union Gas Ltd.	8.750	03-Aug-2018	179	154	
957	Union Gas Ltd.	3.790	10-Jul-2023	983	1 061	
145	Union Gas Ltd.	2.810	01-Jun-2026	145	149	
585	Union Gas Ltd.	4.200	02-Jun-2044	580	656	
80	Westcoast Energy Inc.	5.600	16-Jan-2019	88	87	
95	Westcoast Energy Inc.	3.883	28-Oct-2021	95	102	
920	Westcoast Energy Inc.	3.770	08-Dec-2025	917	966	
181	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	186	233	
				52 031	53 557	**29.1**
FEDERAL						
1 366	Canada Housing Trust No. 1	1.250	15-Dec-2020	1 360	1 383	
2 224	Canada Housing Trust No. 1	3.350	15-Dec-2020	2 409	2 455	
3 854	Canada Housing Trust No. 1	1.250	15-Jun-2021	3 856	3 898	
1 831	Canada Housing Trust No. 1	2.650	15-Mar-2022	1 952	1 987	
24	Canada Housing Trust No. 1	3.150	15-Sep-2023	26	27	
2 351	Canada Housing Trust No. 1	2.900	15-Jun-2024	2 565	2 619	
70	CBC Monetization Trust	4.688	15-May-2027	71	82	
1 000	First Nations Finance Authority	3.400	26-Jun-2024	1 062	1 098	
60	Government of Canada	1.250	01-Mar-2018	60	61	
115	Government of Canada	3.750	01-Jun-2019	125	126	
2 100	Government of Canada	1.500	01-Mar-2020	2 170	2 173	
799	Government of Canada	3.500	01-Jun-2020	887	890	
2 659	Government of Canada	0.750	01-Sep-2020	2 660	2 682	
16 765	Government of Canada	0.750	01-Mar-2021	16 806	16 905	
989	Government of Canada	3.250	01-Jun-2021	1 110	1 117	
743	Government of Canada	2.750	01-Jun-2022	830	833	
125	Government of Canada	1.500	01-Jun-2023	131	132	

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
556	Government of Canada	2.500	01-Jun-2024	$ 622	$ 626	
1 453	Government of Canada	2.250	01-Jun-2025	1 581	1 615	
1 401	Government of Canada	1.500	01-Jun-2026	1 445	1 459	
355	Government of Canada	5.000	01-Jun-2037	528	560	
265	Government of Canada	1.500	01-Dec-2044	322	352	
387	Government of Canada	3.500	01-Dec-2045	522	546	
569	Government of Canada	1.250	01-Dec-2047	665	729	
				43 765	44 355	**24.1**
PROVINCIAL/MUNICIPAL						
120	Access Justice Durham Ltd.	5.015	31-Aug-2039	133	141	
260	Hospital for Sick Children	5.217	16-Dec-2049	267	352	
99	Municipal Finance Authority of British Columbia	3.350	01-Jun-2022	99	109	
602	Ontario Electricity Financial Corp.	8.500	26-May-2025	923	923	
145	Ontario Electricity Financial Corp.	9.000	26-May-2025	223	228	
1 019	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	1 509	1 579	
228	Ontrea Inc.	4.619	09-Apr-2018	232	240	
180	OPB Finance Trust	2.950	02-Feb-2026	180	190	
1 710	Province of Alberta	2.350	01-Jun-2025	1 743	1 766	
163	Province of Alberta	3.500	01-Jun-2031	178	179	
296	Province of Alberta	3.900	01-Dec-2033	323	340	
442	Province of Alberta	3.450	01-Dec-2043	493	487	
376	Province of British Columbia	6.350	18-Jun-2031	551	561	
134	Province of British Columbia	4.950	18-Jun-2040	178	187	
539	Province of British Columbia	2.800	18-Jun-2048	524	555	
139	Province of Manitoba	4.050	05-Sep-2045	152	169	
1 622	Province of Manitoba	2.850	05-Sep-2046	1 478	1 596	
199	Province of New Brunswick	3.650	03-Jun-2024	220	224	
104	Province of New Brunswick	4.800	26-Sep-2039	138	133	
192	Province of New Brunswick	4.800	03-Jun-2041	234	247	
312	Province of New Brunswick	3.550	03-Jun-2043	305	336	
712	Province of New Brunswick	3.800	14-Aug-2045	754	804	
577	Province of Newfoundland and Labrador	3.300	17-Oct-2046	540	575	
1 095	Province of Ontario	2.100	08-Sep-2018	1 124	1 124	
2 310	Province of Ontario	8.100	08-Sep-2023	3 259	3 325	
142	Province of Ontario	7.500	07-Feb-2024	198	201	
3 253	Province of Ontario	3.500	02-Jun-2024	3 576	3 689	
1 713	Province of Ontario	8.500	02-Dec-2025	2 512	2 678	
1 185	Province of Ontario	2.400	02-Jun-2026	1 221	1 232	
7 268	Province of Ontario	7.600	02-Jun-2027	10 669	11 184	
1 882	Province of Ontario	6.500	08-Mar-2029	2 558	2 739	
2 596	Province of Ontario	6.200	02-Jun-2031	3 639	3 788	
948	Province of Ontario	5.850	08-Mar-2033	1 297	1 362	
1 078	Province of Ontario	5.600	02-Jun-2035	1 455	1 545	
558	Province of Ontario	4.700	02-Jun-2037	687	732	
4 642	Province of Ontario	3.500	02-Jun-2043	4 906	5 294	
1 021	Province of Ontario	3.450	02-Jun-2045	1 104	1 163	
6 359	Province of Ontario	2.900	02-Dec-2046	6 012	6 568	
874	Province of Quebec	9.375	16-Jan-2023	1 331	1 297	
19	Province of Quebec	2.750	01-Sep-2025	20	20	
2 290	Province of Quebec	8.500	01-Apr-2026	3 514	3 588	
904	Province of Quebec	6.000	01-Oct-2029	1 196	1 271	
170	Province of Quebec	5.000	01-Dec-2041	220	237	
283	Province of Quebec	3.500	01-Dec-2045	315	323	
57	Province of Saskatchewan	5.750	05-Mar-2029	80	77	
84	Province of Saskatchewan	6.400	05-Sep-2031	128	123	
251	Province of Saskatchewan	3.900	02-Jun-2045	313	299	

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
373	Province of Saskatchewan	2.750	02-Dec-2046	$ 364	$ 361	
517	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	523	568	
				63 598	66 709	**36.2**
TOTAL CANADIAN BONDS				159 394	164 621	**89.4**
UNITED KINGDOM BONDS						
2 780	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	2 818	2 824	
140	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	140	146	
TOTAL UNITED KINGDOM BONDS				2 958	2 970	**1.6**
UNITED STATES BONDS						
931	AT&T Inc. CAD	3.825	25-Nov-2020	966	995	
925	Wells Fargo & Co. CAD	2.222	15-Mar-2021	926	940	
195	Wells Fargo & Co. CAD	3.874	21-May-2025	205	207	
420	Wells Fargo & Co. CAD	2.975	19-May-2026	420	425	
TOTAL UNITED STATES BONDS				2 517	2 567	**1.4**
TOTAL BONDS				165 108	170 401	**92.5**
MORTGAGE-BACKED SECURITIES						
394	Equitable Bank	4.350	01-Jan-2018	412	412	
125	Peoples Trust	4.200	01-Oct-2019	127	135	
TOTAL MORTGAGE-BACKED SECURITIES				539	547	**0.3**
SHORT-TERM INVESTMENTS†						
1 950	Banner Trust			1 947	1 947	
3 725	Merit Trust - Senior Notes			3 725	3 725	
1 525	Prime Trust - Senior Notes			1 525	1 525	
1 350	SURE Trust			1 344	1 344	
3 550	Zeus Receivables Trust - Senior Notes			3 539	3 539	
TOTAL SHORT-TERM INVESTMENTS				12 080	12 080	**6.6**
TOTAL INVESTMENTS				$ 177 727	183 028	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					1 123	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 184 151	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.80% to 0.97% and mature between July 5, 2016 and August 25, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 183 028**	$ 161 184
Cash	**83**	103
Due from investment dealers	**81**	161
Subscriptions receivable	**1 131**	92
Dividends receivable, interest accrued and other assets	**946**	918
TOTAL ASSETS	**185 269**	162 458
LIABILITIES		
Due to investment dealers	**1 065**	163
Redemptions payable	**16**	17
Accounts payable and accrued expenses	**37**	33
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**1 118**	213
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 184 151**	$ 162 245
Investments at cost	**$ 177 727**	$ 159 740
NAV		
SERIES A	**$ 8 265**	$ 7 551
ADVISOR SERIES	**$ 6 333**	$ 5 392
SERIES D	**$ 22 741**	$ 20 695
SERIES F	**$ 7 804**	$ 7 246
SERIES O	**$ 139 008**	$ 121 361
NAV PER UNIT		
SERIES A	**$ 11.38**	$ 11.06
ADVISOR SERIES	**$ 11.38**	$ 11.06
SERIES D	**$ 11.29**	$ 10.97
SERIES F	**$ 11.34**	$ 11.02
SERIES O	**$ 11.16**	$ 10.84

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 2 702**	$ 2 667
Net realized gain (loss) on investments	**1 272**	2 194
Net gain (loss) on foreign currencies and other net assets	**(2)**	(7)
Change in unrealized gain (loss) on investments	**3 857**	(926)
TOTAL INCOME (LOSS)	**7 829**	3 928
EXPENSES (see notes – Fund Specific Information)		
Management fees	**140**	123
Administration fees	**44**	40
Independent Review Committee costs	**2**	2
GST/HST	**16**	15
TOTAL EXPENSES	**202**	180
INCREASE (DECREASE) IN NAV	**$ 7 627**	$ 3 748
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 308**	$ 133
ADVISOR SERIES	**$ 225**	$ 73
SERIES D	**$ 908**	$ 427
SERIES F	**$ 309**	$ 94
SERIES O	**$ 5 877**	$ 3 021
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.44**	$ 0.21
ADVISOR SERIES	**$ 0.44**	$ 0.21
SERIES D	**$ 0.47**	$ 0.25
SERIES F	**$ 0.47**	$ 0.25
SERIES O	**$ 0.49**	$ 0.27

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 7 627**	$ 3 748
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**(7)**	–
Net realized loss (gain) on investments	**(1 272)**	(2 194)
Change in unrealized loss (gain) on investments	**(3 857)**	926
(Increase) decrease in accrued receivables	**(28)**	317
Increase (decrease) in accrued payables	**4**	2 441
Cost of investments purchased	**(453 689)**	(311 980)
Proceeds on sales of investments	**437 963**	301 267
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(13 259)**	(5 475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**24 775**	18 044
Cash paid on redemption of redeemable units	**(10 991)**	(11 931)
Distributions paid to holders of redeemable units	**(545)**	(611)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 13 239**	$ 5 502
Net increase (decrease) in cash for the period	**(20)**	27
Cash (bank overdraft), beginning of period	**103**	90
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 83**	$ 117
Interest received (paid)	**$ 2 667**	$ 2 682
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 7 551**	$ 6 941	**$ 5 392**	$ 3 959	**$ 20 695**	$ 18 979	**$ 7 246**	$ 4 983
INCREASE (DECREASE) IN NAV	**308**	133	**225**	73	**908**	427	**309**	94
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**790**	1 192	**1 178**	1 217	**2 119**	2 301	**1 030**	1 692
Reinvestments of distributions to holders of redeemable units	**78**	88	**58**	52	**238**	238	**58**	66
Redemption of redeemable units	**(380)**	(522)	**(460)**	(478)	**(932)**	(1 234)	**(744)**	(872)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**488**	758	**776**	791	**1 425**	1 305	**344**	886
Distributions from net income	**(82)**	(90)	**(60)**	(53)	**(287)**	(288)	**(95)**	(85)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(82)**	(90)	**(60)**	(53)	**(287)**	(288)	**(95)**	(85)
NET INCREASE (DECREASE) IN NAV	**714**	801	**941**	811	**2 046**	1 444	**558**	895
NAV AT END OF PERIOD	**$ 8 265**	$ 7 742	**$ 6 333**	$ 4 770	**$ 22 741**	$ 20 423	**$ 7 804**	$ 5 878

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 121 361**	$ 119 158	**$ 162 245**	$ 154 020
INCREASE (DECREASE) IN NAV	**5 877**	3 021	**7 627**	3 748
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**20 697**	11 423	**25 814**	17 825
Reinvestments of distributions to holders of redeemable units	**1 661**	1 570	**2 093**	2 014
Redemption of redeemable units	**(8 474)**	(8 089)	**(10 990)**	(11 195)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**13 884**	4 904	**16 917**	8 644
Distributions from net income	**(2 114)**	(2 109)	**(2 638)**	(2 625)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(2 114)**	(2 109)	**(2 638)**	(2 625)
NET INCREASE (DECREASE) IN NAV	**17 647**	5 816	**21 906**	9 767
NAV AT END OF PERIOD	**$ 139 008**	$ 124 974	**$ 184 151**	$ 163 787

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

Effective July 4, 2016, units of the Fund will no longer be available for purchase by new investors. Investors who hold units of the Fund on July 4, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with relatively high yields and stability of capital by investing primarily in a well-diversified portfolio of fixed-income securities issued by Canadian governments and corporations that conduct themselves in a socially responsible manner.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**29.8**	28.0
AA	**37.4**	41.4
A	**18.1**	16.2
BBB	**14.7**	14.4
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Provincial Bonds	**35.8**	36.6
Corporate Bonds	**32.2**	36.3
Federal Bonds	**24.1**	20.1
Municipal Bonds	**0.4**	0.4
Mortgage-Backed Bonds	**0.3**	0.4
Cash/Other	**7.2**	6.2
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**2.1**	4.8
1 – 5 years	**36.4**	32.1
5 – 10 years	**27.8**	25.8
> 10 years	**33.7**	37.3
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 7.4% (December 31, 2015 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**170 948**	**–**	**170 948**
Short-term investments	**–**	**12 080**	**–**	**12 080**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**–**	**183 028**	**–**	**183 028**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	152 288	–	152 288
Short-term investments	–	8 896	–	8 896
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	161 184	–	161 184
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series D	0.50%	0.05%
Series F	0.40%	0.05%
Series O	n/a†	0.05%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 0.90% from 1.00%; and for Series F units were reduced to 0.40% from 0.50%.
† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**55**	54
Advisor Series	**109**	108
Series D	**63**	62
Series F	**56**	56
Series O	**59**	58
Value of all units	**4**	4

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**683**	617
Issued number of units	**71**	103
Reinvested number of units	**7**	8
Redeemed number of units	**(34)**	(45)
Ending number of units	**727**	683
Advisor Series		
Opening units	**488**	352
Issued number of units	**105**	107
Reinvested number of units	**5**	4
Redeemed number of units	**(41)**	(42)
Ending number of units	**557**	421
Series D		
Opening units	**1 886**	1 700
Issued number of units	**192**	202
Reinvested number of units	**21**	21
Redeemed number of units	**(84)**	(108)
Ending number of units	**2 015**	1 815
Series F		
Opening units	**658**	445
Issued number of units	**92**	145
Reinvested number of units	**5**	6
Redeemed number of units	**(67)**	(76)
Ending number of units	**688**	520
Series O		
Opening units	**11 192**	10 801
Issued number of units	**1 892**	1 007
Reinvested number of units	**151**	140
Redeemed number of units	**(774)**	(710)
Ending number of units	**12 461**	11 238

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Community Values Balanced Fund	**13.5**	13.9

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2016

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
13 788 368	Phillips, Hager & North High Yield Bond Fund*	$ 150 720	$ 151 689	
4 126 689	RBC High Yield Bond Fund*	43 754	43 681	
TOTAL MUTUAL FUND UNITS		194 474	195 370	**2.4**

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
8 965	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	$ 9 077	$ 9 122	
TOTAL AUSTRALIA BONDS				9 077	9 122	**0.1**
CANADIAN BONDS						
CORPORATE						
17 833	407 International Inc.	3.870	24-Nov-2017	18 746	18 417	
5 340	Access Prairies Partnership	4.232	01-Mar-2048	5 340	5 628	
661	Aéroports de Montréal	6.611	11-Apr-2033	685	896	
2 000	Algonquin Power Co.	4.650	15-Feb-2022	2 042	2 122	
2 050	Alliance Pipeline LP	4.928	16-Dec-2019	2 213	2 149	
17 431	Alliance Pipeline LP	7.181	30-Jun-2023	20 967	19 911	
2 299	Alliance Pipeline LP	5.546	31-Dec-2023	2 559	2 409	
17 436	Alliance Pipeline LP	6.765	31-Dec-2025	20 275	19 722	
11 827	Alliance Pipeline LP	7.217	31-Dec-2025	14 193	13 473	
4 960	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	4 974	5 053	
12 777	AltaGas Ltd.	4.070	01-Jun-2020	13 625	13 550	
4 570	AltaLink Investments LP	5.207	16-Dec-2016	4 588	4 646	
17 207	AltaLink Investments LP	3.674	05-Jun-2019	17 909	17 984	
14 695	AltaLink Investments LP	3.265	05-Jun-2020	14 968	15 355	
17 887	AltaLink Investments LP	2.244	07-Mar-2022	17 908	17 925	
7 897	AltaLink LP	3.621	17-Sep-2020	8 319	8 544	
5 895	AltaLink LP	3.668	06-Nov-2023	6 375	6 547	
2 430	AltaLink LP	5.381	26-Mar-2040	3 068	3 166	
5 650	AltaLink LP	4.462	08-Nov-2041	6 149	6 604	
6 598	AltaLink LP	4.922	17-Sep-2043	7 768	8 262	
25 233	Bank of Montreal	2.960	02-Aug-2016	25 855	25 273	
13 000	Bank of Montreal	5.450	17-Jul-2017	13 853	13 579	
13 080	Bank of Montreal	4.550	01-Aug-2017	13 901	13 557	
9 173	Bank of Montreal	2.240	11-Dec-2017	9 379	9 311	
3 195	Bank of Montreal	6.020	02-May-2018	3 584	3 469	
40 400	Bank of Montreal	3.120	19-Sep-2024	40 738	40 653	
26 900	Bank of Montreal	3.340	08-Dec-2025	26 912	27 339	
4 650	Bank of Montreal	3.320	01-Jun-2026	4 704	4 706	
36 743	Bank of Nova Scotia	2.100	08-Nov-2016	36 914	36 893	
7 576	Bank of Nova Scotia	2.598	27-Feb-2017	7 704	7 655	
23 252	Bank of Nova Scotia	1.330	01-May-2018	23 250	23 259	
2 880	Bank of Nova Scotia	2.750	13-Aug-2018	3 018	2 964	
18 130	Bank of Nova Scotia	2.130	15-Jun-2020	18 301	18 530	
4 220	BC Tel	9.650	08-Apr-2022	5 700	5 832	
4 556	bcIMC Realty Corp.	2.650	29-Jun-2017	4 662	4 625	
4 825	Bell Canada	5.000	15-Feb-2017	4 993	4 933	
4 220	Bell Canada	4.370	13-Sep-2017	4 424	4 364	
9 623	Bell Canada	3.500	10-Sep-2018	10 021	10 019	
15 000	Bell Canada	5.520	26-Feb-2019	16 552	16 465	
4 052	Bell Canada	3.540	12-Jun-2020	4 285	4 304	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
1 935	Bell Canada	3.150	29-Sep-2021	$ 1 987	$ 2 034	
18 325	Bell Canada	3.000	03-Oct-2022	18 252	19 129	
16 720	Bell Canada	3.550	02-Mar-2026	16 674	17 685	
806	Bell Canada	7.300	23-Feb-2032	1 031	1 100	
5 725	Bow Centre Street LP	3.690	14-Jun-2021	5 731	5 812	
4 161	Bow Centre Street LP	3.693	14-Jun-2022	4 166	4 215	
17 010	Bow Centre Street LP	3.797	13-Jun-2023	16 874	16 670	
12 847	Brookfield Asset Management Inc.	4.540	31-Mar-2023	13 760	14 261	
8 525	Brookfield Asset Management Inc.	5.040	08-Mar-2024	8 812	9 670	
42 380	Brookfield Asset Management Inc.	4.820	28-Jan-2026	44 406	47 572	
4 263	Brookfield Asset Management Inc.	5.950	14-Jun-2035	4 374	4 857	
10 820	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	10 834	11 139	
23 010	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	22 824	23 538	
4 400	Brookfield Renewable Energy Partners ULC	6.132	30-Nov-2016	4 400	4 481	
2 340	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	2 591	2 613	
5 504	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	5 902	6 157	
5 065	Bruce Power LP	2.844	23-Jun-2021	5 065	5 129	
8 900	Bruce Power LP	3.969	23-Jun-2026	8 900	9 090	
7 649	Cameco Corp.	5.670	02-Sep-2019	8 642	8 348	
9 778	Cameco Corp.	3.750	14-Nov-2022	9 886	10 131	
24 320	Cameco Corp.	4.190	24-Jun-2024	24 722	25 692	
13 585	Canadian Credit Card Trust II	1.829	24-Mar-2020	13 583	13 715	
62 114	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	62 022	62 356	
26 835	Canadian Imperial Bank of Commerce	3.420	26-Jan-2026	26 842	27 331	
16 430	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	16 082	16 413	
2 745	Canadian Natural Resources Ltd. USD	3.900	01-Feb-2025	2 751	3 520	
1 000	Centra Gas Ontario Inc.	8.650	19-Oct-2018	1 243	1 152	
5 755	Choice Properties LP	3.000	20-Apr-2017	5 894	5 801	
26 510	Choice Properties LP	3.600	20-Apr-2020	27 496	28 036	
7 295	Choice Properties Real Estate Investment Trust	3.498	08-Feb-2021	7 351	7 734	
2 045	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	2 045	2 134	
3 850	Choice Properties Real Estate Investment Trust	5.268	07-Mar-2046	3 850	4 352	
3 410	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	3 488	3 527	
10 505	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	10 514	10 691	
13 829	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	14 610	14 687	
3 859	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	3 869	3 995	
10 310	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	10 310	10 569	
7 855	Cominar Real Estate Investment Trust	4.247	23-May-2023	7 855	7 997	
13 706	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	14 108	14 166	
6 374	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	6 342	6 365	
6 399	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	6 572	6 702	
5 285	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	5 091	5 299	
1 645	CU Inc.	6.145	22-Nov-2017	1 843	1 755	
2 370	CU Inc.	11.770	30-Nov-2020	3 527	3 372	
4 315	CU Inc.	9.920	01-Apr-2022	6 292	6 114	
2 170	CU Inc.	5.563	26-May-2028	2 641	2 755	
2 390	CU Inc.	5.896	20-Nov-2034	3 096	3 182	
2 085	CU Inc.	5.032	20-Nov-2036	2 423	2 569	
9 968	CU Inc.	5.556	30-Oct-2037	12 529	13 077	
5 151	CU Inc.	4.085	02-Sep-2044	5 150	5 710	
5 710	CU Inc.	4.947	18-Nov-2050	6 534	7 233	
8 360	CU Inc.	4.558	07-Nov-2053	9 025	10 034	
13 110	CU Inc.	4.094	19-Oct-2054	13 110	14 490	
8 815	CU Inc.	4.211	29-Oct-2055	8 815	9 988	
4 676	Dufferin Wind Power Inc.	4.317	30-Nov-2033	4 676	4 988	
5 661	Eagle Credit Card Trust	2.849	17-Oct-2018	5 730	5 850	
14 945	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	15 116	15 081	
13 425	Emera Inc.	2.960	13-Dec-2016	13 585	13 515	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
10 895	Emera Inc.	2.900	16-Jun-2023	$ 10 895	$ 11 039	
5 035	Enbridge Gas Distribution Inc.	1.850	24-Apr-2017	5 034	5 062	
3 015	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	3 335	3 176	
6 355	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	6 857	6 988	
286	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	324	330	
14 420	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	14 415	15 556	
7 287	Enbridge Gas Distribution Inc.	6.900	15-Nov-2032	9 929	10 418	
1 095	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 476	1 470	
2 922	Enbridge Inc.	5.000	09-Aug-2016	3 245	2 932	
13 957	Enbridge Inc.	4.770	02-Sep-2019	14 979	15 039	
3 907	Enbridge Inc.	4.530	09-Mar-2020	4 151	4 211	
15 123	Enbridge Inc.	4.260	01-Feb-2021	15 805	16 271	
1 442	Enbridge Inc.	3.160	11-Mar-2021	1 502	1 483	
3 917	Enbridge Inc.	3.940	30-Jun-2023	4 066	4 154	
2 990	Enbridge Inc.	7.220	24-Jul-2030	3 639	3 773	
800	Enbridge Inc.	5.570	14-Nov-2035	945	883	
1 470	Enbridge Inc.	5.750	02-Sep-2039	1 539	1 629	
3 613	Enbridge Inc.	5.120	28-Sep-2040	3 673	3 778	
1 000	Enbridge Inc.	4.560	28-Mar-2064	844	890	
10 135	Enbridge Income Fund	4.100	22-Feb-2019	10 895	10 620	
417	Enbridge Income Fund	3.940	13-Jan-2023	423	443	
2 340	Enbridge Income Fund	3.950	19-Nov-2024	2 347	2 465	
2 670	Enbridge Income Fund	4.870	21-Nov-2044	2 334	2 701	
4 192	Enbridge Pipelines Inc.	2.930	30-Nov-2022	4 283	4 344	
83	Enbridge Pipelines Inc.	3.790	17-Aug-2023	89	90	
1 445	Enbridge Pipelines Inc.	6.350	17-Nov-2023	1 732	1 779	
22 000	Enbridge Pipelines Inc.	8.200	15-Feb-2024	30 969	29 940	
38 218	Enbridge Pipelines Inc.	3.450	29-Sep-2025	38 407	40 162	
4 435	Enbridge Pipelines Inc.	6.050	12-Feb-2029	5 733	5 386	
1 200	Enbridge Pipelines Inc.	6.500	11-Jun-2029	1 619	1 520	
5 745	Enbridge Pipelines Inc.	5.350	10-Nov-2039	7 255	6 780	
3 680	Enbridge Pipelines Inc.	5.330	06-Apr-2040	4 361	4 332	
5 725	Enbridge Pipelines Inc.	4.550	29-Sep-2045	5 441	6 126	
17 062	Enbridge Southern Lights LP	4.014	30-Jun-2040	17 103	17 721	
9 355	Enersource Corp.	4.521	29-Apr-2021	9 892	10 516	
570	Enersource Corp.	5.297	29-Apr-2041	716	727	
16 220	Enmax Corp.	6.150	19-Jun-2018	18 241	17 470	
1 410	First Capital Realty Inc.	3.950	05-Dec-2022	1 467	1 532	
1 790	First Capital Realty Inc.	4.790	30-Aug-2024	1 938	2 053	
1 060	FortisAlberta Inc.	4.540	18-Oct-2041	1 126	1 244	
1 294	FortisAlberta Inc.	4.800	27-Oct-2050	1 443	1 592	
2 220	FortisBC Energy Inc.	10.300	30-Sep-2016	2 611	2 266	
1 422	FortisBC Energy Inc.	6.000	02-Oct-2037	1 855	1 959	
1 210	FortisBC Energy Inc.	5.200	06-Dec-2040	1 433	1 551	
2 481	FortisBC Inc.	5.900	04-Jul-2047	3 264	3 538	
5 379	FortisBC Inc.	5.000	24-Nov-2050	6 621	6 760	
5 205	Gaz Metro Inc.	4.930	18-Jun-2019	5 852	5 739	
14 531	Genesis Trust II	2.295	15-Feb-2017	14 547	14 647	
38 540	Genesis Trust II	1.675	17-Sep-2018	38 540	38 849	
72 480	Genesis Trust II	2.433	15-May-2019	73 309	74 661	
625	George Weston Ltd.	6.690	01-Mar-2033	762	802	
6 495	Grand Renewable Solar LP	3.926	31-Jan-2035	6 495	6 693	
6 600	Granite Real Estate Investment Trust Holdings LP	3.788	05-Jul-2021	6 648	6 902	
14 992	Great-West Lifeco Finance Delaware LP	5.691	21-Jun-2067	14 572	14 669	
1 375	Great-West Lifeco Finance Delaware LP II	7.127	26-Jun-2068	1 497	1 496	
45 496	Hollis Receivables Term Trust II	2.235	26-Sep-2016	45 881	45 633	
9 763	Hollis Receivables Term Trust II	2.434	26-Jun-2019	9 885	10 040	
7 806	Horizon Holdings Inc.	3.033	25-Jul-2022	7 808	8 272	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
977	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	$ 1 146	$ 1 145	
26 685	HSBC Bank Canada	2.078	26-Nov-2018	26 685	26 925	
2 615	Husky Energy Inc.	5.000	12-Mar-2020	2 606	2 847	
24 314	Husky Energy Inc.	3.550	12-Mar-2025	23 361	24 883	
5 175	Hydro One Inc.	6.930	01-Jun-2032	7 293	7 483	
3 765	Hydro One Inc.	6.350	31-Jan-2034	4 997	5 237	
1 500	Hydro One Inc.	6.030	03-Mar-2039	2 017	2 096	
2 510	Hydro One Inc.	6.590	22-Apr-2043	3 614	3 866	
7 735	Hydro One Inc.	5.000	19-Oct-2046	9 021	9 933	
10 588	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	10 588	10 899	
1 100	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	1 219	1 210	
2 800	Inter Pipeline Ltd.	3.839	30-Jul-2018	2 864	2 911	
8 675	Lower Mattagami Energy LP	2.228	23-Oct-2017	8 733	8 781	
3 390	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	3 389	3 744	
897	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	897	919	
2 095	Master Credit Card Trust	2.626	21-Jan-2017	2 124	2 114	
13 431	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	13 433	13 618	
8 289	North Battleford Power LP	4.958	31-Dec-2032	8 650	9 629	
17 820	North West Redwater Partnership	2.100	23-Feb-2022	17 693	17 704	
13 385	North West Redwater Partnership	3.200	22-Jul-2024	13 616	13 968	
4 845	North West Redwater Partnership	3.200	24-Apr-2026	4 835	4 993	
15 980	North West Redwater Partnership	4.250	01-Jun-2029	15 999	17 339	
13 840	North West Redwater Partnership	4.150	01-Jun-2033	13 822	14 202	
19 963	North West Redwater Partnership	4.750	01-Jun-2037	20 487	22 062	
11 220	North West Redwater Partnership	4.350	10-Jan-2039	11 214	11 778	
855	North West Redwater Partnership	4.050	22-Jul-2044	832	862	
4 127	Northland Power Solar Finance One LP	4.397	30-Jun-2032	4 128	4 508	
3 030	Nova Scotia Power Inc.	9.750	02-Aug-2019	4 014	3 732	
4 156	Nova Scotia Power Inc.	8.850	19-May-2025	6 030	6 136	
2 010	OMERS Realty Corp.	2.473	12-Nov-2019	2 010	2 074	
10 580	OMERS Realty Corp.	2.971	05-Apr-2021	10 716	11 216	
3 955	OMERS Realty Corp.	3.358	05-Jun-2023	4 190	4 317	
9 058	Pembina Pipeline Corp.	3.770	24-Oct-2022	9 362	9 468	
24 667	Pembina Pipeline Corp.	3.540	03-Feb-2025	24 713	24 785	
4 455	Pembina Pipeline Corp.	4.240	15-Jun-2027	4 404	4 560	
9 119	Pembina Pipeline Corp.	4.750	30-Apr-2043	9 312	8 658	
8 931	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	9 661	10 081	
4 562	PowerStream Inc.	3.239	21-Nov-2024	4 584	4 924	
7 120	PSS Generating Station LP	4.795	24-Oct-2067	7 120	7 926	
3 680	Ridley Grain Ltd.	5.227	01-Aug-2024	3 680	4 036	
3 910	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	3 999	3 989	
290	Rogers Communications Inc.	5.380	04-Nov-2019	323	323	
3 749	Rogers Communications Inc.	5.340	22-Mar-2021	4 230	4 298	
45 808	Royal Bank of Canada*	2.580	13-Apr-2017	46 605	46 360	
15 205	Royal Bank of Canada*	2.260	12-Mar-2018	15 457	15 459	
24 255	Royal Bank of Canada*	2.890	11-Oct-2018	25 056	25 097	
79 385	Royal Bank of Canada*	1.400	26-Apr-2019	79 407	79 677	
28 544	Royal Bank of Canada*	2.350	09-Dec-2019	28 808	29 380	
4 095	Royal Bank of Canada*	1.920	17-Jul-2020	4 089	4 155	
24 670	Royal Bank of Canada*	2.030	15-Mar-2021	24 663	25 142	
12 106	Royal Bank of Canada*	3.040	17-Jul-2024	12 355	12 160	
10 265	Royal Bank of Canada*	2.480	04-Jun-2025	9 980	10 092	
25 370	Royal Bank of Canada*	3.310	20-Jan-2026	25 361	25 707	
7 385	SEC LP and Arci Ltd.	5.188	29-Aug-2033	7 708	8 060	
7 435	SGTP Highway Bypass LP	4.105	31-Jan-2045	7 435	7 863	
6 410	Shaw Communications Inc.	5.650	01-Oct-2019	7 454	7 092	
6 710	Shaw Communications Inc.	3.150	19-Feb-2021	6 703	6 912	
7 490	Shaw Communications Inc.	6.750	09-Nov-2039	8 761	9 393	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
930	Sobeys Inc.	7.160	26-Feb-2018	$ 1 072	$ 1 002	
16 600	Sobeys Inc.	3.520	08-Aug-2018	17 283	17 010	
4 450	Sobeys Inc.	6.640	07-Jun-2040	4 900	5 127	
4 690	Suncor Energy Inc. USD	6.100	01-Jun-2018	6 565	6 555	
38 275	TELUS Corp.	2.350	28-Mar-2022	37 951	38 492	
12 286	TELUS Corp.	3.350	01-Apr-2024	12 656	12 901	
3 956	TELUS Corp.	3.750	17-Jan-2025	4 024	4 241	
10 343	TELUS Corp.	3.750	10-Mar-2026	10 551	10 995	
6 830	TELUS Corp.	5.150	26-Nov-2043	7 221	7 533	
34 456	TELUS Corp.	4.850	05-Apr-2044	34 528	36 484	
10 165	TELUS Corp.	4.750	17-Jan-2045	10 170	10 610	
63 110	Teranet Holdings LP	4.807	16-Dec-2020	68 576	69 857	
14 315	Teranet Holdings LP	3.646	18-Nov-2022	14 320	15 121	
3 000	Teranet Holdings LP	5.754	17-Dec-2040	3 205	3 570	
2 836	Teranet Holdings LP	6.100	17-Jun-2041	3 270	3 589	
7 178	Thomson Reuters Corp.	4.350	30-Sep-2020	7 749	7 813	
1 002	Thomson Reuters Corp.	3.309	12-Nov-2021	1 002	1 052	
2 210	TMX Group Ltd.	1.975	03-Oct-2016	2 226	2 210	
15 640	TMX Group Ltd.	3.253	03-Oct-2018	16 043	16 231	
3 310	TMX Group Ltd.	4.461	03-Oct-2023	3 310	3 767	
5 855	Toromont Industries Ltd.	3.710	30-Sep-2025	5 855	6 105	
11 645	Toronto Hydro Corp.	4.490	12-Nov-2019	12 964	12 816	
3 615	Toronto-Dominion Bank	2.433	15-Aug-2017	3 646	3 668	
29 370	Toronto-Dominion Bank	1.680	08-Jun-2021	29 359	29 609	
5 396	Toronto-Dominion Bank	2.621	22-Dec-2021	5 511	5 665	
15 330	Toronto-Dominion Bank	2.692	24-Jun-2025	15 059	15 213	
8 035	Toronto-Dominion Bank	2.982	30-Sep-2025	8 022	8 055	
2 450	TransCanada PipeLines Ltd.	8.200	15-Aug-2031	3 718	3 503	
1 505	TransCanada PipeLines Ltd.	4.550	15-Nov-2041	1 568	1 633	
18 325	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	18 325	19 132	
18 760	TransEd Partners GP	3.951	30-Sep-2050	17 351	17 774	
1 000	Union Gas Ltd.	5.350	27-Apr-2018	1 162	1 069	
3 600	Union Gas Ltd.	8.750	03-Aug-2018	4 780	4 104	
3 940	Union Gas Ltd.	8.650	10-Nov-2025	5 548	5 809	
6 410	Union Gas Ltd.	2.810	01-Jun-2026	6 410	6 586	
2 168	Union Gas Ltd.	5.200	23-Jul-2040	2 604	2 749	
1 462	Union Gas Ltd.	4.200	02-Jun-2044	1 484	1 640	
1 530	Vancouver Fraser Port Authority	4.630	20-Apr-2020	1 703	1 706	
12 900	West Edmonton Mall Property Inc.	4.309	13-Feb-2024	13 035	14 072	
3 059	Westcoast Energy Inc.	5.600	16-Jan-2019	3 376	3 328	
2 767	Westcoast Energy Inc.	9.900	10-Jan-2020	4 019	3 460	
1 000	Westcoast Energy Inc.	3.883	28-Oct-2021	1 020	1 074	
8 289	Westcoast Energy Inc.	3.770	08-Dec-2025	8 270	8 702	
2 855	Winnipeg Airport Authority Inc.	4.569	20-Nov-2019	3 169	3 138	
1 740	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	1 737	1 852	
4 460	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	4 712	5 756	
				2 697 793	2 749 879	**33.3**
FEDERAL						
84 451	Canada Housing Trust No. 1	1.250	15-Dec-2020	84 235	85 520	
20 301	Canada Housing Trust No. 1	3.350	15-Dec-2020	22 181	22 408	
144 514	Canada Housing Trust No. 1	1.250	15-Jun-2021	144 808	146 149	
81 635	Canada Housing Trust No. 1	2.650	15-Mar-2022	87 037	88 571	
91 982	Canada Housing Trust No. 1	2.900	15-Jun-2024	101 401	102 474	
1 477	CBC Monetization Trust	4.688	15-May-2027	1 477	1 745	
2 755	Government of Canada	1.250	01-Mar-2018	2 789	2 788	
9 260	Government of Canada	1.250	01-Sep-2018	9 390	9 409	
3 475	Government of Canada	3.750	01-Jun-2019	3 803	3 798	

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June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
22 160	Government of Canada	1.750	01-Sep-2019	$ 22 964	$ 22 998	
49 230	Government of Canada	1.500	01-Mar-2020	50 808	50 937	
94 416	Government of Canada	3.500	01-Jun-2020	105 189	105 173	
91 263	Government of Canada	0.750	01-Sep-2020	91 497	92 001	
590 011	Government of Canada	0.750	01-Mar-2021	591 038	594 910	
45 950	Government of Canada	3.250	01-Jun-2021	51 787	51 870	
40 348	Government of Canada	2.750	01-Jun-2022	44 913	45 179	
35 877	Government of Canada	1.500	01-Jun-2023	37 418	37 634	
7 910	Government of Canada	2.500	01-Jun-2024	8 741	8 908	
43 899	Government of Canada	2.250	01-Jun-2025	47 974	48 784	
70 213	Government of Canada	1.500	01-Jun-2026	72 166	73 108	
35	Government of Canada	5.750	01-Jun-2033	56	57	
6 802	Government of Canada	5.000	01-Jun-2037	10 144	10 727	
12 755	Government of Canada	1.500	01-Dec-2044	15 452	16 904	
27 771	Government of Canada	3.500	01-Dec-2045	37 139	39 178	
24 643	Government of Canada	1.250	01-Dec-2047	28 766	31 560	
				1 673 173	1 692 790	**20.5**
PROVINCIAL/MUNICIPAL						
8 817	Access Justice Durham Ltd.	5.015	31-Aug-2039	9 776	10 369	
7 023	Hospital for Sick Children	5.217	16-Dec-2049	7 265	9 513	
2 803	Municipal Finance Authority of British Columbia	3.350	01-Jun-2022	2 857	3 082	
36 027	Ontario Electricity Financial Corp.	8.500	26-May-2025	55 102	55 260	
7 007	Ontario Electricity Financial Corp.	9.000	26-May-2025	10 759	11 034	
40 915	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	60 023	63 419	
4 869	Ontrea Inc.	4.619	09-Apr-2018	5 012	5 120	
5 180	OPB Finance Trust	2.950	02-Feb-2026	5 179	5 470	
81 131	Province of Alberta	2.350	01-Jun-2025	82 654	83 791	
7 349	Province of Alberta	3.500	01-Jun-2031	8 022	8 088	
14 541	Province of Alberta	3.900	01-Dec-2033	15 878	16 707	
19 936	Province of Alberta	3.450	01-Dec-2043	22 153	21 956	
16 607	Province of British Columbia	6.350	18-Jun-2031	24 505	24 761	
6 516	Province of British Columbia	4.950	18-Jun-2040	8 660	9 116	
28 903	Province of British Columbia	2.800	18-Jun-2048	27 929	29 782	
8 000	Province of Manitoba	2.550	02-Jun-2026	7 973	8 323	
5 157	Province of Manitoba	4.050	05-Sep-2045	5 634	6 274	
78 366	Province of Manitoba	2.850	05-Sep-2046	71 727	77 112	
11 984	Province of New Brunswick	3.650	03-Jun-2024	13 257	13 501	
5 180	Province of New Brunswick	4.800	26-Sep-2039	6 889	6 605	
5 474	Province of New Brunswick	4.800	03-Jun-2041	6 605	7 053	
13 076	Province of New Brunswick	3.550	03-Jun-2043	13 365	14 074	
35 663	Province of New Brunswick	3.800	14-Aug-2045	37 990	40 289	
25 867	Province of Newfoundland and Labrador	3.300	17-Oct-2046	24 212	25 767	
48 696	Province of Ontario	2.100	08-Sep-2018	50 006	50 004	
24 724	Province of Ontario	2.850	02-Jun-2023	26 262	26 844	
104 921	Province of Ontario	8.100	08-Sep-2023	148 237	151 013	
6 824	Province of Ontario	7.500	07-Feb-2024	9 498	9 662	
22 366	Province of Ontario	3.500	02-Jun-2024	24 799	25 365	
62 091	Province of Ontario	8.500	02-Dec-2025	94 422	97 058	
61 392	Province of Ontario	2.400	02-Jun-2026	63 238	63 818	
318 496	Province of Ontario	7.600	02-Jun-2027	471 024	490 120	
70 578	Province of Ontario	6.500	08-Mar-2029	97 741	102 712	
118 366	Province of Ontario	6.200	02-Jun-2031	166 884	172 736	
43 441	Province of Ontario	5.850	08-Mar-2033	59 465	62 427	
53 822	Province of Ontario	5.600	02-Jun-2035	72 725	77 127	
24 845	Province of Ontario	4.700	02-Jun-2037	30 577	32 607	
208 914	Province of Ontario	3.500	02-Jun-2043	221 480	238 249	
45 933	Province of Ontario	3.450	02-Jun-2045	49 689	52 335	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
297 551	Province of Ontario	2.900	02-Dec-2046	$ 281 615	$ 307 341	
42 542	Province of Quebec	9.375	16-Jan-2023	63 952	63 133	
4 609	Province of Quebec	2.750	01-Sep-2025	4 837	4 949	
96 239	Province of Quebec	8.500	01-Apr-2026	147 407	150 799	
54 174	Province of Quebec	6.000	01-Oct-2029	72 019	76 181	
7 645	Province of Quebec	5.000	01-Dec-2041	9 910	10 678	
5 405	Province of Quebec	3.500	01-Dec-2045	5 846	6 161	
3 592	Province of Saskatchewan	5.750	05-Mar-2029	5 020	4 865	
3 500	Province of Saskatchewan	6.400	05-Sep-2031	5 331	5 123	
8 858	Province of Saskatchewan	3.900	02-Jun-2045	11 015	10 559	
19 707	Province of Saskatchewan	2.750	02-Dec-2046	19 208	19 098	
14 968	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	15 448	16 455	
				2 761 081	2 883 885	**34.9**
TOTAL CANADIAN BONDS				7 132 047	7 326 554	**88.7**
UNITED KINGDOM BONDS						
38 380	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	39 005	38 985	
790	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	790	823	
TOTAL UNITED KINGDOM BONDS				39 795	39 808	**0.5**
UNITED STATES BONDS						
5 090	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	5 102	5 423	
41 361	AT&T Inc. CAD	3.825	25-Nov-2020	43 240	44 191	
3 611	Bank of America Corp. CAD	3.228	22-Jun-2022	3 708	3 759	
1 240	Citigroup Inc. CAD	4.650	11-Oct-2022	1 240	1 605	
14 115	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	14 013	13 967	
7 745	Molson Coors International LP CAD	2.250	18-Sep-2018	7 732	7 802	
38 890	Molson Coors International LP CAD	2.750	18-Sep-2020	38 658	39 832	
10 955	Molson Coors International LP CAD	2.840	15-Jul-2023	10 953	11 050	
16 330	Molson Coors International LP CAD	3.440	15-Jul-2026	16 340	16 454	
29 995	Wells Fargo & Co. CAD	2.222	15-Mar-2021	29 995	30 483	
8 760	Wells Fargo & Co. CAD	3.874	21-May-2025	9 197	9 297	
18 880	Wells Fargo & Co. CAD	2.975	19-May-2026	18 880	19 116	
TOTAL UNITED STATES BONDS				199 058	202 979	**2.5**
TOTAL BONDS				7 379 977	7 578 463	**91.8**
MORTGAGE-BACKED SECURITIES						
6 426	Equitable Bank	4.350	01-Jan-2018	6 646	6 719	
1 308	Merrill Lynch Mortgage Loans Inc.	7.767	05-Sep-2021	1 488	1 503	
2 006	Peoples Trust	4.200	01-Oct-2019	2 004	2 173	
TOTAL MORTGAGE-BACKED SECURITIES				10 138	10 395	**0.1**
MORTGAGES						
CMHC Insured						
2 254	4.930% Nov 01, 2019			2 299	2 459	
1 934	4.930% Dec 01, 2019			1 948	2 138	
1 799	4.850% Jan 01, 2020			1 816	1 973	
1 651	4.260% Nov 01, 2022			1 651	1 870	
TOTAL MORTGAGES				7 714	8 440	**0.1**

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2016

Par Value (000s)	Security	Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS†				
36 000	Banner Trust	$ 35 857	$ 35 857	
30 450	Bay Street Funding Trust - Class A	30 365	30 365	
4 475	Canadian Master Trust - Series A	4 452	4 452	
8 000	Clarity Trust	7 963	7 963	
8 000	Enbridge Pipelines Inc.	7 993	7 993	
2 750	Government of Canada Treasury Bills	2 743	2 743	
42 500	HSBC Bank Canada	42 470	42 470	
23 800	Inter Pipeline Corridor Inc.	23 773	23 773	
37 000	King Street Funding Trust	36 822	36 822	
23 500	Merit Trust - Senior Notes	23 388	23 388	
18 250	Prime Trust - Senior Notes	18 175	18 175	
5 000	Ridge Trust	4 976	4 976	
42 900	SAFE Trust - Series 1996-1	42 748	42 748	
40 800	SOUND Trust	40 628	40 628	
50 625	SURE Trust	50 434	50 434	
58 525	Zeus Receivables Trust - Senior Notes	58 298	58 298	
TOTAL SHORT-TERM INVESTMENTS		431 085	431 085	**5.2**
TOTAL INVESTMENTS		8 023 388	8 223 753	**99.6**
UNREALIZED GAIN ON FUTURES CONTRACTS (SCHEDULE A)		–	4 745	**0.1**
UNREALIZED LOSS ON FUTURES CONTRACTS (SCHEDULE A)		–	(6 226)	**(0.1)**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE B)		–	(87)	–
TOTAL PORTFOLIO		$ 8 023 388	8 222 185	**99.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			32 714	**0.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 8 254 899	**100.0**

SCHEDULE A

Futures Contracts

Number of Contracts		Contracted Value	Unrealized Gain
1 272	Canadian 10-Year Bond Future, September 2016 Contracts at CAD 141.33 per contract	$ 183 562	$ 4 745
		$ 183 562	$ 4 745

Number of Contracts		Contracted Value	Unrealized Loss
(1 367)	United States 10-Year Note Future, September 2016 Contracts at USD 129.46 per contract	$ (230 505)	$ (6 226)
		$ (230 505)	$ (6 226)
TOTAL FUTURES		$ (46 943)	$ (1 481)

$2 750 Government of Canada Treasury Bills are held as collateral by counterparties with respect to the above futures contracts.

SCHEDULE B

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Loss
Bought CAD 7 742 Sold USD 6 060 @ 1.2775	15-Sep-2016	$ (87)
TOTAL FOREIGN EXCHANGE		$ (87)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.54% to 1.07% and mature between July 14, 2016 and December 14, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 8 223 753**	$ 7 410 033
Cash	**583**	301
Due from investment dealers	**29 808**	7 577
Subscriptions receivable	**151 884**	12 176
Unrealized gain on futures contracts	**4 745**	–
Futures contracts margin receivable	**11 331**	23
Dividends receivable, interest accrued and other assets	**43 882**	44 617
TOTAL ASSETS	**8 465 986**	7 474 727
LIABILITIES		
Due to investment dealers	**56 096**	8 178
Redemptions payable	**147 632**	1 794
Unrealized loss on futures contracts	**6 226**	–
Unrealized loss on foreign exchange contracts	**87**	–
Distributions payable	**53**	–
Accounts payable and accrued expenses	**993**	926
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**211 087**	10 898
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 8 254 899**	$ 7 463 829
Investments at cost	**$ 8 023 388**	$ 7 399 363
NAV		
SERIES A	**$ 176 931**	$ 153 976
ADVISOR SERIES	**$ 105 224**	$ 94 165
SERIES H	**$ –**	$ 23 200
SERIES D	**$ 583 696**	$ 543 855
SERIES F	**$ 697 266**	$ 462 345
SERIES I	**$ –**	$ 82 908
SERIES O	**$ 6 691 782**	$ 6 103 380
NAV PER UNIT		
SERIES A	**$ 11.86**	$ 11.52
ADVISOR SERIES	**$ 11.88**	$ 11.53
SERIES H	**$ 11.90**	$ 11.55
SERIES D	**$ 11.87**	$ 11.52
SERIES F	**$ 11.88**	$ 11.53
SERIES I	**$ 11.90**	$ 11.55
SERIES O	**$ 11.81**	$ 11.47

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 124 639**	$ 112 390
Net gain (loss) from futures contracts	**(4 201)**	–
Other income received from underlying funds	**5 859**	3 015
Net realized gain (loss) on investments	**48 445**	75 607
Net gain (loss) on foreign currencies and other net assets	**984**	(317)
Change in unrealized gain (loss) on investments	**189 608**	(45 277)
TOTAL INCOME (LOSS)	**365 334**	145 418
EXPENSES (see notes – Fund Specific Information)		
Management fees	**4 231**	3 868
Administration fees	**966**	841
Independent Review Committee costs	**2**	2
GST/HST	**519**	467
TOTAL EXPENSES	**5 718**	5 178
INCREASE (DECREASE) IN NAV	**$ 359 616**	$ 140 240
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 6 158**	$ 3 369
ADVISOR SERIES	**$ 3 991**	$ 1 941
SERIES H	**$ 944**	$ 388
SERIES D	**$ 24 415**	$ 11 813
SERIES F	**$ 22 850**	$ 7 077
SERIES I	**$ 4 739**	$ 962
SERIES O	**$ 296 519**	$ 114 690
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.47**	$ 0.18
ADVISOR SERIES	**$ 0.47**	$ 0.18
SERIES H	**$ 0.48**	$ 0.19
SERIES D	**$ 0.51**	$ 0.22
SERIES F	**$ 0.50**	$ 0.21
SERIES I	**$ 0.51**	$ 0.22
SERIES O	**$ 0.54**	$ 0.25

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 359 616**	$ 140 240
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**(334)**	–
Net realized loss (gain) on investments	**(48 445)**	(75 607)
Change in unrealized loss (gain) on investments	**(189 608)**	45 277
(Increase) decrease in accrued receivables	**(4 010)**	(112 867)
Increase (decrease) in accrued payables	**6 293**	111 534
Cost of investments purchased	**(9 431 858)**	(11 470 261)
Proceeds on sales of investments	**8 882 299**	10 222 518
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(426 047)**	(1 139 166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**958 420**	1 431 038
Cash paid on redemption of redeemable units	**(493 851)**	(269 199)
Distributions paid to holders of redeemable units	**(26 932)**	(22 649)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 437 637**	$ 1 139 190
Net increase (decrease) in cash for the period	**11 590**	24
Cash (bank overdraft), beginning of period	**324**	317
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 11 914**	$ 341
Interest received (paid)	**$ 125 040**	$ 105 883
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series H		Series D	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 153 976**	$ 166 803	**$ 94 165**	$ 98 269	**$ 23 200**	$ 19 429	**$ 543 855**	$ 527 221
INCREASE (DECREASE) IN NAV	**6 158**	3 369	**3 991**	1 941	**944**	388	**24 415**	11 813
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**34 633**	17 023	**21 259**	14 808	**2 567**	5 548	**44 728**	45 802
Reinvestments of distributions to holders of redeemable units	**1 496**	1 665	**866**	886	**221**	220	**7 026**	7 147
Redemption of redeemable units	**(17 688)**	(28 319)	**(13 986)**	(16 513)	**(26 676)**	(4 209)	**(28 565)**	(34 356)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**18 441**	(9 631)	**8 139**	(819)	**(23 888)**	1 559	**23 189**	18 593
Distributions from net income	**(1 644)**	(1 824)	**(1 071)**	(1 112)	**(256)**	(247)	**(7 763)**	(7 778)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(1 644)**	(1 824)	**(1 071)**	(1 112)	**(256)**	(247)	**(7 763)**	(7 778)
NET INCREASE (DECREASE) IN NAV	**22 955**	(8 086)	**11 059**	10	**(23 200)**	1 700	**39 841**	22 628
NAV AT END OF PERIOD	**$ 176 931**	$ 158 717	**$ 105 224**	$ 98 279	**$ –**	$ 21 129	**$ 583 696**	$ 549 849

For the periods ended June 30	Series F		Series I		Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 462 345**	$ 339 951	**$ 82 908**	$ 48 745	**$ 6 103 380**	$ 4 777 705	**$ 7 463 829**	$ 5 978 123
INCREASE (DECREASE) IN NAV	**22 850**	7 077	**4 739**	962	**296 519**	114 690	**359 616**	140 240
Early redemption fees	**(4)**	–	**–**	–	**–**	–	**(4)**	–
Proceeds from redeemable units issued	**278 002**	119 575	**46 081**	31 442	**670 858**	1 189 795	**1 098 128**	1 423 993
Reinvestments of distributions to holders of redeemable units	**4 073**	2 945	**1 270**	726	**84 910**	78 383	**99 862**	91 972
Redemption of redeemable units	**(62 714)**	(50 002)	**(133 393)**	(4 666)	**(356 663)**	(134 820)	**(639 685)**	(272 885)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**219 357**	72 518	**(86 042)**	27 502	**399 105**	1 133 358	**558 301**	1 243 080
Distributions from net income	**(7 286)**	(5 583)	**(1 605)**	(954)	**(107 222)**	(97 175)	**(126 847)**	(114 673)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(7 286)**	(5 583)	**(1 605)**	(954)	**(107 222)**	(97 175)	**(126 847)**	(114 673)
NET INCREASE (DECREASE) IN NAV	**234 921**	74 012	**(82 908)**	27 510	**588 402**	1 150 873	**791 070**	1 268 647
NAV AT END OF PERIOD	**$ 697 266**	$ 413 963	**$ –**	$ 76 255	**$ 6 691 782**	$ 5 928 578	**$ 8 254 899**	$ 7 246 770

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with stability of capital by investing primarily in a well-diversified portfolio of fixed-income securities issued primarily by Canadian governments and corporations. It also invests in derivatives.

All outstanding Series H units were re-designated as Series C units, and then all Series C units were renamed Series A units effective June 30, 2016. All outstanding Series I units were re-designated as Series F units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**26.7**	24.2
AA	**35.2**	39.9
A	**15.8**	15.8
BBB	**20.1**	18.6
BB	**0.7**	0.8
B	**0.9**	0.6
CCC	**0.3**	–
Unrated*	**0.3**	0.1
Total	**100.0**	100.0

* Mortgages, which represent 45.6% (December 31, 2015 – 100%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at June 30, 2016 and December 31, 2015, there were no mortgage payments in arrears.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Bonds	**38.8**	42.6
Provincial Bonds	**34.7**	36.4
Federal Bonds	**20.5**	15.0
Municipal Bonds	**0.2**	0.2
Mortgages	**0.1**	0.1
Mortgage-Backed Bonds	**0.1**	0.1
Cash/Other	**5.6**	5.6
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**3.7**	5.6
1 – 5 years	**33.9**	29.2
5 – 10 years	**28.5**	27.9
> 10 years	**33.9**	37.3
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 7.4% (December 31, 2015 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**195 370**	**–**	**–**	**195 370**
Fixed-income and debt securities	**–**	**7 597 298**	**–**	**7 597 298**
Short-term investments	**–**	**431 085**	**–**	**431 085**
Derivatives – assets	**4 745**	**–**	**–**	**4 745**
Derivatives – liabilities	**(6 226)**	**(87)**	**–**	**(6 313)**
Total financial instruments	**193 889**	**8 028 296**	**–**	**8 222 185**
% of total portfolio	**2.4**	**97.6**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	119 988	–	–	119 988
Fixed-income and debt securities	–	6 923 510	–	6 923 510
Short-term investments	–	366 535	–	366 535
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	119 988	7 290 045	–	7 410 033
% of total portfolio	1.6	98.4	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series H	0.90%	0.05%
Series D	0.50%	0.04%
Series F	0.40%	0.05%
Series I	0.40%	0.05%
Series O	n/a†	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 0.90% from 1.00%; and for Series F units were reduced to 0.40% from 0.50%.
† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**53**	52
Advisor Series	**105**	104
Series H	**–**	93
Series D	**54**	54
Series F	**54**	54
Series I	**–**	95
Value of all units	**3**	5

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North High Yield Bond Fund	**1.9**	**3.8**	1.1	2.5
RBC High Yield Bond Fund	**0.5**	**2.4**	0.5	2.4

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**13 367**	14 272
Issued number of units	**2 937**	1 419
Reinvested number of units	**128**	140
Redeemed number of units	**(1 520)**	(2 366)
Ending number of units	**14 912**	13 465
Advisor Series		
Opening units	**8 167**	8 404
Issued number of units	**1 821**	1 235
Reinvested number of units	**74**	74
Redeemed number of units	**(1 201)**	(1 379)
Ending number of units	**8 861**	8 334
Series H		
Opening units	**2 009**	1 660
Issued number of units	**220**	463
Reinvested number of units	**19**	18
Redeemed number of units	**(2 248)**	(351)
Ending number of units	**–**	1 790
Series D		
Opening units	**47 207**	45 109
Issued number of units	**3 840**	3 818
Reinvested number of units	**601**	600
Redeemed number of units	**(2 454)**	(2 876)
Ending number of units	**49 194**	46 651
Series F		
Opening units	**40 085**	29 051
Issued number of units	**23 643**	9 951
Reinvested number of units	**348**	247
Redeemed number of units	**(5 380)**	(4 169)
Ending number of units	**58 696**	35 080
Series I		
Opening units	**7 176**	4 160
Issued number of units	**3 957**	2 621
Reinvested number of units	**108**	61
Redeemed number of units	**(11 241)**	(389)
Ending number of units	**–**	6 453

Please see the generic notes at the back of the financial statements.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series O		
Opening units	**532 024**	410 781
Issued number of units	**57 943**	99 453
Reinvested number of units	**7 287**	6 615
Redeemed number of units	**(30 852)**	(11 356)
Ending number of units	**566 402**	505 493

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
RBC Balanced Growth & Income Class	**0.1**	0.1
RBC Balanced Growth & Income Fund	**1.5**	1.6
RBC Conservative Growth & Income Fund	**0.2**	0.2
RBC Monthly Income Bond Fund	**2.6**	2.6
RBC Select Balanced Portfolio	**10.8**	10.7
RBC Select Choices Balanced Portfolio	**0.5**	0.5
RBC Select Choices Conservative Portfolio	**0.3**	0.4
RBC Select Choices Growth Portfolio	**0.1**	0.2
RBC Select Conservative Portfolio	**25.0**	25.4
RBC Select Growth Portfolio	**2.0**	1.9
RBC Select Very Conservative Portfolio	**12.8**	12.9
RBC Target 2020 Education Fund	**0.5**	0.5
RBC Target 2025 Education Fund	**0.8**	0.6
Total	**57.2**	57.6

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CORPORATE						
548	Teranet Holdings LP	3.270	01-Dec-2031	$ 545	$ 619	
				545	619	**0.7**
FEDERAL						
4 443	Government of Canada	4.250	01-Dec-2021	4 747	5 603	
9 340	Government of Canada	4.250	01-Dec-2026	3 293	13 645	
5 896	Government of Canada	4.000	01-Dec-2031	2 673	9 409	
10 549	Government of Canada	3.000	01-Dec-2036	11 067	16 325	
7 209	Government of Canada	2.000	01-Dec-2041	3 835	10 218	
7 452	Government of Canada	1.500	01-Dec-2044	6 870	9 876	
801	Government of Canada	3.500	01-Dec-2045	1 112	1 130	
6 206	Government of Canada	1.250	01-Dec-2047	7 347	7 948	
				40 944	74 154	**87.4**
PROVINCIAL/MUNICIPAL						
3 317	Province of Ontario	2.000	01-Dec-2036	3 397	3 881	
628	Province of Quebec	4.500	01-Dec-2021	780	779	
1 547	Province of Quebec	4.500	01-Dec-2026	1 971	2 149	
1 745	Province of Quebec	4.250	01-Dec-2031	2 365	2 572	
				8 513	9 381	**11.1**
TOTAL BONDS				50 002	84 154	**99.2**
SHORT-TERM INVESTMENTS*				475	475	**0.5**
TOTAL INVESTMENTS				$ 50 477	84 629	**99.7**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					227	**0.3**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 84 856	**100.0**

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.80% and mature on July 6, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 84 629**	$ 74 791
Cash	**87**	102
Due from investment dealers	**40 935**	–
Subscriptions receivable	**137**	79
Dividends receivable, interest accrued and other assets	**144**	126
TOTAL ASSETS	**125 932**	75 098
LIABILITIES		
Due to investment dealers	**40 920**	–
Redemptions payable	**131**	27
Accounts payable and accrued expenses	**25**	24
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**41 076**	51
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 84 856**	$ 75 047
Investments at cost	**$ 50 477**	$ 47 427
NAV		
SERIES A	**$ 14 411**	$ 14 992
ADVISOR SERIES	**$ 1 928**	$ 1 927
SERIES D	**$ 15 724**	$ 14 665
SERIES F	**$ 9 990**	$ 8 174
SERIES O	**$ 42 803**	$ 35 289
NAV PER UNIT		
SERIES A	**$ 11.74**	$ 11.13
ADVISOR SERIES	**$ 11.74**	$ 11.13
SERIES D	**$ 11.79**	$ 11.17
SERIES F	**$ 11.77**	$ 11.15
SERIES O	**$ 11.88**	$ 11.25

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 526**	$ 921
Net realized gain (loss) on investments	**(2 443)**	(48)
Change in unrealized gain (loss) on investments	**6 788**	1 676
TOTAL INCOME (LOSS)	**4 871**	2 549
EXPENSES (see notes – Fund Specific Information)		
Management fees	**111**	134
Administration fees	**9**	15
Independent Review Committee costs	**2**	2
GST/HST	**12**	14
TOTAL EXPENSES	**134**	165
INCREASE (DECREASE) IN NAV	**$ 4 737**	$ 2 384
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 801**	$ 656
ADVISOR SERIES	**$ 105**	$ 73
SERIES D	**$ 884**	$ 543
SERIES F	**$ 534**	$ 286
SERIES O	**$ 2 413**	$ 826
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.45**	$ 0.33
ADVISOR SERIES	**$ 0.45**	$ 0.32
SERIES D	**$ 0.47**	$ 0.35
SERIES F	**$ 0.48**	$ 0.36
SERIES O	**$ 0.51**	$ 0.38

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 4 737**	$ 2 384
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**298**	–
Net realized loss (gain) on investments	**2 443**	48
Change in unrealized loss (gain) on investments	**(6 788)**	(1 676)
(Increase) decrease in accrued receivables	**(18)**	(19 730)
Increase (decrease) in accrued payables	**1**	20 614
Cost of investments purchased	**(2 157 184)**	(762 069)
Proceeds on sales of investments	**2 151 378**	750 348
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(5 133)**	(10 081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**12 340**	20 442
Cash paid on redemption of redeemable units	**(7 168)**	(10 224)
Distributions paid to holders of redeemable units	**(54)**	(162)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 5 118**	$ 10 056
Net increase (decrease) in cash for the period	**(15)**	(25)
Cash (bank overdraft), beginning of period	**102**	40
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 87**	$ 15
Interest received (paid)	**$ 806**	$ 909
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 14 992**	$ 19 233	**$ 1 927**	$ 2 178	**$ 14 665**	$ 15 855	**$ 8 174**	$ 8 108
INCREASE (DECREASE) IN NAV	**801**	656	**105**	73	**884**	543	**534**	286
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**172**	658	**41**	251	**1 440**	2 496	**1 938**	932
Reinvestments of distributions to holders of redeemable units	**46**	214	**6**	26	**62**	222	**12**	47
Redemption of redeemable units	**(1 552)**	(2 814)	**(145)**	(374)	**(1 262)**	(3 113)	**(628)**	(1 092)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(1 334)**	(1 942)	**(98)**	(97)	**240**	(395)	**1 322**	(113)
Distributions from net income	**(48)**	(229)	**(6)**	(28)	**(65)**	(233)	**(40)**	(131)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(48)**	(229)	**(6)**	(28)	**(65)**	(233)	**(40)**	(131)
NET INCREASE (DECREASE) IN NAV	**(581)**	(1 515)	**1**	(52)	**1 059**	(85)	**1 816**	42
NAV AT END OF PERIOD	**$ 14 411**	$ 17 718	**$ 1 928**	$ 2 126	**$ 15 724**	$ 15 770	**$ 9 990**	$ 8 150

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 35 289**	$ 18 989	**$ 75 047**	$ 64 363
INCREASE (DECREASE) IN NAV	**2 413**	826	**4 737**	2 384
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**8 807**	15 945	**12 398**	20 282
Reinvestments of distributions to holders of redeemable units	**205**	510	**331**	1 019
Redemption of redeemable units	**(3 685)**	(2 852)	**(7 272)**	(10 245)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**5 327**	13 603	**5 457**	11 056
Distributions from net income	**(226)**	(560)	**(385)**	(1 181)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(226)**	(560)	**(385)**	(1 181)
NET INCREASE (DECREASE) IN NAV	**7 514**	13 869	**9 809**	12 259
NAV AT END OF PERIOD	**$ 42 803**	$ 32 858	**$ 84 856**	$ 76 622

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide inflation-protected interest income to help investors preserve their real (or inflation-adjusted) purchasing power over the long term.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**88.2**	86.1
AA	**4.6**	5.3
A	**6.5**	7.7
BBB	**0.7**	0.9
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Federal Bonds	**87.4**	80.5
Provincial Bonds	**11.1**	12.1
Corporate Bonds	**0.7**	0.8
Cash/Other	**0.8**	6.6
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**–**	–
1 – 5 years	**–**	–
5 – 10 years	**6.3**	1.1
> 10 years	**93.7**	98.9
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 15.8% (December 31, 2015 – 15.2%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**84 154**	**–**	**84 154**
Short-term investments	**–**	**475**	**–**	**475**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**–**	**84 629**	**–**	**84 629**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	70 092	–	70 092
Short-term investments	–	4 699	–	4 699
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	74 791	–	74 791
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	0.80%	0.05%
Advisor Series	0.80%	0.05%
Series D	0.45%	0.05%
Series F	0.30%	0.05%
Series O	n/a*	0.02%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

June 30, 2016

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**55**	54
Advisor Series	**108**	107
Series D	**55**	55
Series F	**56**	56
Series O	**57**	56
Value of all units	**4**	4

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	23 249
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**1 347**	1 751
Issued number of units	**15**	56
Reinvested number of units	**4**	18
Redeemed number of units	**(138)**	(245)
Ending number of units	**1 228**	1 580
Advisor Series		
Opening units	**173**	198
Issued number of units	**3**	23
Reinvested number of units	**1**	2
Redeemed number of units	**(13)**	(33)
Ending number of units	**164**	190
Series D		
Opening units	**1 312**	1 438
Issued number of units	**128**	217
Reinvested number of units	**5**	19
Redeemed number of units	**(111)**	(273)
Ending number of units	**1 334**	1 401
Series F		
Opening units	**733**	737
Issued number of units	**170**	81
Reinvested number of units	**1**	4
Redeemed number of units	**(55)**	(96)
Ending number of units	**849**	726
Series O		
Opening units	**3 139**	1 711
Issued number of units	**772**	1 394
Reinvested number of units	**18**	44
Redeemed number of units	**(325)**	(248)
Ending number of units	**3 604**	2 901

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North LifeTime 2015 Fund	**4.0**	4.0
Phillips, Hager & North LifeTime 2020 Fund	**16.4**	12.1
Phillips, Hager & North LifeTime 2025 Fund	**6.7**	4.5
Total	**27.1**	20.6

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
5 800	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	$ 5 799	$ 5 909	
77 591	Atlantic Power LP	5.950	23-Jun-2036	56 416	58 184	
36 349	AutoCanada Inc.	5.625	25-May-2021	36 101	36 152	
65 000	Bank of Montreal	3.120	19-Sep-2024	65 361	65 406	
65 000	Bank of Montreal	3.340	08-Dec-2025	65 101	66 060	
89 000	Bank of Montreal	3.320	01-Jun-2026	88 988	90 080	
125 000	Bank of Nova Scotia	3.367	08-Dec-2025	124 997	126 844	
78 234	Baytex Energy Corp. USD	6.750	17-Feb-2021	91 716	87 934	
36 000	Baytex Energy Corp. USD	5.125	01-Jun-2021	30 530	39 185	
138 159	Baytex Energy Corp.	6.625	19-Jul-2022	138 451	117 608	
17 118	Baytex Energy Corp. USD	5.625	01-Jun-2024	15 535	17 914	
8 250	Bruce Power LP	2.844	23-Jun-2021	8 250	8 354	
14 500	Bruce Power LP	3.969	23-Jun-2026	14 500	14 810	
96 956	Canadian Energy Services & Technology Corp.	7.375	17-Apr-2020	97 423	91 987	
30 000	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	30 028	30 117	
80 000	Canadian Imperial Bank of Commerce	3.420	26-Jan-2026	80 200	81 478	
25 000	Cogeco Inc.	6.000	05-Mar-2020	25 052	25 264	
12 500	Cominar Real Estate Investment Trust	4.247	23-May-2023	12 500	12 726	
26 425	Crew Energy Inc.	8.375	21-Oct-2020	25 962	25 225	
13 000	CWB Capital Trust	6.199	31-Dec-2056	13 000	13 180	
17 500	Emera Inc.	2.900	16-Jun-2023	17 500	17 732	
12 000	First Capital Realty Inc.	3.604	06-May-2026	12 000	12 455	
67 021	Gibson Energy Inc.	7.000	15-Jul-2020	68 704	67 440	
30 000	Gibson Energy Inc. USD	6.750	15-Jul-2021	36 947	38 759	
40 807	Gibson Energy Inc.	5.375	15-Jul-2022	39 411	38 087	
39 422	Great Canadian Gaming Corp.	6.625	25-Jul-2022	40 349	40 309	
48 243	Iron Mountain Canada Operations ULC	6.125	15-Aug-2021	49 813	49 911	
10 000	Island Timberlands LP USD	6.160	30-Aug-2025	12 122	16 781	
40 000	MPL 2 Acquisition Canco Inc. USD	9.875	15-Aug-2018	37 438	53 487	
100 660	Newalta Corp.	7.750	14-Nov-2019	97 684	86 484	
76 903	Noralta Lodge Ltd.	7.500	24-Sep-2019	68 706	61 907	
5 306	Noranda Operating Trust	6.875	28-Dec-2016	5 332	5 330	
91 427	Northern Blizzard Resources Inc. USD	7.250	01-Feb-2022	100 801	108 079	
150 440	Paramount Resources Ltd. USD	6.875	30-Jun-2023	160 088	153 545	
58 485	Parkland Fuel Corp.	6.000	21-Nov-2022	58 553	59 630	
39 900	Precision Drilling Corp.	6.500	15-Mar-2019	37 383	37 290	
82 270	Precision Drilling Corp. USD	6.625	15-Nov-2020	92 482	97 786	
38 100	Precision Drilling Corp. USD	6.500	15-Dec-2021	40 893	44 424	
500	Precision Drilling Corp. USD	5.250	15-Nov-2024	521	520	
68 501	Quebecor Media Inc.	7.375	15-Jan-2021	72 788	71 098	
208 763	Quebecor Media Inc.	6.625	15-Jan-2023	211 270	217 201	
15 000	Royal Bank of Canada*	3.040	17-Jul-2024	15 040	15 067	
75 000	Royal Bank of Canada*	3.310	20-Jan-2026	75 060	75 995	
59 015	Savanna Energy Services Corp.	7.000	25-May-2018	57 429	52 007	
22 125	Seven Generations Energy Ltd. USD	8.250	15-May-2020	28 137	29 764	
8 683	Sherritt International Corp.	7.500	24-Sep-2020	4 658	4 633	
78 900	Sherritt International Corp.	7.875	11-Oct-2022	71 754	40 423	
39 000	Sirius XM Canada Holdings Inc.	5.625	23-Apr-2021	39 128	39 000	
75 160	Superior Plus LP	6.500	09-Dec-2021	75 427	75 348	
40 000	Toronto-Dominion Bank	2.692	24-Jun-2025	39 362	39 695	

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

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS (cont.)						
151 780	Trilogy Energy Corp.	7.250	13-Dec-2019	$ 150 224	$ 134 072	
111 980	Trinidad Drilling Ltd. USD	7.875	15-Jan-2019	130 945	132 104	
71 643	Videotron Ltd.	6.875	15-Jul-2021	77 159	74 343	
36 745	Wajax Corp.	6.125	23-Oct-2020	36 861	36 179	
99 275	Western Energy Services Corp.	7.875	30-Jan-2019	96 302	85 749	
TOTAL CANADIAN BONDS				3 184 181	3 127 051	**78.0**
FRANCE BONDS						
32 000	Numericable-SFR S.A. USD	7.375	01-May-2026	41 283	40 929	
TOTAL FRANCE BONDS				41 283	40 929	**1.0**
UNITED STATES BONDS						
85 877	Calfrac Holdings LP	7.500	01-Dec-2020	94 318	72 117	
25 000	CCO Holdings LLC	5.500	01-May-2026	32 804	32 864	
5 000	Diamond 1 Finance Corp.	7.125	15-Jun-2024	6 350	6 757	
25 000	Diamond 1 Finance Corp.	6.020	15-Jun-2026	32 462	33 733	
7 000	DISH DBS Corp.	7.750	01-Jul-2026	8 890	9 360	
17 765	Molson Coors International LP CAD	2.840	15-Jul-2023	17 762	17 918	
21 135	Molson Coors International LP CAD	3.440	15-Jul-2026	21 130	21 295	
25 000	The Fresh Market Inc.	9.750	01-May-2023	31 363	30 421	
22 000	The Howard Hughes Corp.	6.875	01-Oct-2021	24 164	28 778	
TOTAL UNITED STATES BONDS				269 243	253 243	**6.3**
TOTAL BONDS				3 494 707	3 421 223	**85.3**
SHORT-TERM INVESTMENTS†						
21 350	AltaLink LP			21 338	21 338	
64 625	Banner Trust			64 530	64 530	
6 000	Bay Street Funding Trust - Class A			5 986	5 986	
13 100	Canadian Master Trust - Series A			13 042	13 042	
6 000	Canadian Utilities Ltd.			5 998	5 998	
20 000	Clarity Trust			19 952	19 952	
57 975	Enbridge Pipelines Inc.			57 932	57 932	
6 800	Fusion Trust			6 764	6 764	
13 000	HSBC Bank Canada			12 990	12 990	
32 250	Husky Energy Inc.			32 244	32 244	
5 000	Hydro One Inc.			4 979	4 979	
25 775	Inter Pipeline Corridor Inc.			25 755	25 755	
32 500	King Street Funding Trust			32 408	32 408	
35 500	Merit Trust - Senior Notes			35 462	35 462	
9 000	Nissan Canada Financial Services Inc.			8 999	8 999	
9 650	Nova Scotia Power Inc.			9 645	9 645	
45 250	Prime Trust - Senior Notes			45 129	45 129	
5 000	Ridge Trust			4 974	4 974	
15 000	SAFE Trust - Series 1996-1			14 949	14 949	
14 680	SOUND Trust			14 646	14 646	
16 250	SURE Trust			16 201	16 201	
32 400	Zeus Receivables Trust - Senior Notes			32 343	32 343	
TOTAL SHORT-TERM INVESTMENTS				486 266	486 266	**12.1**
TOTAL INVESTMENTS				3 980 973	3 907 489	**97.4**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	4 423	**0.1**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	(12 112)	**(0.3)**
TOTAL PORTFOLIO				$ 3 980 973	3 899 800	**97.2**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					111 189	**2.8**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 4 010 989	**100.0**

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

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 77 821 Sold USD 60 000 @ 1.2970	11-Jul-2016	$ 306
Bought CAD 162 572 Sold USD 125 000 @ 1.3006	31-Aug-2016	1 103
Bought CAD 235 528 Sold USD 180 000 @ 1.3085	06-Sep-2016	3 014
		$ 4 423

Contracts	Maturity Date	Unrealized Loss
Bought CAD 152 496 Sold USD 120 000 @ 1.2708	22-Jul-2016	$ (2 525)
Bought CAD 57 825 Sold USD 45 000 @ 1.2850	22-Jul-2016	(308)
Bought CAD 187 616 Sold USD 150 000 @ 1.2508	02-Aug-2016	(6 152)
Bought CAD 229 388 Sold USD 180 000 @ 1.2744	13-Sep-2016	(3 127)
		$ (12 112)
TOTAL FOREIGN EXCHANGE		$ (7 689)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.80% to 1.07% and mature between July 5, 2016 and December 14, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 3 907 489**	$ 3 114 014
Cash	**73 835**	73 761
Due from investment dealers	**30 735**	–
Subscriptions receivable	**6 339**	6 014
Unrealized gain on foreign exchange contracts	**4 423**	–
Dividends receivable, interest accrued and other assets	**48 302**	40 963
TOTAL ASSETS	**4 071 123**	3 234 752
LIABILITIES		
Due to investment dealers	**39 616**	7 074
Redemptions payable	**7 038**	3 263
Unrealized loss on foreign exchange contracts	**12 112**	25 045
Distributions payable	**38**	–
Accounts payable and accrued expenses	**1 330**	1 248
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**60 134**	36 630
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 4 010 989**	$ 3 198 122
Investments at cost	**$ 3 980 973**	$ 3 327 444
NAV		
SERIES A	**$ 285 068**	$ 281 732
ADVISOR SERIES	**$ 84 153**	$ 56 717
SERIES D	**$ 627 601**	$ 610 061
SERIES F	**$ 538 087**	$ 385 236
SERIES O	**$ 2 476 080**	$ 1 864 376
NAV PER UNIT		
SERIES A	**$ 11.53**	$ 10.97
ADVISOR SERIES	**$ 11.53**	$ 10.97
SERIES D	**$ 11.40**	$ 10.85
SERIES F	**$ 11.46**	$ 10.91
SERIES O	**$ 11.00**	$ 10.47

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 114 894**	$ 113 017
Net realized gain (loss) on investments	**1 304**	130 674
Net gain (loss) on foreign currencies and other net assets	**45 805**	(123 327)
Change in unrealized gain (loss) on investments	**157 302**	56 881
TOTAL INCOME (LOSS)	**319 305**	177 245
EXPENSES (see notes – Fund Specific Information)		
Management fees	**6 006**	6 917
Administration fees	**668**	698
Independent Review Committee costs	**2**	2
GST/HST	**656**	766
TOTAL EXPENSES	**7 332**	8 383
INCREASE (DECREASE) IN NAV	**$ 311 973**	$ 168 862
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 20 382**	$ 15 951
ADVISOR SERIES	**$ 5 620**	$ 2 561
SERIES D	**$ 46 712**	$ 31 542
SERIES F	**$ 39 105**	$ 18 047
SERIES O	**$ 200 154**	$ 100 761
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.92**	$ 0.50
ADVISOR SERIES	**$ 0.91**	$ 0.50
SERIES D	**$ 0.94**	$ 0.53
SERIES F	**$ 0.92**	$ 0.54
SERIES O	**$ 0.95**	$ 0.56

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 311 973**	$ 168 862
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(1 304)**	(130 674)
Change in unrealized loss (gain) on investments	**(157 302)**	(56 881)
(Increase) decrease in accrued receivables	**(7 339)**	(39 659)
Increase (decrease) in accrued payables	**82**	78 914
Cost of investments purchased	**(6 488 165)**	(4 956 768)
Proceeds on sales of investments	**5 837 747**	4 702 043
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(504 308)**	(234 163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**870 487**	306 907
Cash paid on redemption of redeemable units	**(321 495)**	(295 387)
Distributions paid to holders of redeemable units	**(44 610)**	(40 395)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 504 382**	$ (28 875)
Net increase (decrease) in cash for the period	**74**	(263 038)
Cash (bank overdraft), beginning of period	**73 761**	293 640
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 73 835**	$ 30 602
Interest received (paid)	**$ 107 555**	$ 117 154
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 281 732**	$ 390 812	**$ 56 717**	$ 57 002	**$ 610 061**	$ 701 096	**$ 385 236**	$ 395 716
INCREASE (DECREASE) IN NAV	**20 382**	15 951	**5 620**	2 561	**46 712**	31 542	**39 105**	18 047
Early redemption fees	**2**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**31 309**	19 764	**29 454**	12 514	**50 933**	47 147	**165 244**	51 166
Reinvestments of distributions to holders of redeemable units	**5 690**	7 838	**1 402**	1 352	**15 429**	18 301	**8 499**	7 914
Redemption of redeemable units	**(47 026)**	(54 832)	**(7 216)**	(6 542)	**(78 577)**	(58 961)	**(46 155)**	(37 596)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(10 025)**	(27 230)	**23 640**	7 324	**(12 215)**	6 487	**127 588**	21 484
Distributions from net income	**(7 021)**	(9 464)	**(1 824)**	(1 604)	**(16 957)**	(20 001)	**(13 842)**	(11 593)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(7 021)**	(9 464)	**(1 824)**	(1 604)	**(16 957)**	(20 001)	**(13 842)**	(11 593)
NET INCREASE (DECREASE) IN NAV	**3 336**	(20 743)	**27 436**	8 281	**17 540**	18 028	**152 851**	27 938
NAV AT END OF PERIOD	**$ 285 068**	$ 370 069	**$ 84 153**	$ 65 283	**$ 627 601**	$ 719 124	**$ 538 087**	$ 423 654

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 1 864 376**	$ 2 004 105	**$ 3 198 122**	$ 3 548 731
INCREASE (DECREASE) IN NAV	**200 154**	100 761	**311 973**	168 862
Early redemption fees	**–**	–	**2**	–
Proceeds from redeemable units issued	**593 872**	177 795	**870 812**	308 386
Reinvestments of distributions to holders of redeemable units	**39 074**	34 629	**70 094**	70 034
Redemption of redeemable units	**(146 298)**	(140 110)	**(325 272)**	(298 041)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**486 648**	72 314	**615 636**	80 379
Distributions from net income	**(75 098)**	(67 792)	**(114 742)**	(110 454)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(75 098)**	(67 792)	**(114 742)**	(110 454)
NET INCREASE (DECREASE) IN NAV	**611 704**	105 283	**812 867**	138 787
NAV AT END OF PERIOD	**$ 2 476 080**	$ 2 109 388	**$ 4 010 989**	$ 3 687 518

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

The Fund was closed to new investors effective November 26, 2014, reopened to new investors effective March 28, 2016 and closed again to new investors effective April 7, 2016. Existing investors who held units of the Fund on April 7, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a high level of income and the opportunity for capital appreciation by investing primarily in medium quality Canadian and/or foreign corporate bonds, convertible bonds, preferred shares and government bonds issued or traded in Canadian and U.S. dollars.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
A	**4.2**	6.1
BBB	**18.2**	4.6
BB	**24.5**	45.0
B	**37.7**	41.2
CCC	**14.7**	2.1
Unrated*	**0.7**	1.0
Total	**100.0**	100.0

* Unrated represents primarily income trusts which are not covered by rating agencies.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Corporate Bonds	**85.3**	83.5
Cash/Other	**14.7**	16.5
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**0.2**	2.6
1 – 5 years	**43.7**	40.2
5 – 10 years	**53.1**	54.6
> 10 years	**3.0**	2.6
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 3.5% (December 31, 2015 – 2.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

Since the currency risk of the Fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**3 421 223**	**–**	**3 421 223**
Short-term investments	**–**	**486 266**	**–**	**486 266**
Derivatives – assets	**–**	**4 423**	**–**	**4 423**
Derivatives – liabilities	**–**	**(12 112)**	**–**	**(12 112)**
Total financial instruments	**–**	**3 899 800**	**–**	**3 899 800**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	2 671 339	–	2 671 339
Short-term investments	–	442 675	–	442 675
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(25 045)	–	(25 045)
Total financial instruments	–	3 088 969	–	3 088 969
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.25%	0.05%
Advisor Series	1.25%	0.05%
Series D	0.75%	0.05%
Series F	0.75%	0.05%
Series O	n/a*	0.03%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**56**	55
Advisor Series	**112**	109
Series D	**59**	57
Series F	**59**	57
Value of all units	**3**	3

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	33 850
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**25 678**	32 643
Issued number of units	**2 844**	1 620
Reinvested number of units	**508**	647
Redeemed number of units	**(4 312)**	(4 503)
Ending number of units	**24 718**	30 407
Advisor Series		
Opening units	**5 169**	4 761
Issued number of units	**2 661**	1 028
Reinvested number of units	**125**	112
Redeemed number of units	**(659)**	(537)
Ending number of units	**7 296**	5 364
Series D		
Opening units	**56 237**	59 194
Issued number of units	**4 698**	3 902
Reinvested number of units	**1 394**	1 526
Redeemed number of units	**(7 285)**	(4 890)
Ending number of units	**55 044**	59 732
Series F		
Opening units	**35 317**	33 229
Issued number of units	**15 066**	4 221
Reinvested number of units	**763**	656
Redeemed number of units	**(4 210)**	(3 108)
Ending number of units	**46 936**	34 998
Series O		
Opening units	**178 093**	175 361
Issued number of units	**57 239**	15 300
Reinvested number of units	**3 655**	2 993
Redeemed number of units	**(13 912)**	(12 046)
Ending number of units	**225 075**	181 608

Please see the generic notes at the back of the financial statements.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Core Plus Bond Fund	**–**	–
Phillips, Hager & North Enhanced Long Bond Pension Trust	**0.1**	–
Phillips, Hager & North Enhanced Total Return Bond Fund	**0.9**	0.6
Phillips, Hager & North LifeTime 2020 Fund	**–**	–
Phillips, Hager & North LifeTime 2025 Fund	**–**	–
Phillips, Hager & North LifeTime 2030 Fund	**–**	–
Phillips, Hager & North LifeTime 2035 Fund	**–**	–
Phillips, Hager & North LifeTime 2040 Fund	**–**	–
Phillips, Hager & North LifeTime 2045 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2050 Fund	**–**	–
Phillips, Hager & North Long Core Plus Bond Fund	**–**	–
Phillips, Hager & North Monthly Income Fund	**2.5**	3.0
Phillips, Hager & North PRisM Balanced Fund	**2.0**	2.1
Phillips, Hager & North Total Return Bond Fund	**3.8**	2.5
RBC Select Choices Balanced Portfolio	**0.3**	0.4
RBC Select Choices Growth Portfolio	**0.3**	0.3
Total	**10.0**	9.0

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
FEDERAL						
13 415	Government of Canada	1.500	01-Dec-2044	$ 16 074	$ 17 783	
32 446	Government of Canada	1.250	01-Dec-2047	38 462	41 559	
TOTAL CANADIAN BONDS				54 536	59 342	**99.3**
SHORT-TERM INVESTMENTS*				375	375	**0.6**
TOTAL INVESTMENTS				$ 54 911	59 717	**99.9**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					53	**0.1**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 59 770	**100.0**

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.48% to 0.51% and mature between July 4, 2016 and September 8, 2016.

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

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

PHILLIPS, HAGER & NORTH
Investment Management®

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 59 717**	$ 49 046
Cash	**31**	59
Due from investment dealers	**263**	–
Subscriptions receivable	**–**	598
Dividends receivable, interest accrued and other assets	**52**	46
TOTAL ASSETS	**60 063**	49 749
LIABILITIES		
Due to investment dealers	**–**	572
Redemptions payable	**290**	10
Distributions payable	**–**	24
Accounts payable and accrued expenses	**3**	1
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**293**	607
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 59 770**	$ 49 142
Investments at cost	**$ 54 911**	$ 49 389
NAV		
SERIES O	**$ 59 770**	$ 49 142
NAV PER UNIT		
SERIES O	**$ 12.54**	$ 11.35

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 289**	$ 326
Net realized gain (loss) on investments	**34**	1 079
Change in unrealized gain (loss) on investments	**5 149**	(503)
TOTAL INCOME (LOSS)	**5 472**	902
EXPENSES (see notes – Fund Specific Information)		
Administration fees	**5**	4
Independent Review Committee costs	**2**	2
GST/HST	**1**	–
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**6**	4
INCREASE (DECREASE) IN NAV	**$ 5 466**	$ 898
INCREASE (DECREASE) IN NAV SERIES O	**$ 5 466**	$ 898
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT SERIES O	**$ 1.24**	$ 0.28

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 5 466**	$ 898
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**(12)**	–
Net realized loss (gain) on investments	**(34)**	(1 079)
Change in unrealized loss (gain) on investments	**(5 149)**	503
(Increase) decrease in accrued receivables	**(6)**	(4)
Increase (decrease) in accrued payables	**2**	536
Cost of investments purchased	**(13 442)**	(39 558)
Proceeds on sales of investments	**7 131**	31 209
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(6 044)**	(7 495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**12 038**	14 140
Cash paid on redemption of redeemable units	**(6 022)**	(6 644)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 6 016**	$ 7 496
Net increase (decrease) in cash for the period	**(28)**	1
Cash (bank overdraft), beginning of period	**59**	13
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 31**	$ 14
Interest received (paid)	**$ 273**	$ 322
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series O 2016	2015
NAV AT BEGINNING OF PERIOD	**$ 49 142**	$ 34 454
INCREASE (DECREASE) IN NAV	**5 466**	898
Early redemption fees	**–**	–
Proceeds from redeemable units issued	**11 440**	13 590
Reinvestments of distributions to holders of redeemable units	**24**	29
Redemption of redeemable units	**(6 302)**	(6 709)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**5 162**	6 910
Distributions from net income	**–**	–
Distributions from net gains	**–**	–
Distributions from capital	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–
NET INCREASE (DECREASE) IN NAV	**10 628**	7 808
NAV AT END OF PERIOD	**$ 59 770**	$ 42 262

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

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide interest income that is hedged against inflation by investing primarily in longer-term real-return bonds and inflation-linked bonds issued by Canadian and foreign governments and corporations.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**100.0**	100.0
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Federal Bonds	**99.3**	99.6
Cash/Other	**0.7**	0.4
Total	**100.0**	100.0

Interest rate risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**–**	–
1 – 5 years	**–**	–
5 – 10 years	**–**	–
> 10 years	**100.0**	100.0
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 25.5% (December 31, 2015 – 25.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**59 342**	**–**	**59 342**
Short-term investments	**–**	**375**	**–**	**375**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**–**	**59 717**	**–**	**59 717**
% of total portfolio	**–**	**100.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	48 971	–	48 971
Short-term investments	–	75	–	75
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	49 046	–	49 046
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series O	n/a*	0.02%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Please see the generic notes at the back of the financial statements.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series O	–	17 223
Value of all units	–	195

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series O		
Opening units	**4 330**	2 964
Issued number of units	**972**	1 115
Reinvested number of units	**2**	2
Redeemed number of units	**(540)**	(557)
Ending number of units	**4 764**	3 524

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North LifeTime 2020 Fund	**2.6**	4.7
Phillips, Hager & North LifeTime 2025 Fund	**13.9**	15.5
Phillips, Hager & North LifeTime 2030 Fund	**19.6**	18.7
Phillips, Hager & North LifeTime 2035 Fund	**21.4**	20.5
Phillips, Hager & North LifeTime 2040 Fund	**17.9**	17.6
Phillips, Hager & North LifeTime 2045 Fund	**22.7**	21.4
Phillips, Hager & North LifeTime 2050 Fund	**1.9**	1.1
Total	**100.0**	99.5

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES				
161 900	Bank of Montreal, Preferred Series 14, 5.250%	$ 4 226	$ 4 143	
117 700	Bank of Montreal, Preferred Series 15, 5.800%	3 074	3 055	
84 700	Bank of Montreal, Preferred Series 27, 4.000%	2 118	1 575	
39 500	Bank of Montreal, Preferred Series 29, 3.900%	859	730	
111 300	Bank of Montreal, Preferred Series 31, 3.800%	1 952	2 036	
49 300	Bank of Nova Scotia, Preferred Series 16, 5.250%	1 265	1 262	
119 800	Bank of Nova Scotia, Preferred Series 20, 5.000%	3 035	2 759	
40 000	Brookfield Asset Management Inc., Preferred Series 2, 2.100%	701	408	
65 000	Brookfield Asset Management Inc., Preferred Series 32, 4.500%	1 635	1 221	
48 300	Brookfield Asset Management Inc., Preferred Series 37, 4.900%	912	1 051	
82 900	Brookfield Asset Management Inc., Preferred Series 40, 4.500%	2 073	1 596	
109 000	Brookfield Asset Management Inc., Preferred Series 42, 4.500%	2 725	2 136	
138 800	Canadian Imperial Bank of Commerce, Preferred Series 39, 3.900%	3 311	2 561	
146 600	Canadian Imperial Bank of Commerce, Preferred Series 41, 3.750%	3 635	2 655	
34 100	Canadian Imperial Bank of Commerce, Preferred Series 43, 3.600%	640	671	
113 200	Canadian Utilities Ltd., Preferred Series CC, 4.500%	2 520	2 403	
207 700	Canadian Utilities Ltd., Preferred Series DD, 4.500%	4 634	4 412	
43 000	Canadian Utilities Ltd., Preferred Series FF, 4.500%	1 075	1 125	
15 600	CU Inc., Preferred Series 4, 3.800%	338	194	
279 300	Enbridge Inc., Preferred Series 3, 4.000%	6 801	4 060	
41 600	Enbridge Inc., Preferred Series 7, 4.400 %	1 040	656	
20 900	Enbridge Inc., Preferred Series 11, 4.400%	523	346	
75 300	Enbridge Inc., Preferred Series B, 4.000%	1 867	1 015	
79 400	Enbridge Inc., Preferred Series D, 4.000%	1 968	1 126	
92 900	Enbridge Inc., Preferred Series F, 4.000%	2 318	1 348	
132 500	Enbridge Inc., Preferred Series H, 4.000%	3 167	1 792	
4 900	Enbridge Inc., Preferred Series N, 4.000%	123	75	
24 000	Enbridge Inc., Preferred Series P, 4.000%	590	358	
153 700	Enbridge Inc., Preferred Series R, 4.000%	3 734	2 285	
11 400	Fortis Inc., Preferred Series E, 4.900%	296	288	
25 000	Fortis Inc., Preferred Series G, 5.250%	619	437	
120 100	Fortis Inc., Preferred Series J, 4.750%	2 901	2 806	
179 800	Fortis Inc., Preferred Series M, 4.100%	4 495	3 488	
123 700	Great-West Lifeco Inc., Preferred Series G, 5.200%	2 837	3 042	
96 800	Great-West Lifeco Inc., Preferred Series M, 5.800%	2 443	2 506	
169 700	Great-West Lifeco Inc., Preferred Series N, 3.650%	3 643	2 461	
72 600	Great-West Lifeco Inc., Preferred Series P, 5.400%	1 815	1 839	
21 700	Great-West Lifeco Inc., Preferred Series Q, 5.150%	537	533	
44 900	Great-West Lifeco Inc., Preferred Series S, 5.250%	1 123	1 123	
45 000	Husky Energy Inc., Preferred Series 1, 4.450%	885	518	
31 200	Manulife Financial Corporation, Preferred Series 2, 4.650%	732	708	
113 100	Manulife Financial Corporation, Preferred Series 19, 3.800%	2 828	2 057	
214 300	National Bank of Canada, Preferred Series 32, 3.900%	5 362	3 722	
20 500	National Bank of Canada, Preferred Series 34, 5.600%	513	538	
54 100	National Bank of Canada, Preferred Series 36, 5.400%	1 361	1 390	
19 000	Power Financial Corp., Preferred Series T, 4.200%	475	393	
108 900	Royal Bank of Canada, Preferred Series AA, 4.450%*	2 695	2 733	
25 000	Royal Bank of Canada, Preferred Series AB, 4.700%*	622	631	
130 600	Royal Bank of Canada, Preferred Series AC, 4.600%*	3 183	3 286	
36 000	Royal Bank of Canada, Preferred Series AD, 4.500%*	864	903	
40 000	Royal Bank of Canada, Preferred Series AG, 4.500%*	1 010	1 006	
175 400	Royal Bank of Canada, Preferred Series AJ, 5.000%*	4 245	4 110	

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

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES (cont.)				
53 500	Royal Bank of Canada, Preferred Series AZ, 4.000%*	$ 1 271	$ 988	
4 600	Royal Bank of Canada, Preferred Series BB, 3.900%*	84	85	
131 000	Royal Bank of Canada, Preferred Series BD, 3.600%*	3 280	2 569	
40 400	Sun Life Financial Inc., Preferred Series 1, 4.750%	901	934	
92 300	Sun Life Financial Inc., Preferred Series 3, 4.450%	1 953	1 991	
58 900	Sun Life Financial Inc., Preferred Series 4, 4.450%	1 253	1 270	
51 100	Sun Life Financial Inc., Preferred Series 5, 4.500%	1 077	1 113	
30 000	Sun Life Financial Inc., Preferred Series 8R, 4.350%	647	423	
214 200	Toronto-Dominion Bank, Preferred Series 1, 3.900%	5 365	3 984	
139 400	Toronto-Dominion Bank, Preferred Series 3, 3.800%	3 469	2 565	
185 600	Toronto-Dominion Bank, Preferred Series 5, 3.750%	4 374	3 398	
134 400	Toronto-Dominion Bank, Preferred Series S, 5.000%	3 360	3 098	
91 100	Toronto-Dominion Bank, Preferred Series Y, 5.100%	2 294	2 137	
116 900	TransCanada Corp., Preferred Series 1, 4.600%	2 655	1 692	
221 600	TransCanada Corp., Preferred Series 3, 4.000%	4 403	2 504	
78 900	TransCanada Corp., Preferred Series 5, 4.400%	1 770	938	
36 200	TransCanada Corp., Preferred Series 7, 4.000%	891	626	
163 600	TransCanada Corp., Preferred Series 9, 4.250%	4 090	2 879	
120 500	TransCanada Corp., Preferred Series 11, 3.800%	2 999	2 212	
TOTAL PREFERRED EQUITIES		154 479	124 978	**5.2**
COMMON EQUITIES				
Consumer Discretionary				
139 600	Cineplex Inc.	6 090	7 201	
267 900	Dollarama Inc.	21 961	24 165	
484 100	Gildan Activewear Inc., Class A	18 430	18 318	
278 200	Magna International Inc., Class A	14 847	12 616	
342 200	Quebecor Inc., Class B	11 258	12 668	
479 400	Shaw Communications Inc., Class B	11 231	11 889	
411 000	Thomson Corp.	21 152	21 483	
		104 969	108 340	**4.5**
Consumer Staples				
776 200	Alimentation Couche-Tard Inc.	43 618	43 064	
878 000	Empire Co. Ltd., Class A	21 799	16 866	
170 200	Loblaw Companies Ltd.	11 601	11 763	
		77 018	71 693	**3.0**
Energy				
874 050	ARC Resources Ltd.	$ 17 572	$ 19 325	
172 500	Canadian Natural Resources Ltd.	5 771	6 876	
697 900	Cenovus Energy Inc.	12 249	12 471	
574 300	Crescent Point Energy Corp.	10 888	11 721	
803 480	Enbridge Inc.	39 052	43 974	
187 500	Enbridge Income Fund Holdings Inc.	5 644	6 011	
391 900	Keyera Corp.	14 763	15 488	
536 500	Pembina Pipeline Corp.	16 755	21 063	
1 260 196	PrairieSky Royalty Ltd.	31 259	30 900	
509 300	Suncor Energy Inc.	17 826	18 253	
332 800	TransCanada Corp., Subscription Receipts	15 226	19 409	
325 900	Vermilion Energy Inc.	12 527	13 408	
		199 532	218 899	**9.1**
Financials				
344 000	Allied Properties Real Estate Investment Trust	11 677	13 306	
1 070 800	Bank of Nova Scotia	65 824	67 792	
1 074 300	Brookfield Asset Management Inc., Class A	45 775	45 916	
705 500	Brookfield Property Partners LP	20 152	20 495	
65 500	Canadian Imperial Bank of Commerce	6 151	6 356	
1 185 200	CI Financial Corp.	36 851	31 941	
1 028 400	Element Financial Corp.	15 060	14 089	
305 200	Industrial Alliance Insurance & Financial Services Inc.	12 404	12 394	
2 732 000	Manulife Financial Corporation	53 634	48 274	
576 700	National Bank of Canada	24 262	25 484	
1 761 200	Pure Industrial Real Estate Investment Trust	7 768	9 035	
1 309 010	Royal Bank of Canada*	93 909	99 930	
285 400	Sun Life Financial Inc.	12 649	12 112	
2 003 500	Toronto-Dominion Bank	104 921	111 154	
		511 037	518 278	**21.6**
Industrials				
247 800	Canadian National Railway Co.	18 992	18 905	
97 100	Canadian Pacific Railway Ltd.	16 999	16 151	
708 600	Finning International Inc.	15 554	14 909	
170 900	SNC-Lavalin Group Inc.	7 425	9 273	
451 800	Stantec Inc.	14 407	14 155	
		73 377	73 393	**3.1**
Information Technology				
173 000	CGI Group Inc., Class A	10 039	9 548	
138 300	Open Text Corp.	9 505	10 565	
		19 544	20 113	**0.8**
Materials				
102 100	Agrium Inc.	11 818	11 934	
291 100	Franco-Nevada Corp.	20 757	28 598	
1 134 800	Goldcorp Inc.	24 210	28 052	
		56 785	68 584	**2.9**
Telecommunication Services				
628 980	Rogers Communications Inc., Class B	30 574	32 896	
267 400	TELUS Corp.	10 849	11 124	
		41 423	44 020	**1.8**

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June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
220 700	Brookfield Infrastructure Partners LP	$ 12 025	$ 12 900	
512 200	Fortis Inc.	20 911	22 368	
		32 936	35 268	**1.5**
TOTAL COMMON EQUITIES		1 116 621	1 158 588	**48.3**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
8 934 691	Phillips, Hager & North High Yield Bond Fund*	$ 103 103	$ 98 292	
12 842 904	RBC High Yield Bond Fund*	136 919	135 943	
TOTAL MUTUAL FUND UNITS		240 022	234 235	**9.7**

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
1 620	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	$ 1 620	$ 1 648	
TOTAL AUSTRALIA BONDS				1 620	1 648	**0.1**
CANADIAN BONDS						
CORPORATE						
685	Access Prairies Partnership	4.232	01-Mar-2048	685	722	
665	Alliance Pipeline LP	4.928	16-Dec-2019	718	697	
2 531	Alliance Pipeline LP	7.181	30-Jun-2023	3 029	2 892	
617	Alliance Pipeline LP	5.546	31-Dec-2023	684	646	
2 430	Alliance Pipeline LP	6.765	31-Dec-2025	2 889	2 748	
1 561	Alliance Pipeline LP	7.217	31-Dec-2025	1 895	1 778	
375	Allied Properties Real Estate Investment Trust	3.934	14-Nov-2022	375	382	
1 650	AltaLink Investments LP	5.207	16-Dec-2016	1 763	1 677	
1 380	AltaLink Investments LP	3.265	05-Jun-2020	1 383	1 442	
1 709	AltaLink Investments LP	2.244	07-Mar-2022	1 709	1 713	
530	AltaLink LP	5.381	26-Mar-2040	635	691	
1 071	Bank of Montreal	2.960	02-Aug-2016	1 097	1 073	
7 625	Bank of Montreal	4.550	01-Aug-2017	8 143	7 903	
1 867	Bank of Montreal	2.240	11-Dec-2017	1 883	1 895	
545	Bank of Montreal	6.020	02-May-2018	611	592	
3 260	Bank of Montreal	3.120	19-Sep-2024	3 285	3 280	
3 150	Bank of Montreal	3.340	08-Dec-2025	3 152	3 201	
805	Bank of Montreal	3.320	01-Jun-2026	814	815	
726	Bank of Nova Scotia	2.100	08-Nov-2016	727	729	
4 889	Bank of Nova Scotia	2.740	01-Dec-2016	4 974	4 925	
219	Bank of Nova Scotia	4.100	08-Jun-2017	230	225	
1 500	Baytex Energy Corp. USD	5.125	01-Jun-2021	1 485	1 633	
345	Bell Canada	4.400	16-Mar-2018	364	361	
475	Bell Canada	4.880	26-Apr-2018	508	503	
2 815	Bell Canada	3.000	03-Oct-2022	2 804	2 938	
1 755	Bell Canada	3.550	02-Mar-2026	1 750	1 856	
1 005	Bow Centre Street LP	3.690	14-Jun-2021	1 001	1 020	
414	Bow Centre Street LP	3.693	14-Jun-2022	412	420	
1 750	Bow Centre Street LP	3.797	13-Jun-2023	1 750	1 715	
1 042	Brookfield Asset Management Inc.	4.540	31-Mar-2023	1 100	1 157	
1 314	Brookfield Asset Management Inc.	5.040	08-Mar-2024	1 334	1 491	
4 865	Brookfield Asset Management Inc.	4.820	28-Jan-2026	4 974	5 461	
1 090	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	1 090	1 122	
2 990	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	2 995	3 059	
750	Brookfield Renewable Energy Partners ULC	6.132	30-Nov-2016	800	764	
1 320	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	1 420	1 477	
510	Bruce Power LP	2.844	23-Jun-2021	510	516	
900	Bruce Power LP	3.969	23-Jun-2026	900	919	
224	Caisse Centrale Desjardins	3.502	05-Oct-2017	226	230	
1 340	Cameco Corp.	5.670	02-Sep-2019	1 504	1 462	
980	Cameco Corp.	3.750	14-Nov-2022	986	1 015	
3 895	Cameco Corp.	4.190	24-Jun-2024	3 902	4 115	

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June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
6 115	Canadian Imperial Bank of Commerce	2.650	08-Nov-2016	$ 6 213	$ 6 151	
7 416	Canadian Imperial Bank of Commerce	3.000	28-Oct-2024	7 425	7 445	
2 165	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	2 092	2 163	
235	Canadian Utilities Ltd.	9.400	01-May-2023	343	341	
1 080	Choice Properties LP	3.000	20-Apr-2017	1 104	1 089	
1 470	Choice Properties LP	3.600	20-Apr-2020	1 503	1 555	
190	Choice Properties Real Estate Investment Trust	3.554	05-Jul-2018	200	197	
750	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	762	783	
415	Choice Properties Real Estate Investment Trust	5.268	07-Mar-2046	415	469	
1 260	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	1 260	1 282	
595	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	629	632	
1 086	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	1 089	1 124	
1 575	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	1 575	1 615	
815	Cominar Real Estate Investment Trust	4.247	23-May-2023	815	830	
1 565	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	1 565	1 618	
975	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	973	974	
967	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	972	1 013	
555	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	535	556	
1 065	CU Inc.	6.145	22-Nov-2017	1 211	1 136	
555	CU Inc.	9.920	01-Apr-2022	806	786	
1 150	CU Inc.	6.215	06-Mar-2024	1 362	1 474	
500	CU Inc.	5.556	30-Oct-2037	607	656	
855	CU Inc.	4.558	07-Nov-2053	869	1 026	
2 915	CU Inc.	4.094	19-Oct-2054	2 915	3 222	
1 415	CU Inc.	4.211	29-Oct-2055	1 434	1 603	
599	Dufferin Wind Power Inc.	4.317	30-Nov-2033	599	639	
2 578	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	2 607	2 601	
1 235	Emera Inc.	2.960	13-Dec-2016	1 234	1 243	
5 500	Emera Inc.	4.830	02-Dec-2019	6 037	5 987	
1 100	Emera Inc.	2.900	16-Jun-2023	1 100	1 115	
1 147	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	1 299	1 323	
1 880	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	1 879	2 028	
585	Enbridge Gas Distribution Inc.	6.900	15-Nov-2032	838	836	
730	Enbridge Inc.	4.770	02-Sep-2019	793	787	
2 000	Enbridge Inc.	4.260	01-Feb-2021	2 056	2 152	
3 230	Enbridge Inc.	3.160	11-Mar-2021	3 291	3 323	
480	Enbridge Inc.	7.200	18-Jun-2032	650	617	
1 350	Enbridge Inc.	5.120	28-Sep-2040	1 394	1 412	
1 990	Enbridge Income Fund	2.920	14-Dec-2017	2 000	2 017	
265	Enbridge Income Fund	4.100	22-Feb-2019	277	278	
1 240	Enbridge Pipelines Inc.	3.790	17-Aug-2023	1 309	1 342	
555	Enbridge Pipelines Inc.	8.200	15-Feb-2024	757	755	
4 025	Enbridge Pipelines Inc.	3.450	29-Sep-2025	4 035	4 230	
1 075	Enbridge Pipelines Inc.	6.050	12-Feb-2029	1 390	1 306	
185	Enbridge Pipelines Inc.	5.330	06-Apr-2040	235	218	
870	Enbridge Pipelines Inc.	4.550	29-Sep-2045	837	931	
2 198	Enbridge Southern Lights LP	4.014	30-Jun-2040	2 198	2 283	
1 010	Enersource Corp.	5.297	29-Apr-2041	1 178	1 289	
2 445	Enmax Corp.	6.150	19-Jun-2018	2 750	2 633	
295	FortisAlberta Inc.	5.850	15-Apr-2038	375	399	
361	FortisBC Energy Inc.	6.500	01-May-2034	461	508	
600	FortisBC Energy Inc.	5.550	25-Sep-2036	685	779	
740	FortisBC Inc.	5.900	04-Jul-2047	973	1 055	
665	Grand Renewable Solar LP	3.926	31-Jan-2035	665	685	
1 585	Granite Real Estate Investment Trust Holdings LP	3.788	05-Jul-2021	1 586	1 658	
1 593	Great-West Lifeco Finance Delaware LP	5.691	21-Jun-2067	1 553	1 559	
4 803	Hollis Receivables Term Trust II	2.235	26-Sep-2016	4 803	4 817	
836	Horizon Holdings Inc.	3.033	25-Jul-2022	832	886	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
245	Husky Energy Inc.	5.000	12-Mar-2020	$ 244	$ 267	
3 621	Husky Energy Inc.	3.550	12-Mar-2025	3 524	3 706	
1 345	Hydro One Inc.	6.350	31-Jan-2034	1 751	1 871	
1 225	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	1 225	1 353	
2 179	Maritimes & Northeast Pipeline LP	6.900	30-Nov-2019	2 455	2 373	
1 500	MEG Energy Corp. USD	6.500	15-Mar-2021	1 452	1 512	
1 730	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	1 730	1 754	
1 525	North Battleford Power LP	4.958	31-Dec-2032	1 525	1 771	
1 826	North West Redwater Partnership	2.100	23-Feb-2022	1 822	1 814	
2 470	North West Redwater Partnership	4.250	01-Jun-2029	2 461	2 680	
275	North West Redwater Partnership	4.150	01-Jun-2033	275	282	
595	North West Redwater Partnership	4.750	01-Jun-2037	591	658	
421	Northland Power Solar Finance One LP	4.397	30-Jun-2032	421	460	
430	Nova Scotia Power Inc.	8.850	19-May-2025	619	635	
1 364	Paramount Resources Ltd.	7.625	04-Dec-2019	1 187	1 227	
1 040	Pembina Pipeline Corp.	3.770	24-Oct-2022	1 021	1 087	
3 293	Pembina Pipeline Corp.	3.540	03-Feb-2025	3 303	3 309	
1 110	Pembina Pipeline Corp.	4.750	30-Apr-2043	1 124	1 054	
903	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	977	1 020	
2 000	Precision Drilling Corp. USD	6.625	15-Nov-2020	2 245	2 377	
910	PSS Generating Station LP	4.795	24-Oct-2067	910	1 013	
1 545	Ridley Grain Ltd.	5.227	01-Aug-2024	1 545	1 694	
264	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	270	269	
1 955	Rogers Communications Inc.	5.380	04-Nov-2019	2 180	2 179	
1 752	Royal Bank of Canada*	2.820	12-Jul-2018	1 793	1 803	
3 250	Royal Bank of Canada*	2.890	11-Oct-2018	3 346	3 363	
8 095	Royal Bank of Canada*	1.400	26-Apr-2019	8 098	8 125	
808	Royal Bank of Canada*	3.040	17-Jul-2024	820	812	
1 145	Royal Bank of Canada*	2.480	04-Jun-2025	1 113	1 126	
5 580	Royal Bank of Canada*	3.310	20-Jan-2026	5 580	5 654	
1 487	SEC LP and Arci Ltd.	5.188	29-Aug-2033	1 487	1 623	
3 786	Seven Generations Energy Ltd. USD	8.250	15-May-2020	5 011	5 093	
1 010	SGTP Highway Bypass LP	4.105	31-Jan-2045	1 010	1 068	
710	Shaw Communications Inc.	3.150	19-Feb-2021	709	731	
887	Shaw Communications Inc.	6.750	09-Nov-2039	1 040	1 112	
425	Sobeys Inc.	6.640	07-Jun-2040	467	490	
3 445	TELUS Corp.	2.350	28-Mar-2022	3 417	3 465	
1 290	TELUS Corp.	3.350	01-Apr-2024	1 328	1 355	
945	TELUS Corp.	3.750	10-Mar-2026	938	1 005	
760	TELUS Corp.	4.400	01-Apr-2043	730	752	
2 642	TELUS Corp.	4.850	05-Apr-2044	2 638	2 797	
2 295	TELUS Corp.	4.750	17-Jan-2045	2 324	2 395	
6 770	Teranet Holdings LP	4.807	16-Dec-2020	7 212	7 494	
1 385	Teranet Holdings LP	3.646	18-Nov-2022	1 385	1 463	
930	Teranet Holdings LP	5.754	17-Dec-2040	908	1 107	
750	Toromont Industries Ltd.	3.710	30-Sep-2025	750	782	
3 005	Toronto-Dominion Bank	1.680	08-Jun-2021	3 004	3 029	
315	Toronto-Dominion Bank	2.692	24-Jun-2025	311	313	
1 630	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	1 626	1 702	
2 085	TransEd Partners GP	3.951	30-Sep-2050	1 928	1 975	
185	Union Gas Ltd.	9.700	06-Nov-2017	229	205	
600	Union Gas Ltd.	8.750	03-Aug-2018	745	684	
433	Union Gas Ltd.	3.790	10-Jul-2023	449	480	
660	Union Gas Ltd.	2.810	01-Jun-2026	660	678	
367	Union Gas Ltd.	4.200	02-Jun-2044	367	412	
390	Westcoast Energy Inc.	5.600	16-Jan-2019	430	424	
725	Westcoast Energy Inc.	3.883	28-Oct-2021	748	779	

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June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
740	Westcoast Energy Inc.	3.770	08-Dec-2025	$ 737	$ 777	
540	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	530	575	
				262 571	268 704	**11.2**
FEDERAL						
10 469	Canada Housing Trust No. 1	1.250	15-Dec-2020	10 435	10 601	
16 792	Canada Housing Trust No. 1	3.350	15-Dec-2020	18 444	18 534	
10 010	Canada Housing Trust No. 1	1.250	15-Jun-2021	9 982	10 122	
8 626	Canada Housing Trust No. 1	2.650	15-Mar-2022	9 197	9 359	
3 562	Canada Housing Trust No. 1	3.150	15-Sep-2023	3 934	4 015	
5 131	Canada Housing Trust No. 1	2.900	15-Jun-2024	5 659	5 716	
950	Government of Canada	1.250	01-Sep-2018	962	965	
615	Government of Canada	1.750	01-Mar-2019	635	635	
4 155	Government of Canada	3.750	01-Jun-2019	4 546	4 541	
390	Government of Canada	1.750	01-Sep-2019	404	405	
1 795	Government of Canada	1.500	01-Mar-2020	1 854	1 857	
14 735	Government of Canada	3.500	01-Jun-2020	16 385	16 414	
9 473	Government of Canada	0.750	01-Sep-2020	9 504	9 550	
62 298	Government of Canada	0.750	01-Mar-2021	62 429	62 815	
4 056	Government of Canada	3.250	01-Jun-2021	4 569	4 579	
994	Government of Canada	2.750	01-Jun-2022	1 110	1 112	
3 219	Government of Canada	1.500	01-Jun-2023	3 324	3 376	
916	Government of Canada	2.250	01-Jun-2025	1 004	1 017	
12 339	Government of Canada	1.500	01-Jun-2026	12 808	12 847	
715	Government of Canada	5.750	01-Jun-2033	1 127	1 153	
3 777	Government of Canada	5.000	01-Jun-2037	5 570	5 955	
1 118	Government of Canada	1.500	01-Dec-2044	1 356	1 481	
1 301	Government of Canada	3.500	01-Dec-2045	1 788	1 834	
2 699	Government of Canada	1.250	01-Dec-2047	3 152	3 457	
				190 178	192 340	**8.0**
PROVINCIAL/MUNICIPAL						
400	Access Justice Durham Ltd.	5.015	31-Aug-2039	440	470	
10	Hospital for Sick Children	5.217	16-Dec-2049	10	14	
510	Municipal Finance Authority of British Columbia	3.350	01-Jun-2022	509	561	
3 536	Ontario Electricity Financial Corp.	8.500	26-May-2025	5 118	5 424	
6 908	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	10 267	10 707	
637	Ontrea Inc.	4.619	09-Apr-2018	637	669	
7 531	Province of Alberta	2.350	01-Jun-2025	7 694	7 778	
1 000	Province of Alberta	3.500	01-Jun-2031	1 092	1 101	
1 578	Province of Alberta	3.900	01-Dec-2033	1 723	1 813	
2 546	Province of Alberta	3.450	01-Dec-2043	2 840	2 804	
2 582	Province of British Columbia	6.350	18-Jun-2031	3 786	3 850	
697	Province of British Columbia	4.950	18-Jun-2040	926	975	
3 218	Province of British Columbia	2.800	18-Jun-2048	3 149	3 316	
834	Province of Manitoba	4.050	05-Sep-2045	911	1 015	
8 200	Province of Manitoba	2.850	05-Sep-2046	7 477	8 069	
1 669	Province of New Brunswick	3.650	03-Jun-2024	1 846	1 880	
1 284	Province of New Brunswick	4.800	03-Jun-2041	1 498	1 654	
1 836	Province of New Brunswick	3.550	03-Jun-2043	1 780	1 976	
3 458	Province of New Brunswick	3.800	14-Aug-2045	3 669	3 907	
2 694	Province of Newfoundland and Labrador	3.300	17-Oct-2046	2 522	2 684	
5 201	Province of Ontario	2.100	08-Sep-2018	5 341	5 341	
12 496	Province of Ontario	8.100	08-Sep-2023	17 694	17 985	
857	Province of Ontario	7.500	07-Feb-2024	1 193	1 213	
11 240	Province of Ontario	8.500	02-Dec-2025	16 956	17 570	
35 589	Province of Ontario	7.600	02-Jun-2027	52 344	54 766	
5 958	Province of Ontario	6.500	08-Mar-2029	8 098	8 671	
12 689	Province of Ontario	6.200	02-Jun-2031	17 739	18 518	

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

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
5 092	Province of Ontario	5.850	08-Mar-2033	$ 6 960	$ 7 317	
5 913	Province of Ontario	5.600	02-Jun-2035	8 010	8 473	
2 599	Province of Ontario	4.700	02-Jun-2037	3 202	3 411	
21 061	Province of Ontario	3.500	02-Jun-2043	22 453	24 018	
4 631	Province of Ontario	3.450	02-Jun-2045	5 003	5 276	
29 051	Province of Ontario	2.900	02-Dec-2046	27 407	30 007	
4 847	Province of Quebec	9.375	16-Jan-2023	7 223	7 193	
10 769	Province of Quebec	8.500	01-Apr-2026	16 337	16 874	
6 690	Province of Quebec	6.000	01-Oct-2029	8 838	9 408	
952	Province of Quebec	3.500	01-Dec-2045	1 038	1 085	
210	Province of Saskatchewan	5.750	05-Mar-2029	293	284	
615	Province of Saskatchewan	6.400	05-Sep-2031	937	900	
1 457	Province of Saskatchewan	3.900	02-Jun-2045	1 819	1 737	
2 152	Province of Saskatchewan	2.750	02-Dec-2046	2 106	2 086	
2 297	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	2 418	2 525	
				291 303	305 325	**12.7**
TOTAL CANADIAN BONDS				744 052	766 369	**31.9**
UNITED KINGDOM BONDS						
5 490	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	5 530	5 577	
1 967	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	1 965	2 050	
TOTAL UNITED KINGDOM BONDS				7 495	7 627	**0.3**
UNITED STATES BONDS						
360	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	360	384	
4 360	AT&T Inc. CAD	3.825	25-Nov-2020	4 425	4 658	
380	Bank of America Corp. CAD	3.228	22-Jun-2022	390	396	
425	Citigroup Inc. CAD	4.650	11-Oct-2022	424	550	
1 415	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	1 396	1 400	
725	Molson Coors International LP CAD	2.250	18-Sep-2018	723	730	
3 995	Molson Coors International LP CAD	2.750	18-Sep-2020	3 974	4 092	
1 105	Molson Coors International LP CAD	2.840	15-Jul-2023	1 105	1 115	
1 300	Molson Coors International LP CAD	3.440	15-Jul-2026	1 300	1 310	
570	Wells Fargo & Co. CAD	2.222	15-Mar-2021	570	579	
940	Wells Fargo & Co. CAD	3.874	21-May-2025	987	998	
1 975	Wells Fargo & Co. CAD	2.975	19-May-2026	1 975	2 000	
TOTAL UNITED STATES BONDS				17 629	18 212	**0.8**
TOTAL BONDS				770 796	793 856	**33.1**
MORTGAGE-BACKED SECURITIES						
111	Equitable Bank	4.350	01-Jan-2018	115	116	
34	Peoples Trust	4.200	01-Oct-2019	34	37	
TOTAL MORTGAGE-BACKED SECURITIES				149	153	–
SHORT-TERM INVESTMENTS†				67 039	67 039	**2.8**
TOTAL INVESTMENTS				2 349 106	2 378 849	**99.1**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	2	–
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	(90)	–
TOTAL PORTFOLIO				$ 2 349 106	2 378 761	**99.1**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					22 421	**0.9**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 2 401 182	**100.0**

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

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 196 Sold USD 150 @ 1.3043	11-Jul-2016	$ 2
Bought CAD 110 Sold USD 85 @ 1.2910	11-Jul-2016	–
		$ 2

Contracts	Maturity Date	Unrealized Loss
Bought CAD 1 734 Sold USD 1 369 @ 1.2668	11-Jul-2016	$ (34)
Bought CAD 4 828 Sold USD 3 750 @ 1.2875	11-Jul-2016	(17)
Bought CAD 500 Sold USD 389 @ 1.2845	11-Jul-2016	(3)
Bought CAD 254 Sold USD 200 @ 1.2707	11-Jul-2016	(4)
Bought CAD 3 314 Sold USD 2 589 @ 1.2800	11-Jul-2016	(31)
Bought USD 118 Sold CAD 153 @ 0.7704	11-Jul-2016	(1)
		$ (90)
TOTAL FOREIGN EXCHANGE		$ (88)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.80% to 1.04% and mature between July 4, 2016 and October 26, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 2 378 849**	$ 2 581 670
Cash	**1 002**	906
Due from investment dealers	**55 203**	346
Subscriptions receivable	**1 445**	599
Unrealized gain on foreign exchange contracts	**2**	–
Dividends receivable, interest accrued and other assets	**7 739**	10 032
TOTAL ASSETS	**2 444 240**	2 593 553
LIABILITIES		
Due to investment dealers	**36 548**	386
Redemptions payable	**3 055**	5 340
Unrealized loss on foreign exchange contracts	**90**	–
Distributions payable	**1**	–
Accounts payable and accrued expenses	**3 364**	3 780
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**43 058**	9 506
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 2 401 182**	$ 2 584 047
Investments at cost	**$ 2 349 106**	$ 2 692 532
NAV		
SERIES A	**$ 1 869 787**	$ 2 048 442
ADVISOR SERIES	**$ 86 358**	$ 94 677
SERIES H	**$ 64 484**	$ 40 118
SERIES D	**$ 131 318**	$ 130 065
SERIES F	**$ 65 567**	$ 66 943
SERIES I	**$ 9 139**	$ 8 160
SERIES O	**$ 174 529**	$ 195 642
NAV PER UNIT		
SERIES A	**$ 9.42**	$ 9.08
ADVISOR SERIES	**$ 9.42**	$ 9.08
SERIES H	**$ 9.50**	$ 9.15
SERIES D	**$ 9.98**	$ 9.58
SERIES F	**$ 10.16**	$ 9.74
SERIES I	**$ 10.24**	$ 9.81
SERIES O	**$ 10.69**	$ 10.21

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 23 935**	$ 35 058
Interest for distribution purposes	**14 122**	18 984
Other income (loss)	**944**	2 146
Other income received from underlying funds	**6 920**	6 265
Securities lending revenue (see note 6 in the generic notes)	**108**	136
Net realized gain (loss) on investments	**(17 301)**	71 913
Net gain (loss) on foreign currencies and other net assets	**53**	65
Change in unrealized gain (loss) on investments	**140 517**	(97 059)
TOTAL INCOME (LOSS)	**169 298**	37 508
EXPENSES (see notes – Fund Specific Information)		
Management fees	**17 577**	24 332
Administration fees	**1 163**	1 605
Independent Review Committee costs	**2**	2
GST/HST	**1 792**	2 483
Transaction costs	**2 738**	3 175
Withholding tax	**–**	76
TOTAL EXPENSES	**23 272**	31 673
INCREASE (DECREASE) IN NAV	**$ 146 026**	$ 5 835
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 112 467**	$ 2 471
ADVISOR SERIES	**$ 5 450**	$ 87
SERIES H	**$ 2 726**	$ 78
SERIES D	**$ 8 423**	$ 481
SERIES F	**$ 4 243**	$ 518
SERIES I	**$ 545**	$ 90
SERIES O	**$ 12 172**	$ 2 110
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.53**	$ 0.01
ADVISOR SERIES	**$ 0.53**	$ 0.01
SERIES H	**$ 0.56**	$ 0.02
SERIES D	**$ 0.61**	$ 0.05
SERIES F	**$ 0.64**	$ 0.07
SERIES I	**$ 0.65**	$ 0.08
SERIES O	**$ 0.72**	$ 0.12

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 146 026**	$ 5 835
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**(39)**	–
Net realized loss (gain) on investments	**21 464**	(68 477)
Change in unrealized loss (gain) on investments	**(140 517)**	97 059
(Increase) decrease in accrued receivables	**2 293**	17 947
Increase (decrease) in accrued payables	**(416)**	(24 998)
Cost of investments purchased	**(4 951 949)**	(3 897 706)
Proceeds on sales of investments	**5 255 255**	4 175 688
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**332 117**	305 348
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**107 871**	210 298
Cash paid on redemption of redeemable units	**(432 432)**	(504 505)
Distributions paid to holders of redeemable units	**(7 460)**	(10 772)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (332 021)**	$ (304 979)
Net increase (decrease) in cash for the period	**96**	369
Cash (bank overdraft), beginning of period	**906**	1 079
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 1 002**	$ 1 448
Interest received (paid)	**$ 14 859**	$ 19 588
Dividends received, net of withholding taxes	**$ 26 395**	$ 37 743

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series H		Series D	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 2 048 442**	$ 2 754 742	**$ 94 677**	$ 133 056	**$ 40 118**	$ 58 352	**$ 130 065**	$ 153 635
INCREASE (DECREASE) IN NAV	**112 467**	2 471	**5 450**	87	**2 726**	78	**8 423**	481
Early redemption fees	**1**	2	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**53 951**	137 223	**3 848**	10 535	**27 736**	10 104	**9 532**	17 108
Reinvestments of distributions to holders of redeemable units	**42 634**	58 990	**1 344**	1 916	**773**	971	**2 244**	2 787
Redemption of redeemable units	**(340 555)**	(405 300)	**(16 736)**	(23 508)	**(5 716)**	(12 092)	**(15 760)**	(18 527)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(243 969)**	(209 085)	**(11 544)**	(11 057)	**22 793**	(1 017)	**(3 984)**	1 368
Distributions from net income	**(47 153)**	(65 929)	**(2 225)**	(3 174)	**(1 153)**	(1 504)	**(3 186)**	(3 880)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(47 153)**	(65 929)	**(2 225)**	(3 174)	**(1 153)**	(1 504)	**(3 186)**	(3 880)
NET INCREASE (DECREASE) IN NAV	**(178 655)**	(272 543)	**(8 319)**	(14 144)	**24 366**	(2 443)	**1 253**	(2 031)
NAV AT END OF PERIOD	**$ 1 869 787**	$ 2 482 199	**$ 86 358**	$ 118 912	**$ 64 484**	$ 55 909	**$ 131 318**	$ 151 604

For the periods ended June 30	Series F		Series I		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 66 943**	$ 85 017	**$ 8 160**	$ 16 892	**$ 195 642**	$ 250 753	**$ 2 584 047**	$ 3 452 447
INCREASE (DECREASE) IN NAV	**4 243**	518	**545**	90	**12 172**	2 110	**146 026**	5 835
Early redemption fees	**–**	–	**–**	–	**–**	–	**1**	2
Proceeds from redeemable units issued	**7 238**	13 536	**1 805**	2 792	**4 607**	18 126	**108 717**	209 424
Reinvestments of distributions to holders of redeemable units	**957**	1 346	**162**	319	**4 319**	6 209	**52 433**	72 538
Redemption of redeemable units	**(12 224)**	(17 466)	**(1 329)**	(3 256)	**(37 828)**	(26 560)	**(430 148)**	(506 709)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(4 029)**	(2 584)	**638**	(145)	**(28 902)**	(2 225)	**(268 997)**	(224 745)
Distributions from net income	**(1 590)**	(2 119)	**(204)**	(418)	**(4 383)**	(6 287)	**(59 894)**	(83 311)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(1 590)**	(2 119)	**(204)**	(418)	**(4 383)**	(6 287)	**(59 894)**	(83 311)
NET INCREASE (DECREASE) IN NAV	**(1 376)**	(4 185)	**979**	(473)	**(21 113)**	(6 402)	**(182 865)**	(302 221)
NAV AT END OF PERIOD	**$ 65 567**	$ 80 832	**$ 9 139**	$ 16 419	**$ 174 529**	$ 244 351	**$ 2 401 182**	$ 3 150 226

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

Series H and Series I units have been capped and are no longer available for purchase by new investors effective June 30, 2016. Existing investors who hold Series H and Series I units of the Fund can continue to make additional investments into these series. In addition, RBC GAM may maintain capacity for certain investors, including other related funds, that may invest in these series.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with monthly income that may consist of dividend income, interest income, realized capital gains and return of capital. Investors in the Fund will also have the potential for modest capital growth.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 42.8% (December 31, 2015 – 43.9%) of the net assets of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**21.1**	24.9
AA	**27.3**	28.6
A	**11.9**	11.2
BBB	**20.3**	17.0
BB	**7.2**	10.0
B	**8.9**	7.6
CCC	**3.1**	0.6
Unrated	**0.2**	0.1
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Canadian Equities	**48.3**	55.9
Bonds	**42.8**	44.0
Preferred Equities	**5.2**	–
Cash/Other	**3.7**	0.1
Total	**100.0**	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 33.1% (December 31, 2015 – 34.7%) of the net assets of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**3.3**	10.9
1 – 5 years	**34.4**	28.3
5 – 10 years	**28.1**	26.0
> 10 years	**34.2**	34.8
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 2.4% (December 31, 2015 – 2.5%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.6**	+ or -	0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 283 566**	**–**	**–**	**1 283 566**
Mutual fund units	**234 235**	**–**	**–**	**234 235**
Fixed-income and debt securities	**–**	**794 009**	**–**	**794 009**
Short-term investments	**–**	**67 039**	**–**	**67 039**
Derivatives – assets	**–**	**2**	**–**	**2**
Derivatives – liabilities	**–**	**(90)**	**–**	**(90)**
Total financial instruments	**1 517 801**	**860 960**	**–**	**2 378 761**
% of total portfolio	**63.8**	**36.2**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 446 205	–	–	1 446 205
Mutual fund units	239 857	–	–	239 857
Fixed-income and debt securities	–	894 458	–	894 458
Short-term investments	–	1 150	–	1 150
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 686 062	895 608	–	2 581 670
% of total portfolio	65.3	34.7	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.65%	0.10%
Advisor Series	1.65%	0.10%
Series H	1.50%	0.10%
Series D	0.90%	0.10%
Series F	0.65%	0.10%
Series I	0.50%	0.10%
Series O	n/a*	0.05%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Advisor Series	**136**	133
Series H	**128**	125
Series I	**124**	121
Series O	**67**	66
Value of all units	**4**	4

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North High Yield Bond Fund	**4.1**	**2.5**	3.7	3.0
RBC High Yield Bond Fund	**5.6**	**7.5**	5.6	8.6

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**225 496**	274 644
Issued number of units	**5 902**	13 570
Reinvested number of units	**4 641**	5 866
Redeemed number of units	**(37 549)**	(40 067)
Ending number of units	**198 490**	254 013
Advisor Series		
Opening units	**10 422**	13 265
Issued number of units	**422**	1 039
Reinvested number of units	**146**	191
Redeemed number of units	**(1 823)**	(2 327)
Ending number of units	**9 167**	12 168
Series H		
Opening units	**4 385**	5 789
Issued number of units	**2 936**	995
Reinvested number of units	**83**	96
Redeemed number of units	**(614)**	(1 193)
Ending number of units	**6 790**	5 687

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**13 571**	14 642
Issued number of units	**991**	1 614
Reinvested number of units	**231**	264
Redeemed number of units	**(1 635)**	(1 751)
Ending number of units	**13 158**	14 769
Series F		
Opening units	**6 872**	7 994
Issued number of units	**733**	1 261
Reinvested number of units	**97**	126
Redeemed number of units	**(1 248)**	(1 623)
Ending number of units	**6 454**	7 758
Series I		
Opening units	**832**	1 581
Issued number of units	**180**	257
Reinvested number of units	**16**	30
Redeemed number of units	**(135)**	(301)
Ending number of units	**893**	1 567
Series O		
Opening units	**19 159**	22 678
Issued number of units	**446**	1 611
Reinvested number of units	**416**	557
Redeemed number of units	**(3 693)**	(2 378)
Ending number of units	**16 328**	22 468

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**2 738**	**100**	3 175	100
Related-party brokerage commissions*	**209**	**8**	88	3
Commission arrangements†	**218**	**8**	679	21

* See note 7 in the generic notes.
† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**205 612**	306 126
Fair value of collateral received	**210 107**	321 851

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**172**	**100**	214	100
RBC IS (paid)	**(60)**	**(35)**	(75)	(35)
Tax withheld	**(4)**	**(2)**	(3)	(1)
Fund revenue	**108**	**63**	136	64

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Monthly Income Class	**5.4**	5.7

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH BALANCED FUND

June 30, 2016

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
27 024 593	Phillips, Hager & North Bond Fund*	$ 283 443	$ 290 076	
22 173 150	Phillips, Hager & North Canadian Equity Underlying Fund*	211 816	243 328	
1 148 380	Phillips, Hager & North Canadian Money Market Fund*	11 484	11 484	
2 253 957	RBC Emerging Markets Equity Fund*	30 067	32 094	
12 170 350	RBC Global Equity Focus Fund*	134 454	158 201	
1 532 575	RBC High Yield Bond Fund*	16 279	16 222	
4 507 013	RBC QUBE Global Equity Fund*	58 664	53 039	
TOTAL MUTUAL FUND UNITS		746 207	804 444	**98.6**
SHORT-TERM INVESTMENTS†		3 508	3 508	**0.4**
TOTAL INVESTMENTS		$ 749 715	807 952	**99.0**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			7 992	**1.0**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 815 944	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.77% to 0.82% and mature between July 4, 2016 and July 29, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 807 952**	$ 789 294
Cash	**9**	–
Due from investment dealers	**24 400**	2 200
Subscriptions receivable	**173**	466
Dividends receivable, interest accrued and other assets	**4**	4
TOTAL ASSETS	**832 538**	791 964
LIABILITIES		
Due to investment dealers	**14 000**	–
Redemptions payable	**2 025**	866
Accounts payable and accrued expenses	**569**	572
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**16 594**	1 438
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 815 944**	$ 790 526
Investments at cost	**$ 749 715**	$ 747 068
NAV		
SERIES A	**$ 23 297**	$ 24 677
ADVISOR SERIES	**$ 6 215**	$ 5 881
SERIES D	**$ 737 732**	$ 713 802
SERIES F	**$ 9 717**	$ 7 085
SERIES O	**$ 38 983**	$ 39 081
NAV PER UNIT		
SERIES A	**$ 19.03**	$ 18.63
ADVISOR SERIES	**$ 19.04**	$ 18.64
SERIES D	**$ 18.95**	$ 18.47
SERIES F	**$ 18.94**	$ 18.46
SERIES O	**$ 18.75**	$ 18.26

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 15**	$ 20
Other income received from underlying funds	**5 340**	5 245
Net realized gain (loss) on investments	**3 695**	4 840
Net gain (loss) on foreign currencies and other net assets	**–**	2
Change in unrealized gain (loss) on investments	**16 011**	30 937
TOTAL INCOME (LOSS)	**25 061**	41 044
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2 950**	2 852
Administration fees	**156**	156
Independent Review Committee costs	**2**	2
GST/HST	**233**	222
TOTAL EXPENSES	**3 341**	3 232
INCREASE (DECREASE) IN NAV	**$ 21 720**	$ 37 812
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 508**	$ 1 058
ADVISOR SERIES	**$ 127**	$ 176
SERIES D	**$ 19 695**	$ 33 876
SERIES F	**$ 214**	$ 476
SERIES O	**$ 1 176**	$ 2 226
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.42**	$ 0.87
ADVISOR SERIES	**$ 0.42**	$ 0.87
SERIES D	**$ 0.50**	$ 0.96
SERIES F	**$ 0.50**	$ 0.95
SERIES O	**$ 0.58**	$ 1.03

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 21 720**	$ 37 812
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(3 695)**	(4 825)
Change in unrealized loss (gain) on investments	**(16 011)**	(30 937)
(Increase) decrease in accrued receivables	**–**	1 999
Increase (decrease) in accrued payables	**(3)**	(1 969)
Cost of investments purchased	**(195 982)**	(164 608)
Proceeds on sales of investments	**188 830**	145 685
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(5 141)**	(16 843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**58 955**	66 474
Cash paid on redemption of redeemable units	**(53 688)**	(49 479)
Distributions paid to holders of redeemable units	**(117)**	(136)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 5 150**	$ 16 859
Net increase (decrease) in cash for the period	**9**	16
Cash (bank overdraft), beginning of period	**–**	23
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 9**	$ 39
Interest received (paid)	**$ 15**	$ 19
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 24 677**	$ 23 095	**$ 5 881**	$ 3 940	**$ 713 802**	$ 647 200	**$ 7 085**	$ 9 185
INCREASE (DECREASE) IN NAV	**508**	1 058	**127**	176	**19 695**	33 876	**214**	476
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**4 287**	4 144	**862**	1 168	**46 053**	56 423	**4 590**	1 874
Reinvestments of distributions to holders of redeemable units	**–**	(10)	**–**	–	**902**	994	**7**	7
Redemption of redeemable units	**(6 175)**	(3 565)	**(655)**	(172)	**(41 790)**	(40 659)	**(2 170)**	(1 635)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(1 888)**	569	**207**	996	**5 165**	16 758	**2 427**	246
Distributions from net income	**–**	10	**–**	–	**(930)**	(1 025)	**(9)**	(14)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	10	**–**	–	**(930)**	(1 025)	**(9)**	(14)
NET INCREASE (DECREASE) IN NAV	**(1 380)**	1 637	**334**	1 172	**23 930**	49 609	**2 632**	708
NAV AT END OF PERIOD	**$ 23 297**	$ 24 732	**$ 6 215**	$ 5 112	**$ 737 732**	$ 696 809	**$ 9 717**	$ 9 893

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 39 081**	$ 38 910	**$ 790 526**	$ 722 330
INCREASE (DECREASE) IN NAV	**1 176**	2 226	**21 720**	37 812
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**2 870**	2 906	**58 662**	66 515
Reinvestments of distributions to holders of redeemable units	**107**	119	**1 016**	1 110
Redemption of redeemable units	**(4 057)**	(3 992)	**(54 847)**	(50 023)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(1 080)**	(967)	**4 831**	17 602
Distributions from net income	**(194)**	(217)	**(1 133)**	(1 246)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(194)**	(217)	**(1 133)**	(1 246)
NET INCREASE (DECREASE) IN NAV	**(98)**	1 042	**25 418**	54 168
NAV AT END OF PERIOD	**$ 38 983**	$ 39 952	**$ 815 944**	$ 776 498

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a strategic asset mix of Canadian and foreign equities, Canadian fixed-income securities and money market instruments.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**37.6**	37.1
Canadian Equities	**29.8**	29.8
Global Equities	**29.8**	31.1
Cash/Other	**2.8**	2.0
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 2.6% (December 31, 2015 – 2.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.3% (December 31, 2015 – 0.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.5**	+ or -	0.5
MSCI World Total Return Net Index (CAD)	**+ or -**	**0.5**	+ or -	0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**804 444**	**–**	**–**	**804 444**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**3 508**	**–**	**3 508**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**804 444**	**3 508**	**–**	**807 952**
% of total portfolio	**99.6**	**0.4**	**–**	**100.0**

Please see the generic notes at the back of the financial statements.

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	786 808	–	–	786 808
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	2 486	–	2 486
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	786 808	2 486	–	789 294
% of total portfolio	99.7	0.3	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.75%	0.08%
Advisor Series	1.75%	0.08%
Series D	0.75%	0.04%
Series F	0.75%	0.08%
Series O	n/a*	0.01%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**37**	37
Advisor Series	**72**	72
Series D	**39**	39
Series F	**39**	39
Series O	**42**	41
Value of all units	**4**	4

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Bond Fund	**35.6**	**2.9**	34.1	3.0
Phillips, Hager & North Canadian Equity Underlying Fund	**29.8**	**9.5**	29.8	9.9
Phillips, Hager & North Canadian Money Market Fund	**1.4**	**0.9**	1.5	0.8
RBC Emerging Markets Equity Fund	**3.9**	**1.3**	4.0	1.4
RBC Global Equity Focus Fund	**19.4**	**8.4**	20.3	9.0
RBC High Yield Bond Fund	**2.0**	**0.9**	3.0	1.4
RBC QUBE Global Equity Fund	**6.5**	**13.3**	6.8	12.2

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**1 325**	1 230
Issued number of units	**233**	209
Reinvested number of units	**–**	(1)
Redeemed number of units	**(334)**	(180)
Ending number of units	**1 224**	1 258
Advisor Series		
Opening units	**316**	210
Issued number of units	**45**	59
Reinvested number of units	**–**	–
Redeemed number of units	**(35)**	(9)
Ending number of units	**326**	260

Please see the generic notes at the back of the financial statements.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**38 649**	34 942
Issued number of units	**2 517**	2 881
Reinvested number of units	**49**	51
Redeemed number of units	**(2 283)**	(2 083)
Ending number of units	**38 932**	35 791
Series F		
Opening units	**384**	495
Issued number of units	**248**	97
Reinvested number of units	**–**	–
Redeemed number of units	**(119)**	(84)
Ending number of units	**513**	508
Series O		
Opening units	**2 140**	2 124
Issued number of units	**158**	151
Reinvested number of units	**6**	6
Redeemed number of units	**(224)**	(207)
Ending number of units	**2 080**	2 074

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

June 30, 2016

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
2 226 378	Phillips, Hager & North Community Values Bond Fund*	$ 24 340	$ 24 836	
820 992	Phillips, Hager & North Community Values Canadian Equity Fund*	18 587	19 743	
1 505 320	Phillips, Hager & North Community Values Global Equity Fund*	17 729	19 702	
TOTAL MUTUAL FUND UNITS		60 656	64 281	**97.0**
SHORT-TERM INVESTMENTS†		1 605	1 605	**2.4**
TOTAL INVESTMENTS		$ 62 261	65 886	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			391	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 66 277	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.45% to 0.78% and mature between July 4, 2016 and July 29, 2016.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

PHILLIPS, HAGER & NORTH
Investment Management®

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 65 886**	$ 60 625
Cash	**2**	–
Due from investment dealers	**1 085**	–
Subscriptions receivable	**285**	32
Dividends receivable, interest accrued and other assets	**–**	3
TOTAL ASSETS	**67 258**	60 660
LIABILITIES		
Due to investment dealers	**930**	–
Redemptions payable	**4**	77
Accounts payable and accrued expenses	**47**	42
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**981**	119
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 66 277**	$ 60 541
Investments at cost	**$ 62 261**	$ 58 718
NAV		
SERIES A	**$ 9 021**	$ 8 395
ADVISOR SERIES	**$ 5 816**	$ 4 500
SERIES D	**$ 22 109**	$ 19 596
SERIES F	**$ 2 712**	$ 2 153
SERIES O	**$ 26 619**	$ 25 897
NAV PER UNIT		
SERIES A	**$ 14.89**	$ 14.55
ADVISOR SERIES	**$ 14.89**	$ 14.56
SERIES D	**$ 14.76**	$ 14.35
SERIES F	**$ 14.97**	$ 14.55
SERIES O	**$ 14.87**	$ 14.39

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 4**	$ 3
Other income received from underlying funds	**373**	324
Net realized gain (loss) on investments	**90**	318
Change in unrealized gain (loss) on investments	**1 718**	2 160
TOTAL INCOME (LOSS)	**2 185**	2 805
EXPENSES (see notes – Fund Specific Information)		
Management fees	**206**	147
Administration fees	**30**	24
Independent Review Committee costs	**2**	2
GST/HST	**23**	17
Expenses reimbursed by manager	**–**	(2)
TOTAL EXPENSES	**261**	188
INCREASE (DECREASE) IN NAV	**$ 1 924**	$ 2 617
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 204**	$ 257
ADVISOR SERIES	**$ 166**	$ 118
SERIES D	**$ 629**	$ 767
SERIES F	**$ 59**	$ 43
SERIES O	**$ 866**	$ 1 432
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.36**	$ 0.67
ADVISOR SERIES	**$ 0.36**	$ 0.67
SERIES D	**$ 0.43**	$ 0.75
SERIES F	**$ 0.44**	$ 0.76
SERIES O	**$ 0.49**	$ 0.82

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 924**	$ 2 617
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(90)**	(318)
Change in unrealized loss (gain) on investments	**(1 718)**	(2 160)
(Increase) decrease in accrued receivables	**3**	148
Increase (decrease) in accrued payables	**5**	(68)
Cost of investments purchased	**(85 989)**	(122 084)
Proceeds on sales of investments	**82 381**	115 842
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(3 484)**	(6 023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**7 477**	8 548
Cash paid on redemption of redeemable units	**(3 991)**	(2 525)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 3 486**	$ 6 023
Net increase (decrease) in cash for the period	**2**	–
Cash (bank overdraft), beginning of period	**–**	4
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 2**	$ 4
Interest received (paid)	**$ 4**	$ 3
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 8 395**	$ 5 335	**$ 4 500**	$ 2 460	**$ 19 596**	$ 14 009	**$ 2 153**	$ 758
INCREASE (DECREASE) IN NAV	**204**	257	**166**	118	**629**	767	**59**	43
Early redemption fees	**–**	–	**–**	–	**–**	1	**–**	–
Proceeds from redeemable units issued	**1 068**	2 343	**1 631**	1 545	**3 605**	3 250	**684**	787
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(646)**	(192)	**(481)**	(267)	**(1 721)**	(1 079)	**(184)**	(358)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**422**	2 151	**1 150**	1 278	**1 884**	2 172	**500**	429
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**626**	2 408	**1 316**	1 396	**2 513**	2 939	**559**	472
NAV AT END OF PERIOD	**$ 9 021**	$ 7 743	**$ 5 816**	$ 3 856	**$ 22 109**	$ 16 948	**$ 2 712**	$ 1 230

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 25 897**	$ 23 491	**$ 60 541**	$ 46 053
INCREASE (DECREASE) IN NAV	**866**	1 432	**1 924**	2 617
Early redemption fees	**–**	–	**–**	1
Proceeds from redeemable units issued	**742**	699	**7 730**	8 624
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(886)**	(596)	**(3 918)**	(2 492)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(144)**	103	**3 812**	6 133
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**722**	1 535	**5 736**	8 750
NAV AT END OF PERIOD	**$ 26 619**	$ 25 026	**$ 66 277**	$ 54 803

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing in a strategic asset mix of Canadian and foreign equities, Canadian fixed-income securities and money market instruments of companies that conduct themselves in a socially responsible manner.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**37.5**	37.3
Canadian Equities	**29.8**	29.9
Global Equities	**29.7**	30.9
Cash/Other	**3.0**	1.9
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 2.7% (December 31, 2015 – 2.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.3% (December 31, 2015 – 0.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.5**	+ or -	0.5
MSCI World Total Return Net Index (CAD)	**+ or -**	**0.5**	+ or -	0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**64 281**	**–**	**–**	**64 281**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**1 605**	**–**	**1 605**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**64 281**	**1 605**	**–**	**65 886**
% of total portfolio	**97.6**	**2.4**	**–**	**100.0**

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	59 387	–	–	59 387
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 238	–	1 238
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	59 387	1 238	–	60 625
% of total portfolio	98.0	2.0	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.75%	0.10%
Advisor Series	1.75%	0.10%
Series D	0.75%	0.10%
Series F	0.75%	0.10%
Series O	n/a*	0.10%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**47**	47
Advisor Series	**93**	93
Series D	**101**	101
Series F	**50**	50
Series O	**53**	53
Value of all units	**5**	5

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Community Values Bond Fund	**37.5**	**13.5**	37.3	13.9
Phillips, Hager & North Community Values Canadian Equity Fund	**29.8**	**24.3**	29.9	24.7
Phillips, Hager & North Community Values Global Equity Fund	**29.7**	**15.9**	30.9	15.2

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**577**	369
Issued number of units	**73**	152
Reinvested number of units	**–**	–
Redeemed number of units	**(44)**	(12)
Ending number of units	**606**	509
Advisor Series		
Opening units	**309**	170
Issued number of units	**113**	101
Reinvested number of units	**–**	–
Redeemed number of units	**(32)**	(17)
Ending number of units	**390**	254
Series D		
Opening units	**1 366**	981
Issued number of units	**254**	214
Reinvested number of units	**–**	–
Redeemed number of units	**(122)**	(71)
Ending number of units	**1 498**	1 124

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH COMMUNITY VALUES BALANCED FUND

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series F		
Opening units	**148**	52
Issued number of units	**46**	51
Reinvested number of units	**–**	–
Redeemed number of units	**(13)**	(23)
Ending number of units	**181**	80
Series O		
Opening units	**1 799**	1 640
Issued number of units	**52**	47
Reinvested number of units	**–**	–
Redeemed number of units	**(60)**	(39)
Ending number of units	**1 791**	1 648

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
943 000	EnerCare Inc.	$ 14 481	$ 16 125	
790 000	Magna International Inc., Class A	13 252	35 827	
367 150	Restaurant Brands International Inc.	18 262	19 745	
950 000	Shaw Communications Inc., Class B	18 684	23 560	
490 000	Thomson Corp.	15 195	25 612	
		79 874	120 869	**5.1**
Consumer Staples				
857 170	Cott Corporation	14 407	15 480	
100 000	George Weston Ltd.	7 127	11 181	
660 001	Loblaw Companies Ltd.	30 735	45 613	
		52 269	72 274	**3.0**
Energy				
630 000	ARC Resources Ltd.	13 344	13 929	
873 764	Bonavista Energy Corp.	18 408	2 883	
400 000	Bonterra Energy Corp.	13 446	10 644	
1 160 000	Canadian Natural Resources Ltd.	47 641	46 238	
1 075 000	Cardinal Energy Ltd.	13 448	10 718	
1 210 000	Cenovus Energy Inc.	36 683	21 623	
595 694	Crescent Point Energy Corp.	25 280	12 157	
1 540 000	Enbridge Inc.	33 276	84 283	
500 000	Enbridge Income Fund Holdings Inc.	14 125	16 029	
507 100	Gibson Energy Inc.	10 186	7 601	
200 000	Keyera Corp.	8 722	7 904	
650 000	Pembina Pipeline Corp.	19 757	25 519	
499 600	PrairieSky Royalty Ltd.	15 295	12 250	
2 021 000	Suncor Energy Inc.	65 627	72 433	
1 100 000	TransCanada Corp.	42 880	64 306	
306 800	TransCanada Corp., Subscription Receipts	14 036	17 893	
208 005	Veresen Inc.	3 285	2 278	
295 000	Vermilion Energy Inc.	15 225	12 136	
1 409 404	Whitecap Resources Inc.	16 482	13 925	
		427 146	454 749	**19.2**
Financials				
650 000	Alaris Royalty Corp.	16 420	18 636	
382 797	Allied Properties Real Estate Investment Trust	13 166	14 807	
1 080 000	Bank of Montreal	58 085	88 506	
1 925 000	Bank of Nova Scotia	105 304	121 872	
2 155 000	Brookfield Asset Management Inc., Class A	35 187	92 105	
830 000	Brookfield Property Partners LP	17 790	24 112	
680 000	Canadian Imperial Bank of Commerce	40 551	65 987	
640 000	CI Financial Corp.	14 258	17 248	
33 800	Fairfax Financial Holdings Ltd.	22 424	23 519	
775 000	First Capital Realty Inc.	11 445	17 174	
620 000	Great-West Lifeco Inc.	8 578	21 130	
370 000	Intact Financial Corp.	$ 21 198	$ 34 147	
3 550 000	Manulife Financial Corporation	69 058	62 729	
542 000	Milestone Apartments Real Estate Investment Trust	7 190	10 238	
1 045 000	Power Corporation of Canada	17 835	28 738	
2 460 000	Royal Bank of Canada*	85 356	187 796	
300 000	Smart Real Estate Investment Trust	8 665	11 460	
1 065 000	Sun Life Financial Inc.	30 912	45 199	
3 190 000	Toronto-Dominion Bank	62 932	176 981	
		646 354	1 062 384	**44.7**
Health Care				
559 800	Medical Facilities Corp.	9 464	10 625	
		9 464	10 625	**0.5**
Industrials				
43 100	Brookfield Business Partners LP	1 470	1 056	
1 320 000	Canadian National Railway Co.	34 685	100 703	
131 000	Canadian Pacific Railway Ltd.	8 996	21 789	
360 000	Russel Metals Inc.	9 931	8 237	
283 400	Stantec Inc.	8 573	8 879	
246 709	Waste Connections Inc.	21 611	23 028	
		85 266	163 692	**6.9**
Information Technology				
165 000	Open Text Corp.	11 467	12 604	
		11 467	12 604	**0.5**
Materials				
100 000	Agrium Inc.	6 429	11 689	
725 000	Chemtrade Logistics Income Fund	13 933	12 934	
210 000	Franco-Nevada Corp.	15 650	20 630	
1 200 000	Goldcorp Inc.	44 531	29 664	
970 000	Potash Corporation of Saskatchewan Inc.	26 059	20 370	
350 000	Silver Wheaton Corp.	8 118	10 644	
500 000	Teck Resources Ltd., Class B	23 380	8 505	
		138 100	114 436	**4.8**
Telecommunication Services				
1 050 000	BCE Inc.	38 649	64 197	
565 000	Rogers Communications Inc., Class B	20 387	29 550	
1 020 000	TELUS Corp.	27 796	42 432	
		86 832	136 179	**5.7**
Utilities				
650 000	Atco Ltd., Class I, Non-Voting	5 652	29 458	
460 000	Brookfield Infrastructure Partners LP	12 640	26 887	
600 000	Brookfield Renewable Partners LP	15 439	23 076	
550 000	Canadian Utilities Ltd., Class A	15 371	20 587	
1 200 000	Crius Energy Trust	10 311	10 056	
535 937	Fortis Inc.	16 003	23 404	
450 000	Northland Power Inc.	7 375	9 990	
900 000	Superior Plus Corp.	7 581	9 594	
1 600 000	TransAlta Corp.	14 880	10 752	
		105 252	163 804	**6.9**
TOTAL CANADIAN EQUITIES		1 642 024	2 311 616	**97.3**

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
7 800	Element Financial Corp., Convertible	4.250	30-Jun-2020	$ 7 800	$ 7 917	
TOTAL CANADIAN BONDS				7 800	7 917	**0.3**
SHORT-TERM INVESTMENTS†				47 972	47 972	**2.0**
TOTAL INVESTMENTS				$ 1 697 796	2 367 505	**99.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					8 690	**0.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 2 376 195	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.77% to 0.78% and mature between July 20, 2016 and July 29, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 2 367 505**	$ 2 257 197
Cash	**103**	932
Due from investment dealers	**6 568**	1 892
Subscriptions receivable	**586**	367
Unrealized gain on foreign exchange contracts	**–**	5
Dividends receivable, interest accrued and other assets	**6 783**	7 209
TOTAL ASSETS	**2 381 545**	2 267 602
LIABILITIES		
Due to investment dealers	**2 343**	–
Redemptions payable	**1 366**	1 914
Unrealized loss on foreign exchange contracts	**–**	23
Distributions payable	**1**	–
Accounts payable and accrued expenses	**1 640**	1 646
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**5 350**	3 583
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 2 376 195**	$ 2 264 019
Investments at cost	**$ 1 697 796**	$ 1 765 370
NAV		
SERIES A	**$ 61 857**	$ 59 220
ADVISOR SERIES	**$ 7 005**	$ 6 470
SERIES D	**$ 1 566 201**	$ 1 498 563
SERIES F	**$ 38 288**	$ 32 131
SERIES O	**$ 702 844**	$ 667 635
NAV PER UNIT		
SERIES A	**$ 94.01**	$ 87.03
ADVISOR SERIES	**$ 94.04**	$ 87.06
SERIES D	**$ 93.15**	$ 86.24
SERIES F	**$ 93.88**	$ 86.92
SERIES O	**$ 91.71**	$ 84.92

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 43 272**	$ 45 143
Interest for distribution purposes	**412**	209
Other income (loss)	**1 579**	1 667
Securities lending revenue (see note 6 in the generic notes)	**122**	103
Net realized gain (loss) on investments	**(4 218)**	32 924
Net gain (loss) on foreign currencies and other net assets	**56**	(26)
Change in unrealized gain (loss) on investments	**177 900**	(127 985)
TOTAL INCOME (LOSS)	**219 123**	(47 965)
EXPENSES (see notes – Fund Specific Information)		
Management fees	**8 218**	9 632
Administration fees	**566**	659
Independent Review Committee costs	**2**	2
GST/HST	**792**	932
Transaction costs	**431**	195
TOTAL EXPENSES	**10 009**	11 420
INCREASE (DECREASE) IN NAV	**$ 209 114**	$ (59 385)
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 5 133**	$ (2 010)
ADVISOR SERIES	**$ 530**	$ (220)
SERIES D	**$ 135 544**	$ (42 090)
SERIES F	**$ 3 136**	$ (780)
SERIES O	**$ 64 771**	$ (14 285)
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 7.67**	$ (2.75)
ADVISOR SERIES	**$ 7.67**	$ (2.75)
SERIES D	**$ 7.99**	$ (2.32)
SERIES F	**$ 8.16**	$ (2.22)
SERIES O	**$ 8.37**	$ (1.74)

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 209 114**	$ (59 385)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**4 735**	(32 703)
Change in unrealized loss (gain) on investments	**(177 900)**	127 985
(Increase) decrease in accrued receivables	**426**	(3 160)
Increase (decrease) in accrued payables	**(6)**	11 081
Cost of investments purchased	**(1 126 074)**	(563 773)
Proceeds on sales of investments	**1 186 580**	612 753
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**96 875**	92 798
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**69 319**	80 950
Cash paid on redemption of redeemable units	**(158 734)**	(165 269)
Distributions paid to holders of redeemable units	**(8 289)**	(8 444)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (97 704)**	$ (92 763)
Net increase (decrease) in cash for the period	**(829)**	35
Cash (bank overdraft), beginning of period	**932**	5
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 103**	$ 40
Interest received (paid)	**$ 411**	$ 175
Dividends received, net of withholding taxes	**$ 45 278**	$ 47 316

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 59 220**	$ 72 740	**$ 6 470**	$ 7 596	**$ 1 498 563**	$ 1 801 970	**$ 32 131**	$ 29 891
INCREASE (DECREASE) IN NAV	**5 133**	(2 010)	**530**	(220)	**135 544**	(42 090)	**3 136**	(780)
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**7 728**	6 920	**1 247**	790	**24 563**	31 127	**6 139**	5 639
Reinvestments of distributions to holders of redeemable units	**464**	508	**52**	54	**17 796**	19 880	**436**	376
Redemption of redeemable units	**(10 183)**	(9 723)	**(1 239)**	(1 183)	**(90 852)**	(105 874)	**(3 057)**	(2 567)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(1 991)**	(2 295)	**60**	(339)	**(48 493)**	(54 867)	**3 518**	3 448
Distributions from net income	**(505)**	(554)	**(55)**	(57)	**(19 413)**	(21 460)	**(497)**	(426)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(505)**	(554)	**(55)**	(57)	**(19 413)**	(21 460)	**(497)**	(426)
NET INCREASE (DECREASE) IN NAV	**2 637**	(4 859)	**535**	(616)	**67 638**	(118 417)	**6 157**	2 242
NAV AT END OF PERIOD	**$ 61 857**	$ 67 881	**$ 7 005**	$ 6 980	**$ 1 566 201**	$ 1 683 553	**$ 38 288**	$ 32 133

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 667 635**	$ 771 709	**$ 2 264 019**	$ 2 683 906
INCREASE (DECREASE) IN NAV	**64 771**	(14 285)	**209 114**	(59 385)
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**29 861**	35 739	**69 538**	80 215
Reinvestments of distributions to holders of redeemable units	**6 057**	7 024	**24 805**	27 842
Redemption of redeemable units	**(52 855)**	(47 612)	**(158 186)**	(166 959)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(16 937)**	(4 849)	**(63 843)**	(58 902)
Distributions from net income	**(12 625)**	(13 791)	**(33 095)**	(36 288)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(12 625)**	(13 791)	**(33 095)**	(36 288)
NET INCREASE (DECREASE) IN NAV	**35 209**	(32 925)	**112 176**	(154 575)
NAV AT END OF PERIOD	**$ 702 844**	$ 738 784	**$ 2 376 195**	$ 2 529 331

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a well-diversified portfolio of dividend income-producing Canadian securities that have a relatively high yield.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**44.7**	50.2
Energy	**19.2**	17.5
Utilities	**6.9**	7.2
Industrials	**6.9**	5.9
Telecommunication Services	**5.7**	5.8
Consumer Discretionary	**5.1**	4.8
Materials	**4.8**	3.8
Consumer Staples	**3.0**	2.2
Information Technology	**0.5**	–
Health Care	**0.5**	0.4
Convertible Bonds	**0.3**	–
Cash/Other	**2.4**	2.2
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.9**	+ or -	0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**2 311 616**	**–**	**–**	**2 311 616**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**7 917**	**–**	**7 917**
Short-term investments	**–**	**47 972**	**–**	**47 972**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**2 311 616**	**55 889**	**–**	**2 367 505**
% of total portfolio	**97.6**	**2.4**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	2 215 115	–	–	2 215 115
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	8 016	–	8 016
Short-term investments	–	34 066	–	34 066
Derivatives – assets	–	5	–	5
Derivatives – liabilities	–	(23)	–	(23)
Total financial instruments	2 215 115	42 064	–	2 257 179
% of total portfolio	98.1	1.9	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.06%
Series F	0.60%	0.10%
Series O	n/a†	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Please see the generic notes at the back of the financial statements.

June 30, 2016

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**7**	7
Advisor Series	**15**	15
Series D	**2**	2
Series F	**8**	8
Series O	**9**	8
Value of all units	**4**	4

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**680**	747
Issued number of units	**88**	71
Reinvested number of units	**5**	5
Redeemed number of units	**(115)**	(100)
Ending number of units	**658**	723
Advisor Series		
Opening units	**74**	78
Issued number of units	**13**	7
Reinvested number of units	**1**	1
Redeemed number of units	**(14)**	(12)
Ending number of units	**74**	74
Series D		
Opening units	**17 377**	18 665
Issued number of units	**278**	321
Reinvested number of units	**193**	210
Redeemed number of units	**(1 035)**	(1 091)
Ending number of units	**16 813**	18 105
Series F		
Opening units	**370**	307
Issued number of units	**68**	58
Reinvested number of units	**5**	4
Redeemed number of units	**(35)**	(26)
Ending number of units	**408**	343
Series O		
Opening units	**7 862**	8 117
Issued number of units	**344**	374
Reinvested number of units	**67**	75
Redeemed number of units	**(609)**	(498)
Ending number of units	**7 664**	8 068

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**431**	**100**	195	100
Related-party brokerage commissions*	**29**	**7**	23	12
Commission arrangements†	**13**	**3**	7	4

* See note 7 in the generic notes.
† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**328 240**	613 174
Fair value of collateral received	**334 805**	643 833

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**225**	**100**	172	100
RBC IS (paid)	**(79)**	**(35)**	(60)	(35)
Tax withheld	**(24)**	**(11)**	(9)	(5)
Fund revenue	**122**	**54**	103	60

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
135 038	Dollarama Inc.	$ 7 027	$ 12 180	
346 102	Gildan Activewear Inc., Class A	10 594	13 097	
222 580	Magna International Inc., Class A	6 496	10 094	
128 152	Restaurant Brands International Inc.	5 425	6 892	
137 587	Shaw Communications Inc., Class B	2 859	3 412	
252 580	Thomson Corp.	9 175	13 202	
		41 576	58 877	**5.4**
Consumer Staples				
462 307	Alimentation Couche-Tard Inc.	10 915	25 649	
326 203	Empire Co. Ltd., Class A	7 913	6 266	
		18 828	31 915	**3.0**
Energy				
687 319	ARC Resources Ltd.	14 591	15 197	
243 749	Cameco Corp.	7 287	3 459	
730 443	Canadian Natural Resources Ltd.	23 640	29 115	
515 419	Cenovus Energy Inc.	11 573	9 211	
462 500	Crescent Point Energy Corp.	6 848	9 440	
861 196	Enbridge Inc.	37 971	47 133	
148 600	Keyera Corp.	5 568	5 873	
565 300	MEG Energy Corp.	5 243	3 827	
569 000	Pembina Pipeline Corp.	18 267	22 339	
792 206	PrairieSky Royalty Ltd.	20 488	19 425	
203 600	Seven Generations Energy Ltd.	3 312	5 021	
735 852	Suncor Energy Inc.	24 537	26 373	
602 716	Tourmaline Oil Corp.	18 809	20 498	
35 397	TransCanada Corp.	1 737	2 069	
228 100	TransCanada Corp., Subscription Receipts	10 436	13 303	
		210 307	232 283	**21.4**
Financials				
179 163	Bank of Montreal	12 216	14 682	
913 780	Bank of Nova Scotia	49 512	57 851	
979 890	Brookfield Asset Management Inc., Class A	26 598	41 880	
227 800	Brookfield Property Partners LP	6 231	6 618	
71 091	Canadian Imperial Bank of Commerce	6 488	6 899	
322 130	CI Financial Corp.	10 066	8 681	
148 500	Element Financial Corp.	2 627	2 034	
243 261	Industrial Alliance Insurance & Financial Services Inc.	10 612	9 879	
2 295 669	Manulife Financial Corporation	42 901	40 564	
343 400	National Bank of Canada	14 034	15 175	
1 145 023	Royal Bank of Canada*	57 188	87 411	
184 394	Sun Life Financial Inc.	7 334	7 826	
1 446 455	Toronto-Dominion Bank	36 546	80 249	
		282 353	379 749	**34.9**
Industrials				
390 080	Canadian National Railway Co.	$ 9 338	$ 29 759	
71 000	Canadian Pacific Railway Ltd.	13 976	11 809	
429 477	Finning International Inc.	9 938	9 036	
93 926	SNC-Lavalin Group Inc.	4 598	5 096	
		37 850	55 700	**5.1**
Information Technology				
286 049	CGI Group Inc., Class A	9 926	15 787	
110 676	Open Text Corp.	6 294	8 455	
		16 220	24 242	**2.2**
Materials				
182 305	Agnico Eagle Mines Ltd.	6 531	12 605	
95 917	Agrium Inc.	6 522	11 212	
193 428	B2Gold Corp.	573	627	
331 800	Barrick Gold Corp.	6 168	9 151	
196 600	Continental Gold Inc.	1 467	714	
194 450	Detour Gold Corp.	3 072	6 285	
66 800	Dominion Diamond Corp.	994	764	
592 800	Eldorado Gold Corp.	5 214	3 444	
60 712	Endeavour Mining Corp.	1 052	1 331	
695 907	First Quantum Minerals Ltd.	10 087	6 312	
61 900	Franco-Nevada Corp.	2 937	6 081	
343 950	Goldcorp Inc.	11 251	8 502	
384 800	Kinross Gold Corp.	1 526	2 440	
278 927	Mountain Province Diamonds Inc.	1 413	1 665	
68 900	OceanaGold Corp.	240	340	
386 530	Potash Corporation of Saskatchewan Inc.	8 215	8 117	
41 700	Richmont Mines Inc.	434	500	
595 700	Semafo Inc.	2 302	3 693	
104 700	Silver Wheaton Corp.	3 098	3 184	
258 637	Tahoe Resources Inc.	4 066	5 005	
1 138 900	Torex Gold Resources Inc.	2 232	2 631	
537 554	Turquoise Hill Resources Ltd.	3 620	2 349	
		83 014	96 952	**8.9**
Telecommunication Services				
294 347	Rogers Communications Inc., Class B	8 732	15 394	
417 126	TELUS Corp.	10 624	17 352	
		19 356	32 746	**3.0**

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
97 100	Brookfield Infrastructure Partners LP	$ 5 142	$ 5 675	
213 800	Fortis Inc.	8 636	9 337	
		13 778	15 012	**1.4**
TOTAL CANADIAN EQUITIES		723 282	927 476	**85.3**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
5 215 316	Phillips, Hager & North Small Float Fund*	$ 83 040	$ 143 055	
TOTAL MUTUAL FUND UNITS		83 040	143 055	**13.2**
SHORT-TERM INVESTMENTS†		9 901	9 901	**0.9**
TOTAL INVESTMENTS		$ 816 223	1 080 432	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			6 547	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$1 086 979	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes earn interest at rates ranging from 0.45% to 0.80% and mature between July 4, 2016 and July 25, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 1 080 432**	$ 1 039 593
Cash	**609**	449
Due from investment dealers	**8 939**	–
Subscriptions receivable	**449**	677
Dividends receivable, interest accrued and other assets	**2 044**	2 071
TOTAL ASSETS	**1 092 473**	1 042 790
LIABILITIES		
Due to investment dealers	**1 418**	–
Redemptions payable	**3 581**	571
Accounts payable and accrued expenses	**495**	490
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**5 494**	1 061
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 086 979**	$ 1 041 729
Investments at cost	**$ 816 223**	$ 872 326
NAV		
SERIES A	**$ 19 886**	$ 18 743
ADVISOR SERIES	**$ 1 241**	$ 1 087
SERIES D	**$ 472 757**	$ 448 506
SERIES F	**$ 8 881**	$ 7 583
SERIES O	**$ 584 214**	$ 565 810
NAV PER UNIT		
SERIES A	**$ 91.65**	$ 84.33
ADVISOR SERIES	**$ 91.69**	$ 84.36
SERIES D	**$ 89.32**	$ 81.84
SERIES F	**$ 91.26**	$ 83.52
SERIES O	**$ 89.28**	$ 81.34

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 15 311**	$ 14 977
Interest for distribution purposes	**44**	28
Net realized gain (loss) on investments	**(13 176)**	20 458
Net gain (loss) on foreign currencies and other net assets	**14**	(8)
Change in unrealized gain (loss) on investments	**96 942**	(3 398)
TOTAL INCOME (LOSS)	**99 135**	32 057
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2 454**	2 835
Administration fees	**205**	237
Independent Review Committee costs	**2**	2
GST/HST	**219**	253
Transaction costs	**417**	354
TOTAL EXPENSES	**3 297**	3 681
INCREASE (DECREASE) IN NAV	**$ 95 838**	$ 28 376
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 1 507**	$ 234
ADVISOR SERIES	**$ 94**	$ 26
SERIES D	**$ 40 207**	$ 11 096
SERIES F	**$ 742**	$ 150
SERIES O	**$ 53 288**	$ 16 870
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 7.28**	$ 1.56
ADVISOR SERIES	**$ 7.29**	$ 1.56
SERIES D	**$ 7.44**	$ 1.93
SERIES F	**$ 7.70**	$ 2.07
SERIES O	**$ 7.88**	$ 2.45

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 95 838**	$ 28 376
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**13 702**	(20 046)
Change in unrealized loss (gain) on investments	**(96 942)**	3 398
(Increase) decrease in accrued receivables	**27**	10 201
Increase (decrease) in accrued payables	**5**	7 000
Cost of investments purchased	**(743 116)**	(538 781)
Proceeds on sales of investments	**777 996**	553 125
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**47 510**	43 273
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**59 124**	40 468
Cash paid on redemption of redeemable units	**(106 474)**	(83 676)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (47 350)**	$ (43 208)
Net increase (decrease) in cash for the period	**160**	65
Cash (bank overdraft), beginning of period	**449**	608
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 609**	$ 673
Interest received (paid)	**$ 44**	$ 28
Dividends received, net of withholding taxes	**$ 15 337**	$ 15 083

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 18 743**	$ 14 195	**$ 1 087**	$ 1 445	**$ 448 506**	$ 532 249	**$ 7 583**	$ 7 413
INCREASE (DECREASE) IN NAV	**1 507**	234	**94**	26	**40 207**	11 096	**742**	150
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**3 430**	1 238	**155**	35	**14 261**	10 402	**1 083**	782
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**1**	–	**–**	–
Redemption of redeemable units	**(3 794)**	(2 024)	**(95)**	(216)	**(30 217)**	(33 749)	**(527)**	(395)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(364)**	(786)	**60**	(181)	**(15 955)**	(23 347)	**556**	387
Distributions from net income	**–**	–	**–**	–	**(1)**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**(1)**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**1 143**	(552)	**154**	(155)	**24 251**	(12 251)	**1 298**	537
NAV AT END OF PERIOD	**$ 19 886**	$ 13 643	**$ 1 241**	$ 1 290	**$ 472 757**	$ 519 998	**$ 8 881**	$ 7 950

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 565 810**	$ 635 688	**$ 1 041 729**	$ 1 190 990
INCREASE (DECREASE) IN NAV	**53 288**	16 870	**95 838**	28 376
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**39 967**	28 552	**58 896**	41 009
Reinvestments of distributions to holders of redeemable units	**–**	–	**1**	–
Redemption of redeemable units	**(74 851)**	(38 775)	**(109 484)**	(75 159)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(34 884)**	(10 223)	**(50 587)**	(34 150)
Distributions from net income	**–**	–	**(1)**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**(1)**	–
NET INCREASE (DECREASE) IN NAV	**18 404**	6 647	**45 250**	(5 774)
NAV AT END OF PERIOD	**$ 584 214**	$ 642 335	**$ 1 086 979**	$ 1 185 216

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of common shares of Canadian companies.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**37.6**	38.9
Energy	**23.2**	20.8
Materials	**10.0**	8.1
Consumer Discretionary	**8.8**	8.6
Industrials	**8.2**	8.2
Consumer Staples	**3.3**	4.1
Information Technology	**3.0**	3.4
Telecommunication Services	**3.0**	3.0
Utilities	**1.4**	0.8
Health Care	**–**	2.4
Cash/Other	**1.5**	1.7
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**1.0**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**927 476**	**–**	**–**	**927 476**
Mutual fund units	**143 055**	**–**	**–**	**143 055**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**9 901**	**–**	**9 901**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**1 070 531**	**9 901**	**–**	**1 080 432**
% of total portfolio	**99.1**	**0.9**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	885 237	–	–	885 237
Mutual fund units	138 552	–	–	138 552
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	15 804	–	15 804
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 023 789	15 804	–	1 039 593
% of total portfolio	98.5	1.5	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.06%
Series F	0.60%	0.10%
Series O	n/a†	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**7**	7
Advisor Series	**14**	14
Series D	**8**	8
Series F	**8**	8
Value of all units	**3**	3

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual fund as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying fund ("Ownership"). The underlying fund is established and conducts business in Canada, and has an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Small Float Fund	**13.2**	**52.5**	13.3	54.5

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**222**	151
Issued number of units	**40**	12
Reinvested number of units	**–**	–
Redeemed number of units	**(45)**	(21)
Ending number of units	**217**	142
Advisor Series		
Opening units	**13**	15
Issued number of units	**2**	–
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	(2)
Ending number of units	**14**	13
Series D		
Opening units	**5 480**	5 816
Issued number of units	**175**	110
Reinvested number of units	**–**	–
Redeemed number of units	**(362)**	(356)
Ending number of units	**5 293**	5 570
Series F		
Opening units	**91**	79
Issued number of units	**12**	8
Reinvested number of units	**–**	–
Redeemed number of units	**(6)**	(4)
Ending number of units	**97**	83
Series O		
Opening units	**6 956**	6 981
Issued number of units	**491**	304
Reinvested number of units	**–**	–
Redeemed number of units	**(903)**	(409)
Ending number of units	**6 544**	6 876

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**417**	**100**	354	100
Related-party brokerage commissions*	**49**	**12**	18	5
Commission arrangements†	**3**	**1**	1	–

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
20 525	BRP Inc.	$ 396	$ 424	
8 100	Cineplex Inc.	316	418	
11 700	Dollarama Inc.	481	1 055	
32 500	Gildan Activewear Inc., Class A	1 101	1 230	
13 300	goeasy Ltd.	271	245	
16 200	Leon's Furniture Ltd.	224	245	
17 300	Magna International Inc., Class A	622	785	
22 700	Quebecor Inc., Class B	620	840	
9 455	Restaurant Brands International Inc.	407	508	
10 800	Shaw Communications Inc., Class B	252	268	
25 800	Sleep Country Canada Holdings Inc.	481	615	
22 236	Thomson Corp.	908	1 162	
		6 079	7 795	**9.6**
Consumer Staples				
37 500	Empire Co. Ltd., Class A	971	720	
10 300	Maple Leaf Foods Inc.	191	284	
		1 162	1 004	**1.2**
Energy				
54 700	ARC Resources Ltd.	1 163	1 209	
19 400	Cameco Corp.	459	275	
56 100	Canadian Natural Resources Ltd.	1 818	2 236	
38 341	Cenovus Energy Inc.	889	685	
35 500	Crescent Point Energy Corp.	528	725	
16 300	Keyera Corp.	614	644	
43 300	MEG Energy Corp.	391	293	
51 700	Pembina Pipeline Corp.	1 627	2 030	
61 484	PrairieSky Royalty Ltd.	1 558	1 508	
31 400	Raging River Exploration Inc.	255	323	
49 600	Secure Energy Services Inc.	448	438	
34 100	Seven Generations Energy Ltd.	540	841	
55 321	Suncor Energy Inc.	1 929	1 983	
47 200	Tourmaline Oil Corp.	1 467	1 605	
7 100	TransCanada Corp.	351	415	
17 300	TransCanada Corp., Subscription Receipts	791	1 009	
127 100	Trinidad Drilling Ltd.	630	323	
		15 458	16 542	**20.4**
Financials				
14 100	Bank of Montreal	972	1 155	
68 079	Bank of Nova Scotia	3 801	4 310	
77 900	Brookfield Asset Management Inc., Class A	2 394	3 329	
25 700	Brookfield Property Partners LP	725	747	
72 700	Canaccord Genuity Group Inc.	387	358	
5 300	Canadian Imperial Bank of Commerce	483	514	
8 400	Canadian Western Bank	190	207	
38 500	CI Financial Corp.	1 100	1 038	
67 500	Element Financial Corp.	845	925	
4 400	FirstService Corp.	152	260	
20 500	Home Capital Group Inc.	621	656	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
21 700	Industrial Alliance Insurance & Financial Services Inc.	$ 843	$ 881	
172 794	Manulife Financial Corporation	3 421	3 053	
26 600	National Bank of Canada	1 091	1 175	
86 105	Royal Bank of Canada*	5 018	6 573	
15 200	Sun Life Financial Inc.	611	645	
67 800	The Westaim Corp.	210	176	
107 620	Toronto-Dominion Bank	3 932	5 971	
		26 796	31 973	**39.4**
Industrials				
35 000	Badger Daylighting Ltd.	718	788	
7 200	Boyd Group Income Fund	265	535	
28 938	Canadian National Railway Co.	1 175	2 208	
6 200	Canadian Pacific Railway Ltd.	1 184	1 031	
42 500	Finning International Inc.	939	894	
17 100	Richelieu Hardware Ltd.	212	433	
8 300	Ritchie Bros. Auctioneers Inc.	272	362	
18 000	Stantec Inc.	535	564	
6 700	Toromont Industries Ltd.	151	252	
		5 451	7 067	**8.7**
Information Technology				
26 500	CGI Group Inc., Class A	1 085	1 463	
11 600	DH Corp.	371	372	
5 800	Kinaxis Inc.	109	301	
10 704	Open Text Corp.	551	818	
		2 116	2 954	**3.6**
Materials				
16 100	Agnico Eagle Mines Ltd.	574	1 113	
8 340	Agrium Inc.	778	975	
2 400	CCL Industries, Class B	175	540	
19 100	Continental Gold Inc.	36	69	
15 900	Detour Gold Corp.	208	514	
5 000	Dominion Diamond Corp.	78	57	
47 900	Eldorado Gold Corp.	447	278	
2 600	Endeavour Mining Corp.	39	57	
5 800	Franco-Nevada Corp.	266	570	
48 300	Goldcorp Inc.	820	1 194	
32 000	Kinross Gold Corp.	131	203	
23 460	Mountain Province Diamonds Inc.	109	140	
4 400	OceanaGold Corp.	15	22	
98 800	Polaris Materials Corp.	170	114	
28 800	Potash Corporation of Saskatchewan Inc.	1 305	605	
3 800	Richmont Mines Inc.	46	46	
44 700	Semafo Inc.	169	277	
10 500	Silver Wheaton Corp.	303	319	
7 300	Stella-Jones Inc.	221	351	
88 800	Torex Gold Resources Inc.	132	205	
48 300	Turquoise Hill Resources Ltd.	188	211	
		6 210	7 860	**9.7**

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
22 944	Rogers Communications Inc., Class B	$ 857	$ 1 200	
34 436	TELUS Corp.	954	1 433	
		1 811	2 633	**3.3**
Utilities				
10 300	Brookfield Infrastructure Partners LP	545	602	
22 700	Fortis Inc.	918	991	
		1 463	1 593	**2.0**
TOTAL CANADIAN EQUITIES		66 546	79 421	**97.9**
SHORT-TERM INVESTMENTS†		2 075	2 075	**2.6**
TOTAL INVESTMENTS		$ 68 621	81 496	**100.5**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(384)	**(0.5)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 81 112	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.80% and mature between July 4, 2016 and July 6, 2016.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH
Investment Management®

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 81 496**	$ 73 096
Cash	**94**	100
Due from investment dealers	**225**	–
Subscriptions receivable	**290**	45
Dividends receivable, interest accrued and other assets	**175**	176
TOTAL ASSETS	**82 280**	73 417
LIABILITIES		
Redemptions payable	**1 136**	3
Accounts payable and accrued expenses	**32**	29
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**1 168**	32
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 81 112**	$ 73 385
Investments at cost	**$ 68 621**	$ 67 514
NAV		
SERIES A	**$ 1 290**	$ 1 295
ADVISOR SERIES	**$ 1 353**	$ 1 104
SERIES D	**$ 20 553**	$ 18 769
SERIES F	**$ 1 216**	$ 898
SERIES O	**$ 56 700**	$ 51 319
NAV PER UNIT		
SERIES A	**$ 23.86**	$ 21.68
ADVISOR SERIES	**$ 23.87**	$ 21.69
SERIES D	**$ 23.80**	$ 21.54
SERIES F	**$ 24.16**	$ 21.83
SERIES O	**$ 24.05**	$ 21.65

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 1 215**	$ 1 077
Interest for distribution purposes	**6**	4
Other income (loss)	**5**	4
Net realized gain (loss) on investments	**4**	2 376
Net gain (loss) on foreign currencies and other net assets	**1**	–
Change in unrealized gain (loss) on investments	**7 293**	(1 332)
TOTAL INCOME (LOSS)	**8 524**	2 129
EXPENSES (see notes – Fund Specific Information)		
Management fees	**120**	125
Administration fees	**40**	36
Independent Review Committee costs	**2**	2
GST/HST	**14**	15
Transaction costs	**42**	36
TOTAL EXPENSES	**218**	214
INCREASE (DECREASE) IN NAV	**$ 8 306**	$ 1 915
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 116**	$ 22
ADVISOR SERIES	**$ 129**	$ 11
SERIES D	**$ 1 909**	$ 409
SERIES F	**$ 110**	$ 17
SERIES O	**$ 6 042**	$ 1 456
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 2.24**	$ 0.43
ADVISOR SERIES	**$ 2.24**	$ 0.43
SERIES D	**$ 2.32**	$ 0.53
SERIES F	**$ 2.38**	$ 0.57
SERIES O	**$ 2.46**	$ 0.68

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 8 306**	$ 1 915
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**44**	(2 347)
Change in unrealized loss (gain) on investments	**(7 293)**	1 332
(Increase) decrease in accrued receivables	**1**	624
Increase (decrease) in accrued payables	**3**	362
Cost of investments purchased	**(91 229)**	(85 225)
Proceeds on sales of investments	**89 853**	81 163
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(315)**	(2 176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**8 642**	7 321
Cash paid on redemption of redeemable units	**(8 333)**	(5 119)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 309**	$ 2 202
Net increase (decrease) in cash for the period	**(6)**	26
Cash (bank overdraft), beginning of period	**100**	71
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 94**	$ 97
Interest received (paid)	**$ 6**	$ 4
Dividends received, net of withholding taxes	**$ 1 221**	$ 1 098

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 1 295**	$ 1 218	**$ 1 104**	$ 706	**$ 18 769**	$ 20 215	**$ 898**	$ 738
INCREASE (DECREASE) IN NAV	**116**	22	**129**	11	**1 909**	409	**110**	17
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**101**	128	**381**	155	**1 765**	1 860	**228**	126
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(222)**	(31)	**(261)**	(57)	**(1 890)**	(1 165)	**(20)**	(79)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(121)**	97	**120**	98	**(125)**	695	**208**	47
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(5)**	119	**249**	109	**1 784**	1 104	**318**	64
NAV AT END OF PERIOD	**$ 1 290**	$ 1 337	**$ 1 353**	$ 815	**$ 20 553**	$ 21 319	**$ 1 216**	$ 802

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 51 319**	$ 50 035	**$ 73 385**	$ 72 912
INCREASE (DECREASE) IN NAV	**6 042**	1 456	**8 306**	1 915
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**6 412**	5 105	**8 887**	7 374
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(7 073)**	(3 788)	**(9 466)**	(5 120)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(661)**	1 317	**(579)**	2 254
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**5 381**	2 773	**7 727**	4 169
NAV AT END OF PERIOD	**$ 56 700**	$ 52 808	**$ 81 112**	$ 77 081

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in common shares of high-quality Canadian companies.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**39.4**	41.2
Energy	**20.4**	19.5
Materials	**9.7**	8.5
Consumer Discretionary	**9.6**	10.0
Industrials	**8.7**	9.1
Information Technology	**3.6**	3.9
Telecommunication Services	**3.3**	3.4
Utilities	**2.0**	1.0
Consumer Staples	**1.2**	2.5
Cash/Other	**2.1**	0.9
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 1.1**	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**79 421**	**–**	**–**	**79 421**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**2 075**	**–**	**2 075**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**79 421**	**2 075**	**–**	**81 496**
% of total portfolio	**97.5**	**2.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	72 746	–	–	72 746
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	350	–	350
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	72 746	350	–	73 096
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.10%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH COMMUNITY VALUES CANADIAN EQUITY FUND

June 30, 2016

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**29**	29
Advisor Series	**57**	57
Series D	**61**	61
Series F	**31**	31
Series O	**33**	33
Value of all units	**5**	5

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**60**	50
Issued number of units	**4**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(10)**	(1)
Ending number of units	**54**	54
Advisor Series		
Opening units	**51**	29
Issued number of units	**18**	6
Reinvested number of units	**–**	–
Redeemed number of units	**(12)**	(2)
Ending number of units	**57**	33
Series D		
Opening units	**871**	833
Issued number of units	**79**	74
Reinvested number of units	**–**	–
Redeemed number of units	**(87)**	(47)
Ending number of units	**863**	860
Series F		
Opening units	**41**	30
Issued number of units	**10**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	(3)
Ending number of units	**50**	32
Series O		
Opening units	**2 371**	2 049
Issued number of units	**302**	204
Reinvested number of units	**–**	–
Redeemed number of units	**(315)**	(148)
Ending number of units	**2 358**	2 105

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**42**	**100**	36	100
Related-party brokerage commissions*	**4**	**10**	1	3
Commission arrangements†	**2**	**5**	4	11

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Community Values Balanced Fund	**24.3**	24.7

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN EQUITY VALUE FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
320 176	Cara Operations Ltd.	$ 8 051	$ 9 621	
250 184	Magna International Inc., Class A	12 679	11 346	
273 145	Quebecor Inc., Class B	7 528	10 112	
145 863	Restaurant Brands International Inc.	6 710	7 845	
473 747	Shaw Communications Inc., Class B	11 183	11 749	
340 220	Thomson Corp.	11 406	17 783	
		57 557	68 456	**6.0**
Consumer Staples				
272 680	Alimentation Couche-Tard Inc.	9 847	15 128	
343 810	Cott Corporation	6 265	6 209	
24 877	George Weston Ltd.	2 669	2 781	
287 584	Loblaw Companies Ltd.	16 358	19 875	
316 983	Maple Leaf Foods Inc.	6 477	8 746	
132 746	Saputo Group Inc.	4 442	5 093	
		46 058	57 832	**5.1**
Energy				
483 285	ARC Resources Ltd.	12 695	10 685	
113 484	Cameco Corp.	2 250	1 610	
890 079	Canadian Natural Resources Ltd.	30 744	35 479	
828 433	Cenovus Energy Inc.	19 618	14 804	
970 032	Crew Energy Inc.	6 865	5 636	
591 925	Enbridge Inc.	27 497	32 396	
178 365	Gibson Energy Inc.	3 896	2 674	
354 770	Husky Energy Inc.	9 214	5 595	
264 886	Imperial Oil Ltd.	12 709	10 829	
77 830	Keyera Corp.	3 186	3 076	
257 029	Pembina Pipeline Corp.	9 868	10 091	
350 033	PrairieSky Royalty Ltd.	10 179	8 583	
113 496	ShawCor Ltd.	4 483	3 635	
1 161 652	Suncor Energy Inc.	38 835	41 634	
456 082	TransCanada Corp.	21 505	26 663	
104 341	TransCanada Corp., Subscription Receipts	4 802	6 085	
356 540	Veresen Inc.	4 507	3 904	
		222 853	223 379	**19.6**
Financials				
132 232	Allied Properties Real Estate Investment Trust	4 829	5 115	
415 260	Bank of Montreal	28 849	34 031	
895 353	Bank of Nova Scotia	51 723	56 685	
841 219	Brookfield Asset Management Inc., Class A	27 918	35 954	
298 642	Brookfield Property Partners LP	5 798	8 676	
251 481	Canadian Imperial Bank of Commerce	22 781	24 404	
689 392	Canaccord Genuity Group Inc.	3 907	3 392	
156 781	CI Financial Corp.	4 159	4 225	
56 439	Colliers International Group Inc.	2 535	2 490	
260 262	Element Financial Corp.	4 255	3 566	
15 131	Fairfax Financial Holdings Ltd.	8 728	10 529	
427 882	Fiera Capital Corp.	5 329	5 485	
267 395	First Capital Realty Inc.	4 928	5 925	
110 070	Intact Financial Corp.	8 325	10 158	
1 266 540	Manulife Financial Corporation	25 041	22 380	
154 834	Onex Corporation	8 338	12 232	
1 172 508	Plaza Retail Real Estate Investment Trust	4 850	5 698	
549 715	Power Corporation of Canada	16 364	15 117	
1 025 746	Royal Bank of Canada*	69 401	78 305	
464 824	Sun Life Financial Inc.	18 471	19 727	
1 796 048	The Westaim Corp.	5 256	4 652	
1 188 900	Toronto-Dominion Bank	51 600	65 960	
		383 385	434 706	**38.0**
Health Care				
378 383	Chartwell Retirement Residences Real Estate Investment Trust	4 081	5 967	
		4 081	5 967	**0.5**
Industrials				
184 258	Brookfield Business Partners LP	4 754	4 516	
434 199	Canadian National Railway Co.	21 737	33 125	
63 229	Canadian Pacific Railway Ltd.	10 652	10 517	
93 908	SNC-Lavalin Group Inc.	3 929	5 095	
164 943	Waste Connections Inc.	13 717	15 396	
		54 789	68 649	**6.0**
Information Technology				
198 979	BlackBerry Ltd.	2 311	1 725	
271 839	CGI Group Inc., Class A	13 790	15 003	
174 342	DH Corp.	5 860	5 598	
117 500	Open Text Corp.	7 617	8 976	
		29 578	31 302	**2.7**
Materials				
143 033	Agnico Eagle Mines Ltd.	5 716	9 889	
62 856	Agrium Inc.	7 302	7 347	
337 257	Barrick Gold Corp.	9 217	9 302	
143 656	Detour Gold Corp.	1 793	4 643	
179 273	Dominion Diamond Corp.	2 508	2 049	
271 508	First Quantum Minerals Ltd.	2 370	2 463	
430 324	Goldcorp Inc.	9 018	10 638	
427 499	Interfor Corp.	5 497	4 732	
948 355	iShares S&P/TSX Global Gold Index Fund	11 289	14 927	
179 456	Labrador Iron Ore Royalty Corp.	2 145	2 227	
537 795	Lundin Mining Corp.	2 415	2 345	
59 003	Methanex Corp.	3 144	2 218	
559 420	Potash Corporation of Saskatchewan Inc.	18 435	11 748	
304 618	Teck Resources Ltd., Class B	4 177	5 182	
		85 026	89 710	**7.9**

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY VALUE FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
538 932	BCE Inc.	$ 27 877	$ 32 950	
107 015	Rogers Communications Inc., Class B	4 614	5 597	
237 074	TELUS Corp.	7 018	9 862	
		39 509	48 409	**4.2**
Utilities				
161 041	Atco Ltd., Class I, Non-Voting	6 434	7 298	
242 955	Canadian Utilities Ltd., Class A	8 900	9 094	
176 067	Emera Inc.	8 164	8 560	
316 274	Fortis Inc.	11 085	13 812	
519 390	TransAlta Corp.	2 967	3 490	
		37 550	42 254	**3.7**
TOTAL CANADIAN EQUITIES		960 386	1 070 664	**93.7**
OTHER INVESTMENTS				
558 891	iShares S&P/TSX 60 Index Fund	11 384	11 491	
TOTAL OTHER INVESTMENTS		11 384	11 491	**1.0**

Par Value (000s)	Security	Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS†				
19 195	Bank of Montreal	$ 19 184	$ 19 184	
38 645	Canadian Imperial Bank of Commerce	38 620	38 620	
10 950	Toronto-Dominion Bank	10 943	10 943	
TOTAL SHORT-TERM INVESTMENTS		68 747	68 747	**6.0**
TOTAL INVESTMENTS		$1 040 517	1 150 902	**100.7**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(8 016)	**(0.7)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$1 142 886	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 0.50% to 0.80% and mature between July 4, 2016 and July 27, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 1 150 902**	$ 983 654
Cash	**3**	103
Due from investment dealers	**10 654**	–
Subscriptions receivable	**16 605**	763
Dividends receivable, interest accrued and other assets	**2 687**	2 627
TOTAL ASSETS	**1 180 851**	987 147
LIABILITIES		
Due to investment dealers	**16 232**	416
Redemptions payable	**21 175**	428
Accounts payable and accrued expenses	**558**	558
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**37 965**	1 402
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 142 886**	$ 985 745
Investments at cost	**$ 1 040 517**	$ 960 885
NAV		
SERIES A	**$ 13 735**	$ 9 252
ADVISOR SERIES	**$ 217 746**	$ 216 457
SERIES H	**$ –**	$ 4 345
SERIES D	**$ 71 744**	$ 64 665
SERIES F	**$ 119 614**	$ 91 336
SERIES I	**$ –**	$ 7 739
SERIES O	**$ 720 047**	$ 591 951
NAV PER UNIT		
SERIES A	**$ 12.72**	$ 11.75
ADVISOR SERIES	**$ 12.71**	$ 11.74
SERIES H	**$ 12.76**	$ 11.78
SERIES D	**$ 12.92**	$ 11.89
SERIES F	**$ 12.96**	$ 11.91
SERIES I	**$ 12.92**	$ 11.87
SERIES O	**$ 12.90**	$ 11.80

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 16 292**	$ 12 323
Interest for distribution purposes	**202**	325
Other income (loss)	**479**	398
Net realized gain (loss) on investments	**(11 671)**	30 282
Net gain (loss) on foreign currencies and other net assets	**23**	(3)
Change in unrealized gain (loss) on investments	**87 616**	(49 480)
TOTAL INCOME (LOSS)	**92 941**	(6 155)
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2 707**	3 242
Administration fees	**262**	342
Independent Review Committee costs	**2**	2
GST/HST	**287**	346
Transaction costs	**566**	494
TOTAL EXPENSES	**3 824**	4 426
INCREASE (DECREASE) IN NAV	**$ 89 117**	$ (10 581)
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 667**	$ (185)
ADVISOR SERIES	**$ 16 945**	$ (4 256)
SERIES H	**$ 362**	$ (115)
SERIES D	**$ 5 598**	$ (976)
SERIES F	**$ 8 679**	$ (1 265)
SERIES I	**$ 713**	$ (96)
SERIES O	**$ 56 153**	$ (3 688)
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.97**	$ (0.24)
ADVISOR SERIES	**$ 0.97**	$ (0.24)
SERIES H	**$ 0.98**	$ (0.23)
SERIES D	**$ 1.02**	$ (0.19)
SERIES F	**$ 1.04**	$ (0.17)
SERIES I	**$ 1.04**	$ (0.16)
SERIES O	**$ 1.10**	$ (0.10)

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 89 117**	$ (10 581)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**12 193**	(29 847)
Change in unrealized loss (gain) on investments	**(87 616)**	49 480
(Increase) decrease in accrued receivables	**(60)**	3 552
Increase (decrease) in accrued payables	**–**	(6 263)
Cost of investments purchased	**(790 802)**	(791 585)
Proceeds on sales of investments	**704 139**	781 140
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(73 029)**	(4 104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**179 482**	75 118
Cash paid on redemption of redeemable units	**(106 553)**	(71 028)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 72 929**	$ 4 090
Net increase (decrease) in cash for the period	**(100)**	(14)
Cash (bank overdraft), beginning of period	**103**	39
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 3**	$ 25
Interest received (paid)	**$ 194**	$ 331
Dividends received, net of withholding taxes	**$ 16 719**	$ 12 673

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series H		Series D	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 9 252**	$ 11 320	**$ 216 457**	$ 279 083	**$ 4 345**	$ 2 181	**$ 64 665**	$ 70 944
INCREASE (DECREASE) IN NAV	**667**	(185)	**16 945**	(4 256)	**362**	(115)	**5 598**	(976)
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**5 247**	336	**2 022**	2 322	**–**	2 559	**7 751**	6 713
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 431)**	(946)	**(17 678)**	(26 898)	**(4 707)**	–	**(6 270)**	(5 660)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**3 816**	(610)	**(15 656)**	(24 576)	**(4 707)**	2 559	**1 481**	1 053
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**4 483**	(795)	**1 289**	(28 832)	**(4 345)**	2 444	**7 079**	77
NAV AT END OF PERIOD	**$ 13 735**	$ 10 525	**$ 217 746**	$ 250 251	**$ –**	$ 4 625	**$ 71 744**	$ 71 021

For the periods ended June 30	Series F		Series I		Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 91 336**	$ 98 164	**$ 7 739**	$ 6 661	**$ 591 951**	$ 427 618	**$ 985 745**	$ 895 971
INCREASE (DECREASE) IN NAV	**8 679**	(1 265)	**713**	(96)	**56 153**	(3 688)	**89 117**	(10 581)
Early redemption fees	**–**	1	**–**	–	**–**	–	**–**	1
Proceeds from redeemable units issued	**34 870**	20 594	**987**	969	**144 447**	41 943	**195 324**	75 436
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(15 271)**	(11 996)	**(9 439)**	(25)	**(72 504)**	(26 571)	**(127 300)**	(72 096)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**19 599**	8 599	**(8 452)**	944	**71 943**	15 372	**68 024**	3 341
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**28 278**	7 334	**(7 739)**	848	**128 096**	11 684	**157 141**	(7 240)
NAV AT END OF PERIOD	**$ 119 614**	$ 105 498	**$ –**	$ 7 509	**$ 720 047**	$ 439 302	**$ 1 142 886**	$ 888 731

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide long-term capital growth by investing primarily in equities of Canadian companies priced below the manager's assessment of their true value and offering long-term opportunities for growth.

All outstanding Series H units were re-designated as Series C units, and then all Series C units were renamed Series A units effective June 30, 2016. All outstanding Series I units were re-designated as Series F units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**38.0**	41.3
Energy	**19.6**	19.8
Materials	**7.9**	6.1
Industrials	**6.0**	6.1
Consumer Discretionary	**6.0**	4.8
Consumer Staples	**5.1**	4.9
Telecommunication Services	**4.2**	5.5
Utilities	**3.7**	2.3
Information Technology	**2.7**	2.4
Index Funds	**1.0**	1.0
Health Care	**0.5**	0.5
Cash/Other	**5.3**	5.3
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.9**	+ or -	0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 082 155**	**–**	**–**	**1 082 155**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**68 747**	**–**	**68 747**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**1 082 155**	**68 747**	**–**	**1 150 902**
% of total portfolio	**94.0**	**6.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	933 466	–	–	933 466
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	50 188	–	50 188
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	933 466	50 188	–	983 654
% of total portfolio	94.9	5.1	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses†
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series H	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series I	0.60%	0.10%
Series O	n/a‡	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Effective June 26, 2015, the administration fees for Series O units were reduced to 0.02% from 0.05%.

‡ Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**104**	104
Advisor Series	**110**	110
Series H	**–**	96
Series D	**125**	125
Series F	**127**	127
Series I	**–**	98
Series O	**136**	136
Value of all units	**8**	9

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**787**	851
Issued number of units	**416**	24
Reinvested number of units	**–**	–
Redeemed number of units	**(123)**	(70)
Ending number of units	**1 080**	805
Advisor Series		
Opening units	**18 432**	20 990
Issued number of units	**168**	173
Reinvested number of units	**–**	–
Redeemed number of units	**(1 467)**	(2 004)
Ending number of units	**17 133**	19 159
Series H		
Opening units	**369**	164
Issued number of units	**–**	189
Reinvested number of units	**–**	–
Redeemed number of units	**(369)**	–
Ending number of units	**–**	353
Series D		
Opening units	**5 437**	5 267
Issued number of units	**634**	492
Reinvested number of units	**–**	–
Redeemed number of units	**(520)**	(414)
Ending number of units	**5 551**	5 345
Series F		
Opening units	**7 667**	7 277
Issued number of units	**2 812**	1 517
Reinvested number of units	**–**	–
Redeemed number of units	**(1 251)**	(876)
Ending number of units	**9 228**	7 918
Series I		
Opening units	**652**	495
Issued number of units	**79**	72
Reinvested number of units	**–**	–
Redeemed number of units	**(731)**	(2)
Ending number of units	**–**	565
Series O		
Opening units	**50 166**	31 953
Issued number of units	**11 670**	3 093
Reinvested number of units	**–**	–
Redeemed number of units	**(6 006)**	(1 957)
Ending number of units	**55 830**	33 089

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**566**	**100**	494	100
Related-party brokerage commissions*	**112**	**20**	54	11
Commission arrangements†	**82**	**14**	7	1

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Please see the generic notes at the back of the financial statements.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Canadian Equity Value Class	**0.2**	0.2
Phillips, Hager & North LifeTime 2015 Fund	**–**	–
Phillips, Hager & North LifeTime 2020 Fund	**–**	0.1
Phillips, Hager & North LifeTime 2025 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2030 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2035 Fund	**0.2**	0.2
Phillips, Hager & North LifeTime 2040 Fund	**0.2**	0.2
Phillips, Hager & North LifeTime 2045 Fund	**0.4**	0.4
Phillips, Hager & North LifeTime 2050 Fund	**0.1**	–
Total	**1.3**	1.3

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
575 591	BRP Inc.	$ 11 173	$ 11 897	
146 248	Cineplex Inc.	5 189	7 543	
328 206	Dollarama Inc.	15 093	29 604	
831 558	Gildan Activewear Inc., Class A	26 580	31 466	
405 700	goeasy Ltd.	8 384	7 461	
500 800	Great Canadian Gaming Corp.	7 360	8 999	
517 500	Leon's Furniture Ltd.	7 043	7 830	
543 880	Magna International Inc., Class A	22 121	24 665	
530 356	Quebecor Inc., Class B	13 255	19 634	
305 531	Restaurant Brands International Inc.	13 110	16 431	
325 460	Shaw Communications Inc., Class B	7 548	8 071	
668 900	Sleep Country Canada Holdings Inc.	12 083	15 933	
612 714	Thomson Corp.	23 331	32 027	
		172 270	221 561	**8.6**
Consumer Staples				
1 106 123	Alimentation Couche-Tard Inc.	31 550	61 368	
826 200	Empire Co. Ltd., Class A	20 176	15 871	
243 641	Maple Leaf Foods Inc.	3 502	6 722	
		55 228	83 961	**3.3**
Energy				
1 614 525	ARC Resources Ltd.	36 376	35 697	
622 814	Cameco Corp.	12 922	8 838	
1 715 635	Canadian Natural Resources Ltd.	54 249	68 385	
1 218 445	Cenovus Energy Inc.	28 718	21 773	
1 060 300	Crescent Point Energy Corp.	15 683	21 640	
2 051 016	Enbridge Inc.	94 143	112 252	
350 400	Keyera Corp.	13 130	13 848	
1 382 000	MEG Energy Corp.	12 748	9 356	
1 358 500	Pembina Pipeline Corp.	43 555	53 335	
1 870 368	PrairieSky Royalty Ltd.	48 000	45 861	
966 300	Raging River Exploration Inc.	7 848	9 934	
1 265 000	Secure Energy Services Inc.	12 314	11 170	
1 057 500	Seven Generations Energy Ltd.	16 904	26 078	
1 765 146	Suncor Energy Inc.	60 932	63 263	
1 436 266	Tourmaline Oil Corp.	46 121	48 847	
78 286	TransCanada Corp.	3 865	4 577	
536 900	TransCanada Corp., Subscription Receipts	24 563	31 312	
2 988 187	Trinidad Drilling Ltd.	23 005	7 590	
		555 076	593 756	**23.2**
Financials				
459 126	Bank of Montreal	31 771	37 625	
2 147 792	Bank of Nova Scotia	124 015	135 977	
2 312 415	Brookfield Asset Management Inc., Class A	70 168	98 833	
530 600	Brookfield Property Partners LP	14 585	15 414	
1 902 900	Canaccord Genuity Group Inc.	10 782	9 362	
177 120	Canadian Imperial Bank of Commerce	16 100	17 188	
261 800	Canadian Western Bank	5 910	6 453	
765 700	CI Financial Corp.	23 904	20 636	
1 886 711	Element Financial Corp.	24 753	25 848	
113 664	FirstService Corp.	3 369	6 716	
438 776	Home Capital Group Inc.	12 939	14 050	
580 841	Industrial Alliance Insurance & Financial Services Inc.	23 736	23 588	
5 538 896	Manulife Financial Corporation	101 715	97 872	
820 100	National Bank of Canada	33 483	36 240	
2 695 626	Royal Bank of Canada*	170 795	205 784	
455 900	Sun Life Financial Inc.	18 175	19 348	
2 371 000	The Westaim Corp.	7 351	6 141	
3 402 652	Toronto-Dominion Bank	145 631	188 779	
		839 182	965 854	**37.7**
Industrials				
861 147	Badger Daylighting Ltd.	16 818	19 376	
182 650	Boyd Group Income Fund	6 244	13 564	
924 104	Canadian National Railway Co.	48 748	70 500	
170 900	Canadian Pacific Railway Ltd.	33 523	28 426	
978 653	Finning International Inc.	22 672	20 591	
407 731	Richelieu Hardware Ltd.	5 417	10 336	
230 300	Ritchie Bros. Auctioneers Inc.	7 461	10 055	
226 404	SNC-Lavalin Group Inc.	10 814	12 285	
462 882	Stantec Inc.	13 370	14 502	
148 195	Toromont Industries Ltd.	3 305	5 578	
		168 372	205 213	**8.0**
Information Technology				
674 768	CGI Group Inc., Class A	26 412	37 240	
309 000	DH Corp.	9 512	9 922	
184 400	Kinaxis Inc.	3 138	9 567	
274 120	Open Text Corp.	14 090	20 940	
		53 152	77 669	**3.0**
Materials				
449 896	Agnico Eagle Mines Ltd.	15 749	31 106	
229 671	Agrium Inc.	21 631	26 846	
455 260	B2Gold Corp.	1 203	1 475	
783 519	Barrick Gold Corp.	13 872	21 609	
67 992	CCL Industries, Class B	4 632	15 287	
459 389	Continental Gold Inc.	1 997	1 668	
461 067	Detour Gold Corp.	5 662	14 902	
157 200	Dominion Diamond Corp.	2 339	1 797	
1 398 263	Eldorado Gold Corp.	9 261	8 124	
142 892	Endeavour Mining Corp.	2 475	3 134	
1 686 791	First Quantum Minerals Ltd.	21 899	15 299	
141 514	Franco-Nevada Corp.	6 212	13 902	
812 087	Goldcorp Inc.	21 388	20 075	
905 800	Kinross Gold Corp.	3 591	5 743	
578 641	Mountain Province Diamonds Inc.	2 927	3 454	
161 800	OceanaGold Corp.	563	798	
2 781 077	Polaris Materials Corp.	4 581	3 198	

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
946 448	Potash Corporation of Saskatchewan Inc.	$ 39 882	$ 19 875	
98 500	Richmont Mines Inc.	1 024	1 181	
1 398 320	Semafo Inc.	5 460	8 670	
246 223	Silver Wheaton Corp.	5 917	7 488	
153 628	Stella-Jones Inc.	4 555	7 391	
608 813	Tahoe Resources Inc.	9 578	11 781	
2 463 308	Torex Gold Resources Inc.	3 756	5 690	
1 194 564	Turquoise Hill Resources Ltd.	5 685	5 220	
		215 839	255 713	**10.0**
Telecommunication Services				
718 443	Rogers Communications Inc., Class B	30 862	37 575	
999 440	TELUS Corp.	33 574	41 577	
		64 436	79 152	**3.1**
Utilities				
228 900	Brookfield Infrastructure Partners LP	12 122	13 379	
503 100	Fortis Inc.	20 322	21 970	
		32 444	35 349	**1.4**
TOTAL CANADIAN EQUITIES		2 155 999	2 518 228	**98.3**
SHORT-TERM INVESTMENTS†		47 029	47 029	**1.8**
TOTAL INVESTMENTS		$2 203 028	2 565 257	**100.1**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(2 907)	**(0.1)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$2 562 350	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.45% to 0.94% and mature between July 4, 2016 and July 25, 2016.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

PHILLIPS, HAGER & NORTH
Investment Management®

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 2 565 257**	$ 2 383 467
Cash	**784**	704
Due from investment dealers	**17 083**	–
Subscriptions receivable	**95**	191
Dividends receivable, interest accrued and other assets	**5 170**	5 172
TOTAL ASSETS	**2 588 389**	2 389 534
LIABILITIES		
Due to investment dealers	**3 391**	–
Redemptions payable	**22 600**	1 505
Distributions payable	**–**	5
Accounts payable and accrued expenses	**48**	45
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**26 039**	1 555
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 2 562 350**	$ 2 387 979
Investments at cost	**$ 2 203 028**	$ 2 266 845
NAV		
SERIES O	**$ 2 562 350**	$ 2 387 979
NAV PER UNIT		
SERIES O	**$ 10.97**	$ 10.00

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 37 965**	$ 37 043
Interest for distribution purposes	**148**	127
Other income (loss)	**115**	132
Securities lending revenue (see note 6 in the generic notes)	**539**	181
Net realized gain (loss) on investments	**(48 860)**	33 103
Net gain (loss) on foreign currencies and other net assets	**34**	(17)
Change in unrealized gain (loss) on investments	**245 607**	(1 704)
TOTAL INCOME (LOSS)	**235 548**	68 865
EXPENSES (see notes – Fund Specific Information)		
Administration fees	**243**	263
Independent Review Committee costs	**2**	2
GST/HST	**25**	26
Transaction costs	**1 178**	896
TOTAL EXPENSES	**1 448**	1 187
INCREASE (DECREASE) IN NAV	**$ 234 100**	$ 67 678
INCREASE (DECREASE) IN NAV SERIES O	**$ 234 100**	$ 67 678
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT SERIES O	**$ 0.98**	$ 0.29

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 234 100**	$ 67 678
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**50 212**	(32 326)
Change in unrealized loss (gain) on investments	**(245 607)**	1 704
(Increase) decrease in accrued receivables	**2**	17 381
Increase (decrease) in accrued payables	**3**	14 663
Cost of investments purchased	**(1 972 009)**	(1 357 954)
Proceeds on sales of investments	**1 971 922**	1 307 557
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**38 623**	18 703
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**56 274**	40 436
Cash paid on redemption of redeemable units	**(94 817)**	(59 097)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (38 543)**	$ (18 661)
Net increase (decrease) in cash for the period	**80**	42
Cash (bank overdraft), beginning of period	**704**	620
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 784**	$ 662
Interest received (paid)	**$ 140**	$ 129
Dividends received, net of withholding taxes	**$ 38 090**	$ 37 414

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series O 2016	2015
NAV AT BEGINNING OF PERIOD	**$ 2 387 979**	$ 2 535 912
INCREASE (DECREASE) IN NAV	**234 100**	67 678
Early redemption fees	**–**	–
Proceeds from redeemable units issued	**56 178**	40 570
Reinvestments of distributions to holders of redeemable units	**5**	–
Redemption of redeemable units	**(115 912)**	(52 092)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(59 729)**	(11 522)
Distributions from net income	**–**	–
Distributions from net gains	**–**	–
Distributions from capital	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–
NET INCREASE (DECREASE) IN NAV	**174 371**	56 156
NAV AT END OF PERIOD	**$ 2 562 350**	$ 2 592 068

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund is expected to be used primarily as an underlying fund for other mutual funds but may also be sold directly to other investors.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**37.7**	39.0
Energy	**23.2**	21.0
Materials	**10.0**	8.1
Consumer Discretionary	**8.6**	8.5
Industrials	**8.0**	8.1
Consumer Staples	**3.3**	4.2
Telecommunication Services	**3.1**	3.2
Information Technology	**3.0**	3.7
Utilities	**1.4**	0.8
Health Care	**–**	2.4
Cash/Other	**1.7**	1.0
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 1.0**	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**2 518 228**	**–**	**–**	**2 518 228**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**47 029**	**–**	**47 029**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**2 518 228**	**47 029**	**–**	**2 565 257**
% of total portfolio	**98.2**	**1.8**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	2 364 252	–	–	2 364 252
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	19 215	–	19 215
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 364 252	19 215	–	2 383 467
% of total portfolio	99.2	0.8	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series O	n/a*	0.02%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND

June 30, 2016

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series O	**53**	53
Value of all units	**1**	1

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	3 296
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series O		
Opening units	**238 883**	229 262
Issued number of units	**5 866**	3 571
Reinvested number of units	**1**	–
Redeemed number of units	**(11 256)**	(4 427)
Ending number of units	**233 494**	228 406

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**1 178**	**100**	896	100
Related-party brokerage commissions*	**139**	**12**	44	5
Commission arrangements†	**27**	**2**	13	1

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**172 436**	264 422
Fair value of collateral received	**175 885**	277 643

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**950**	**100**	292	100
RBC IS (paid)	**(332)**	**(35)**	(102)	(35)
Tax withheld	**(79)**	**(8)**	(9)	(3)
Fund revenue	**539**	**57**	181	62

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Balanced Fund	**9.5**	9.9
Phillips, Hager & North Balanced Pension Trust	**14.3**	15.8
Phillips, Hager & North LifeTime 2015 Fund	**–**	–
Phillips, Hager & North LifeTime 2020 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2025 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2030 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2035 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2040 Fund	**0.1**	0.1
Phillips, Hager & North LifeTime 2045 Fund	**0.2**	0.2
Phillips, Hager & North LifeTime 2050 Fund	**–**	–
RBC Select Aggressive Growth Portfolio	**3.1**	3.0
RBC Select Balanced Portfolio	**28.7**	28.1
RBC Select Conservative Portfolio	**23.2**	22.7
RBC Select Growth Portfolio	**14.2**	13.9
RBC Select Very Conservative Portfolio	**6.3**	6.2
Total	**100.0**	100.3

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND II

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
242 800	Dollarama Inc.	$ 19 317	$ 21 901	
848 000	Gildan Activewear Inc., Class A	32 338	32 088	
337 400	Magna International Inc., Class A	17 807	15 301	
417 600	Quebecor Inc., Class B	13 739	15 460	
626 700	Shaw Communications Inc., Class B	14 736	15 542	
425 100	Thomson Corp.	21 902	22 220	
		119 839	122 512	**7.8**
Consumer Staples				
829 600	Alimentation Couche-Tard Inc.	48 072	46 026	
1 440 700	Empire Co. Ltd., Class A	35 490	27 676	
111 200	Loblaw Companies Ltd.	7 734	7 685	
		91 296	81 387	**5.2**
Energy				
938 600	ARC Resources Ltd.	18 226	20 752	
727 400	Canadian Natural Resources Ltd.	23 531	28 994	
1 987 700	Cenovus Energy Inc.	35 319	35 520	
502 400	Crescent Point Energy Corp.	8 639	10 254	
1 132 400	Enbridge Inc.	54 500	61 976	
138 500	Enbridge Income Fund Holdings Inc.	4 015	4 440	
384 000	Keyera Corp.	14 381	15 176	
948 300	MEG Energy Corp.	6 105	6 421	
684 300	Pembina Pipeline Corp.	21 736	26 867	
1 358 862	PrairieSky Royalty Ltd.	32 320	33 320	
1 055 100	Precision Drilling Corp.	5 932	7 227	
562 900	Seven Generations Energy Ltd.	9 749	13 881	
812 300	Suncor Energy Inc.	28 431	29 113	
877 100	Tourmaline Oil Corp.	25 621	29 830	
411 900	TransCanada Corp., Subscription Receipts	18 844	24 022	
396 000	Vermilion Energy Inc.	15 501	16 291	
		322 850	364 084	**23.3**
Financials				
154 700	Allied Properties Real Estate Investment Trust	5 175	5 984	
1 144 300	Bank of Nova Scotia	69 669	72 446	
1 231 200	Brookfield Asset Management Inc., Class A	52 492	52 621	
1 013 400	Brookfield Property Partners LP	29 023	29 439	
138 600	Canadian Real Estate Investment Trust	5 689	6 694	
1 308 300	CI Financial Corp.	38 856	35 259	
1 478 600	Element Financial Corp.	22 707	20 257	
370 800	Industrial Alliance Insurance & Financial Services Inc.	14 920	15 058	
3 259 500	Manulife Financial Corporation	63 931	57 595	
712 700	National Bank of Canada	29 638	31 494	
1 582 400	Royal Bank of Canada*	117 068	120 800	
Financials (cont.)				
338 100	Sun Life Financial Inc.	$ 14 990	$ 14 349	
2 279 500	Toronto-Dominion Bank	122 068	126 467	
		586 226	588 463	**37.7**
Industrials				
204 300	Canadian National Railway Co.	15 659	15 586	
153 100	Canadian Pacific Railway Ltd.	25 804	25 465	
873 500	Finning International Inc.	17 489	18 378	
251 100	SNC-Lavalin Group Inc.	10 808	13 625	
896 600	Stantec Inc.	28 763	28 090	
		98 523	101 144	**6.5**
Information Technology				
430 000	CGI Group Inc., Class A	24 236	23 732	
121 900	Open Text Corp.	8 333	9 312	
		32 569	33 044	**2.1**
Materials				
267 930	Agnico Eagle Mines Ltd.	9 478	18 525	
65 500	Agrium Inc.	7 874	7 656	
276 330	B2Gold Corp.	523	895	
470 820	Barrick Gold Corp.	7 703	12 985	
269 510	Continental Gold Inc.	684	978	
273 630	Detour Gold Corp.	3 679	8 844	
92 680	Dominion Diamond Corp.	1 373	1 059	
840 320	Eldorado Gold Corp.	4 190	4 882	
85 993	Endeavour Mining Corp.	1 487	1 886	
566 200	First Quantum Minerals Ltd.	4 994	5 135	
88 420	Franco-Nevada Corp.	5 303	8 686	
488 020	Goldcorp Inc.	9 879	12 064	
533 630	Kinross Gold Corp.	2 114	3 383	
331 286	Mountain Province Diamonds Inc.	1 469	1 978	
95 930	OceanaGold Corp.	334	473	
58 790	Richmont Mines Inc.	611	705	
832 720	Semafo Inc.	3 079	5 163	
146 010	Silver Wheaton Corp.	2 778	4 440	
369 485	Tahoe Resources Inc.	4 919	7 150	
188 600	Teck Resources Ltd., Class B	2 441	3 208	
1 447 570	Torex Gold Resources Inc.	1 896	3 344	
785 500	Turquoise Hill Resources Ltd.	2 974	3 433	
		79 782	116 872	**7.5**
Telecommunication Services				
896 500	Rogers Communications Inc., Class B	43 795	46 887	
		43 795	46 887	**3.0**

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
278 700	Brookfield Infrastructure Partners LP	$ 15 295	$ 16 290	
635 800	Fortis Inc.	25 969	27 765	
		41 264	44 055	**2.8**
TOTAL CANADIAN EQUITIES		1 416 144	1 498 448	**95.9**
SHORT-TERM INVESTMENTS†		13 079	13 079	**0.8**
TOTAL INVESTMENTS		$1 429 223	1 511 527	**96.7**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			51 064	**3.3**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$1 562 591	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.45% to 0.90% and mature between July 4, 2016 and July 13, 2016.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND II

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 1 511 527**	$ 1 395 243
Cash	**843**	473
Due from investment dealers	**63 951**	–
Dividends receivable, interest accrued and other assets	**3 023**	3 508
TOTAL ASSETS	**1 579 344**	1 399 224
LIABILITIES		
Due to investment dealers	**16 723**	–
Accounts payable and accrued expenses	**30**	26
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**16 753**	26
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 562 591**	$ 1 399 198
Investments at cost	**$ 1 429 223**	$ 1 485 672
NAV		
SERIES O	**$ 1 562 591**	$ 1 399 198
NAV PER UNIT		
SERIES O	**$ 9.39**	$ 8.52

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 24 533**	$ 7 556
Interest for distribution purposes	**136**	43
Other income (loss)	**530**	–
Securities lending revenue (see note 6 in the generic notes)	**76**	45
Net realized gain (loss) on investments	**(24 929)**	10 055
Net gain (loss) on foreign currencies and other net assets	**15**	(2)
Change in unrealized gain (loss) on investments	**172 733**	(8 462)
TOTAL INCOME (LOSS)	**173 094**	9 235
EXPENSES (see notes – Fund Specific Information)		
Administration fees	**156**	52
Independent Review Committee costs	**2**	2
GST/HST	**16**	6
Transaction costs	**3 777**	1 090
TOTAL EXPENSES	**3 951**	1 150
INCREASE (DECREASE) IN NAV	**$ 169 143**	$ 8 085
INCREASE (DECREASE) IN NAV		
SERIES O	**$ 169 143**	$ 8 085
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES O	**$ 0.95**	$ 0.15

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 169 143**	$ 8 085
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**28 726**	(9 219)
Change in unrealized loss (gain) on investments	**(172 733)**	8 462
(Increase) decrease in accrued receivables	**485**	5 540
Increase (decrease) in accrued payables	**4**	616
Cost of investments purchased	**(3 257 928)**	(1 238 093)
Proceeds on sales of investments	**3 238 423**	995 297
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**6 120**	(229 312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**232 750**	229 400
Cash paid on redemption of redeemable units	**(238 500)**	–
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (5 750)**	$ 229 400
Net increase (decrease) in cash for the period	**370**	88
Cash (bank overdraft), beginning of period	**473**	148
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 843**	$ 236
Interest received (paid)	**$ 133**	$ 42
Dividends received, net of withholding taxes	**$ 25 550**	$ 7 177

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND II

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series O 2016	2015
NAV AT BEGINNING OF PERIOD	**$ 1 399 198**	$ 409 071
INCREASE (DECREASE) IN NAV	**169 143**	8 085
Early redemption fees	**–**	–
Proceeds from redeemable units issued	**232 750**	233 150
Reinvestments of distributions to holders of redeemable units	**–**	–
Redemption of redeemable units	**(238 500)**	–
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(5 750)**	233 150
Distributions from net income	**–**	–
Distributions from net gains	**–**	–
Distributions from capital	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–
NET INCREASE (DECREASE) IN NAV	**163 393**	241 235
NAV AT END OF PERIOD	**$ 1 562 591**	$ 650 306

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY UNDERLYING FUND II

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund is expected to be used primarily as an underlying fund for other mutual funds but may also be sold directly to other investors.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**37.7**	41.6
Energy	**23.3**	21.8
Consumer Discretionary	**7.8**	4.8
Materials	**7.5**	6.5
Industrials	**6.5**	7.5
Consumer Staples	**5.2**	6.0
Telecommunication Services	**3.0**	2.8
Utilities	**2.8**	1.9
Information Technology	**2.1**	3.3
Health Care	**–**	2.4
Cash/Other	**4.1**	1.4
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 23-month (December 31, 2015 – 17-month) historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.9**	+ or -	1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 498 448**	**–**	**–**	**1 498 448**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**13 079**	**–**	**13 079**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**1 498 448**	**13 079**	**–**	**1 511 527**
% of total portfolio	**99.1**	**0.9**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 379 810	–	–	1 379 810
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	15 433	–	15 433
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 379 810	15 433	–	1 395 243
% of total portfolio	98.9	1.1	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series O	n/a*	0.02%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series O	**15 707**	15 707
Value of all units	**148**	134

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series O		
Opening units	**164 149**	42 435
Issued number of units	**28 766**	23 723
Reinvested number of units	**–**	–
Redeemed number of units	**(26 566)**	–
Ending number of units	**166 349**	66 158

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**3 777**	**100**	1 090	100
Related-party brokerage commissions*	**305**	**8**	36	3
Commission arrangements†	**322**	**9**	41	4

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**233 124**	35 086
Fair value of collateral received	**237 787**	36 840

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**132**	**100**	71	100
RBC IS (paid)	**(46)**	**(35)**	(25)	(35)
Tax withheld	**(10)**	**(8)**	(1)	(2)
Fund revenue	**76**	**57**	45	63

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
RBC Select Aggressive Growth Portfolio	**1.7**	1.6
RBC Select Balanced Portfolio	**40.3**	37.9
RBC Select Conservative Portfolio	**38.7**	39.6
RBC Select Growth Portfolio	**5.1**	6.2
RBC Select Very Conservative Portfolio	**14.2**	14.7
Total	**100.0**	100.0

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN GROWTH FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
37 500	Canadian Tire Corp. Ltd., Class A	$ 3 318	$ 5 278	
98 000	Cara Operations Ltd.	2 285	2 945	
121 700	EnerCare Inc.	1 941	2 081	
86 500	goeasy Ltd.	1 393	1 591	
175 900	Magna International Inc., Class A	5 538	7 977	
1 750 000	Mood Media Corp.	3 202	158	
220 000	Performance Sports Group Ltd.	982	854	
66 500	Restaurant Brands International Inc.	3 231	3 576	
120 100	Shaw Communications Inc., Class B	2 667	2 978	
92 100	Spin Master Corp.	1 680	2 454	
276 100	The Intertain Group Ltd.	3 440	2 885	
67 500	Thomson Corp.	2 576	3 528	
993 327	Zungui Haixi Corp.	2 722	–	
		34 975	36 305	**6.9**
Consumer Staples				
90 500	Alimentation Couche-Tard Inc.	2 783	5 021	
254 300	Clearwater Seafoods Inc.	3 091	3 555	
191 000	Cott Corporation	2 587	3 449	
96 930	Loblaw Companies Ltd.	5 309	6 699	
555 556	Sustainable Produce Urban Delivery Inc.* (Private)	1 000	1 500	
		14 770	20 224	**3.8**
Energy				
90 300	ARC Resources Ltd.	2 127	1 997	
107 600	Cameco Corp.	2 431	1 527	
327 000	Canadian Natural Resources Ltd.	11 537	13 034	
429 200	Canyon Services Group Inc.	2 662	2 425	
379 633	Cardinal Energy Ltd.	3 767	3 785	
245 100	Cenovus Energy Inc.	5 332	4 380	
117 563	Crescent Point Energy Corp.	3 622	2 399	
263 159	Enbridge Inc.	10 238	14 403	
1 123 800	Gear Energy Ltd.	2 394	686	
557 600	Kelt Exploration Ltd.	3 169	2 637	
125 400	Pembina Pipeline Corp.	4 054	4 923	
377 000	Raging River Exploration Inc.	1 903	3 876	
266 000	Secure Energy Services Inc.	3 053	2 349	
1 224 426	Spartan Energy Corp.	3 286	4 151	
482 900	Suncor Energy Inc.	18 018	17 307	
135 800	Tourmaline Oil Corp.	4 568	4 619	
217 000	TransCanada Corp.	8 847	12 686	
46 900	TransCanada Corp., Subscription Receipts	2 146	2 735	
57 100	Vermilion Energy Inc.	2 986	2 349	
289 300	Western Energy Services Corp.	2 243	946	
345 000	Whitecap Resources Inc.	3 257	3 409	
		101 640	106 623	**20.2**
Financials				
115 500	Alaris Royalty Corp.	$ 3 165	$ 3 311	
198 100	Bank of Montreal	12 215	16 234	
376 000	Bank of Nova Scotia	20 070	23 805	
234 450	Brookfield Asset Management Inc., Class A	5 396	10 020	
172 100	Brookfield Property Partners LP	4 169	5 000	
118 500	Callidus Capital Corp.	1 507	1 896	
130 400	Canadian Imperial Bank of Commerce	10 100	12 654	
54 065	Canadian Real Estate Investment Trust	1 812	2 611	
252 800	Element Financial Corp.	4 269	3 463	
6 300	Fairfax Financial Holdings Ltd.	4 136	4 384	
48 500	Intact Financial Corp.	3 164	4 476	
625 000	Manulife Financial Corporation	11 023	11 044	
89 400	Milestone Apartments Real Estate Investment Trust	1 131	1 689	
313 700	Power Corporation of Canada	8 181	8 627	
448 600	Royal Bank of Canada†	23 838	34 246	
146 700	Sun Life Financial Inc.	4 707	6 226	
574 000	Toronto-Dominion Bank	20 702	31 846	
		139 585	181 532	**34.4**
Health Care				
360 000	CRH Medical Corp.	1 342	1 811	
262 500	Mainstreet Health Investments Inc.	3 405	3 527	
812 000	Prometic Life Sciences Inc.	2 203	2 265	
84 100	Valeant Pharmaceuticals International Inc.	7 631	2 191	
		14 581	9 794	**1.9**
Industrials				
165 800	Aecon Group Inc.	2 315	2 915	
316 400	Air Canada	3 145	2 813	
89 700	Badger Daylighting Ltd.	2 203	2 018	
285 000	Canadian National Railway Co.	12 466	21 743	
35 200	Canadian Pacific Railway Ltd.	6 654	5 855	
60 400	Stantec Inc.	1 827	1 892	
52 968	Waste Connections Inc.	4 640	4 944	
		33 250	42 180	**8.0**
Information Technology				
207 600	BlackBerry Ltd.	2 614	1 800	
94 700	CGI Group Inc., Class A	3 914	5 226	
35 100	Open Text Corp.	2 228	2 681	
503 800	Redknee Solutions Inc.	2 426	937	
1 798 700	UrtheCast Corp.	3 118	1 763	
		14 300	12 407	**2.4**

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

PHILLIPS, HAGER & NORTH CANADIAN GROWTH FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials				
77 200	Agnico Eagle Mines Ltd.	$ 3 008	$ 5 338	
38 300	Agrium Inc.	3 180	4 477	
132 400	Detour Gold Corp.	1 696	4 279	
166 700	Dominion Diamond Corp.	2 769	1 905	
270 000	First Quantum Minerals Ltd.	3 235	2 449	
33 800	Franco-Nevada Corp.	2 375	3 321	
275 500	Goldcorp Inc.	9 612	6 810	
200 000	Interfor Corp.	2 080	2 214	
3 600 000	Jaguar Mining Inc.	1 098	1 800	
441 300	Lundin Mining Corp.	2 161	1 924	
38 800	Methanex Corp.	2 448	1 458	
108 600	Norbord Inc.	2 692	2 743	
630 128	OceanaGold Corp.	1 475	3 107	
276 000	Potash Corporation of Saskatchewan Inc.	10 576	5 796	
127 000	Silver Wheaton Corp.	3 161	3 862	
260 740	Tahoe Resources Inc.	4 321	5 045	
158 900	Teck Resources Ltd., Class B	4 967	2 703	
1 405 300	Torex Gold Resources Inc.	2 121	3 246	
610 000	Yamana Gold Inc.	2 698	4 099	
		65 673	66 576	**12.6**
Telecommunication Services				
206 000	BCE Inc.	8 275	12 595	
101 100	Rogers Communications Inc., Class B	3 267	5 288	
		11 542	17 883	**3.4**
Utilities				
205 200	Algonquin Power & Utilities Corp.	2 226	2 440	
71 800	Canadian Utilities Ltd., Class A	2 549	2 687	
270 291	Crius Energy Trust	2 169	2 265	
175 000	Innergex Renewable Energy Inc.	2 555	2 536	
210 900	Superior Plus Corp.	1 717	2 248	
170 000	TransAlta Renewables Inc.	1 678	2 271	
		12 894	14 447	**2.7**
TOTAL CANADIAN EQUITIES		443 210	507 971	**96.3**
SHORT-TERM INVESTMENTS‡		11 171	11 171	**2.1**
TOTAL INVESTMENTS		454 381	519 142	**98.4**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	128	–
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(35)	–
TOTAL PORTFOLIO		$ 454 381	519 235	**98.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			8 391	**1.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 527 626	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 2 868 Sold USD 2 206 @ 1.3003	05-Jul-2016	$ 18
Bought CAD 4 354 Sold USD 3 364 @ 1.2942	05-Jul-2016	8
Bought CAD 1 440 Sold USD 1 108 @ 1.2994	11-Jul-2016	8
Bought CAD 6 747 Sold USD 5 151 @ 1.3099	08-Aug-2016	94
		$ 128

Contracts	Maturity Date	Unrealized Loss
Bought CAD 317 Sold USD 250 @ 1.2673	11-Jul-2016	$ (6)
Bought USD 867 Sold CAD 1 129 @ 0.7677	11-Jul-2016	(9)
Bought CAD 381 Sold USD 300 @ 1.2707	08-Aug-2016	(7)
Bought USD 1 105 Sold CAD 1 437 @ 0.7691	08-Aug-2016	(9)
Bought USD 1 682 Sold CAD 2 177 @ 0.7728	08-Aug-2016	(4)
		$ (35)
TOTAL FOREIGN EXCHANGE		$ 93

All counterparties have a credit rating of at least A.

* Illiquid security.

† Investment in related party (see note 7 in the generic notes).

‡ Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.45% to 0.80% and mature between July 4, 2016 and July 18, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 519 142**	$ 505 734
Cash	**7**	145
Due from investment dealers	**13 252**	4 605
Subscriptions receivable	**289**	265
Unrealized gain on foreign exchange contracts	**128**	158
Dividends receivable, interest accrued and other assets	**1 236**	1 157
TOTAL ASSETS	**534 054**	512 064
LIABILITIES		
Due to investment dealers	**6 079**	1 391
Redemptions payable	**182**	12
Unrealized loss on foreign exchange contracts	**35**	823
Accounts payable and accrued expenses	**132**	133
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**6 428**	2 359
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 527 626**	$ 509 705
Investments at cost	**$ 454 381**	$ 468 864
NAV		
SERIES A	**$ 2 125**	$ 2 499
ADVISOR SERIES	**$ 205**	$ 186
SERIES D	**$ 114 532**	$ 112 805
SERIES F	**$ 1 116**	$ 551
SERIES O	**$ 409 648**	$ 393 664
NAV PER UNIT		
SERIES A	**$ 33.30**	$ 30.93
ADVISOR SERIES	**$ 33.31**	$ 30.94
SERIES D	**$ 33.04**	$ 30.57
SERIES F	**$ 33.29**	$ 30.76
SERIES O	**$ 34.08**	$ 31.35

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 7 549**	$ 5 888
Interest for distribution purposes	**70**	96
Other income (loss)	**212**	240
Net realized gain (loss) on investments	**8 349**	819
Net gain (loss) on foreign currencies and other net assets	**(30)**	(344)
Change in unrealized gain (loss) on investments	**28 649**	3 829
TOTAL INCOME (LOSS)	**44 799**	10 528
EXPENSES (see notes – Fund Specific Information)		
Management fees	**579**	695
Administration fees	**136**	135
Independent Review Committee costs	**2**	2
GST/HST	**58**	67
Transaction costs	**257**	143
Withholding tax	**24**	14
TOTAL EXPENSES	**1 056**	1 056
INCREASE (DECREASE) IN NAV	**$ 43 743**	$ 9 472
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 174**	$ 42
ADVISOR SERIES	**$ 15**	$ 1
SERIES D	**$ 8 660**	$ 2 392
SERIES F	**$ 98**	$ 8
SERIES O	**$ 34 796**	$ 7 029
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 2.42**	$ 0.41
ADVISOR SERIES	**$ 2.42**	$ 0.41
SERIES D	**$ 2.52**	$ 0.53
SERIES F	**$ 2.59**	$ 0.58
SERIES O	**$ 2.77**	$ 0.74

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 43 743**	$ 9 472
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(8 107)**	(657)
Change in unrealized loss (gain) on investments	**(28 649)**	(3 829)
(Increase) decrease in accrued receivables	**(79)**	(13 427)
Increase (decrease) in accrued payables	**(1)**	10 071
Cost of investments purchased	**(454 225)**	(475 341)
Proceeds on sales of investments	**472 856**	446 705
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**25 538**	(27 006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**32 703**	45 466
Cash paid on redemption of redeemable units	**(58 379)**	(18 484)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (25 676)**	$ 26 982
Net increase (decrease) in cash for the period	**(138)**	(24)
Cash (bank overdraft), beginning of period	**145**	43
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 7**	$ 19
Interest received (paid)	**$ 73**	$ 92
Dividends received, net of withholding taxes	**$ 7 655**	$ 6 179

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 2 499**	$ 3 037	**$ 186**	$ 155	**$ 112 805**	$ 134 270	**$ 551**	$ 437
INCREASE (DECREASE) IN NAV	**174**	42	**15**	1	**8 660**	2 392	**98**	8
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**846**	157	**4**	54	**1 299**	1 110	**485**	30
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 394)**	(449)	**–**	(7)	**(8 232)**	(8 831)	**(18)**	(61)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(548)**	(292)	**4**	47	**(6 933)**	(7 721)	**467**	(31)
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(374)**	(250)	**19**	48	**1 727**	(5 329)	**565**	(23)
NAV AT END OF PERIOD	**$ 2 125**	$ 2 787	**$ 205**	$ 203	**$ 114 532**	$ 128 941	**$ 1 116**	$ 414

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 393 664**	$ 314 503	**$ 509 705**	$ 452 402
INCREASE (DECREASE) IN NAV	**34 796**	7 029	**43 743**	9 472
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**30 093**	44 643	**32 727**	45 994
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(48 905)**	(9 160)	**(58 549)**	(18 508)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(18 812)**	35 483	**(25 822)**	27 486
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**15 984**	42 512	**17 921**	36 958
NAV AT END OF PERIOD	**$ 409 648**	$ 357 015	**$ 527 626**	$ 489 360

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund also may invest a portion of its assets in U.S. and international securities in order to achieve greater exposure to industries that are not well represented in Canada.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Liquidity risk (%)

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.3% (December 31, 2015 – 0.3%) of the net assets of the Fund.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**34.4**	36.0
Energy	**20.2**	16.6
Materials	**12.6**	8.7
Industrials	**8.0**	8.1
Consumer Discretionary	**6.9**	8.4
Consumer Staples	**3.8**	4.4
Telecommunication Services	**3.4**	2.9
Utilities	**2.7**	2.5
Information Technology	**2.4**	3.6
Health Care	**1.9**	4.2
Cash/Other	**3.7**	4.6
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**1.0**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**506 471**	**–**	**1 500**	**507 971**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**11 171**	**–**	**11 171**
Derivatives – assets	**–**	**128**	**–**	**128**
Derivatives – liabilities	**–**	**(35)**	**–**	**(35)**
Total financial instruments	**506 471**	**11 264**	**1 500**	**519 235**
% of total portfolio	**97.5**	**2.2**	**0.3**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	484 230	–	1 500	485 730
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	20 004	–	20 004
Derivatives – assets	–	158	–	158
Derivatives – liabilities	–	(823)	–	(823)
Total financial instruments	484 230	19 339	1 500	505 069
% of total portfolio	95.9	3.8	0.3	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

During the periods ended June 30, 2016 and December 31, 2015, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2016	December 31 2015
Balance at beginning of period	**1 500**	1 000
Net purchases	**–**	–
Net sales	**–**	–
Net transfers in	**–**	–
Net transfers out	**–**	–
Realized gains (losses)	**–**	–
Unrealized gains (losses)	**–**	500
Balance at end of period	**1 500**	1 500

The Fund fair values certain of its Level 3 investments (privately held investments) using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. As there may not be a secondary market, and/or there are a limited number of investors, the valuations are reviewed utilizing available market information to determine if the carrying

Please see the generic notes at the back of the financial statements.

value should be adjusted. Such market information may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

As at June 30, 2016, a 5% increase or decrease in the fair valuations using significant unobservable inputs on Level 3 investments would have increased or decreased the Fund's net assets, respectively, by approximately 0.3% (December 31, 2015 – 0.0%).

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.04%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**19**	19
Advisor Series	**37**	37
Series F	**20**	20
Series O	**21**	21
Value of all units	**3**	3

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	5 883
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**81**	91
Issued number of units	**28**	4
Reinvested number of units	**–**	–
Redeemed number of units	**(45)**	(13)
Ending number of units	**64**	82
Advisor Series		
Opening units	**6**	5
Issued number of units	**–**	1
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**6**	6
Series D		
Opening units	**3 691**	4 061
Issued number of units	**42**	32
Reinvested number of units	**–**	–
Redeemed number of units	**(266)**	(259)
Ending number of units	**3 467**	3 834
Series F		
Opening units	**18**	13
Issued number of units	**17**	1
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	(2)
Ending number of units	**34**	12
Series O		
Opening units	**12 555**	9 268
Issued number of units	**988**	1 290
Reinvested number of units	**–**	–
Redeemed number of units	**(1 524)**	(273)
Ending number of units	**12 019**	10 285

Please see the generic notes at the back of the financial statements.

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**257**	**100**	143	100
Related-party brokerage commissions*	**19**	**7**	24	17
Commission arrangements†	**2**	**1**	1	1

* See note 7 in the generic notes.
† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
RBC Select Aggressive Growth Portfolio	**15.2**	14.9
RBC Select Choices Aggressive Growth Portfolio	**1.9**	2.1
RBC Select Choices Growth Portfolio	**1.8**	2.0
RBC Select Growth Portfolio	**54.6**	54.1
RBC Target 2030 Education Fund	**2.5**	2.5
Total	**76.0**	75.6

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CANADIAN INCOME FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
96 265	Cineplex Inc.	$ 4 387	$ 4 965	
196 600	Dollarama Inc.	15 931	17 733	
363 500	Gildan Activewear Inc., Class A	13 836	13 755	
210 500	Magna International Inc., Class A	11 193	9 546	
254 000	Quebecor Inc., Class B	8 357	9 403	
363 800	Shaw Communications Inc., Class B	8 517	9 022	
254 600	Thomson Corp.	13 102	13 308	
		75 323	77 732	**8.6**
Consumer Staples				
578 800	Alimentation Couche-Tard Inc.	32 853	32 112	
680 100	Empire Co. Ltd., Class A	16 537	13 065	
152 200	Loblaw Companies Ltd.	10 420	10 519	
		59 810	55 696	**6.2**
Energy				
641 389	ARC Resources Ltd.	12 742	14 180	
127 100	Canadian Natural Resources Ltd.	4 206	5 065	
530 818	Cenovus Energy Inc.	9 292	9 486	
423 800	Crescent Point Energy Corp.	8 020	8 650	
589 890	Enbridge Inc.	29 101	32 285	
138 000	Enbridge Income Fund Holdings Inc.	4 101	4 424	
287 400	Keyera Corp.	10 828	11 358	
393 900	Pembina Pipeline Corp.	12 286	15 465	
919 484	PrairieSky Royalty Ltd.	22 718	22 546	
374 200	Suncor Energy Inc.	13 097	13 411	
253 300	TransCanada Corp., Subscription Receipts	11 588	14 772	
238 700	Vermilion Energy Inc.	9 209	9 820	
		147 188	161 462	**17.8**
Financials				
266 700	Allied Properties Real Estate Investment Trust	9 008	10 316	
794 700	Bank of Nova Scotia	49 542	50 312	
799 700	Brookfield Asset Management Inc., Class A	34 178	34 179	
522 900	Brookfield Property Partners LP	14 773	15 190	
46 400	Canadian Imperial Bank of Commerce	4 369	4 503	
865 500	CI Financial Corp.	26 726	23 325	
745 300	Element Financial Corp.	10 908	10 211	
220 800	Industrial Alliance Insurance & Financial Services Inc.	9 176	8 967	
1 935 800	Manulife Financial Corporation	38 247	34 206	
411 700	National Bank of Canada	17 309	18 193	
1 311 248	Pure Industrial Real Estate Investment Trust	5 872	6 727	
962 000	Royal Bank of Canada*	71 564	73 439	
208 400	Sun Life Financial Inc.	9 236	8 844	
1 445 400	Toronto-Dominion Bank	77 708	80 191	
		378 616	378 603	**41.8**
Industrials				
156 700	Canadian National Railway Co.	$ 11 939	$ 11 955	
68 500	Canadian Pacific Railway Ltd.	12 027	11 394	
517 000	Finning International Inc.	11 413	10 878	
123 600	SNC-Lavalin Group Inc.	5 233	6 707	
335 000	Stantec Inc.	10 678	10 496	
		51 290	51 430	**5.7**
Information Technology				
125 900	CGI Group Inc., Class A	7 303	6 948	
103 298	Open Text Corp.	7 094	7 891	
		14 397	14 839	**1.6**
Materials				
58 600	Agrium Inc.	6 849	6 850	
216 900	Franco-Nevada Corp.	15 355	21 308	
836 700	Goldcorp Inc.	18 019	20 683	
		40 223	48 841	**5.4**
Telecommunication Services				
469 200	Rogers Communications Inc., Class B	22 796	24 539	
218 300	TELUS Corp.	8 827	9 081	
		31 623	33 620	**3.7**
Utilities				
165 800	Brookfield Infrastructure Partners LP	9 030	9 691	
378 400	Fortis Inc.	15 447	16 525	
		24 477	26 216	**2.9**
TOTAL CANADIAN EQUITIES		822 947	848 439	**93.7**

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

PHILLIPS, HAGER & NORTH CANADIAN INCOME FUND

June 30, 2016

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
1 500	Baytex Energy Corp. USD	5.125	01-Jun-2021	$ 1 486	$ 1 633	
1 500	MEG Energy Corp. USD	6.500	15-Mar-2021	1 453	1 512	
1 365	Paramount Resources Ltd.	7.625	04-Dec-2019	1 188	1 228	
2 000	Precision Drilling Corp. USD	6.625	15-Nov-2020	2 245	2 377	
3 786	Seven Generations Energy Ltd. USD	8.250	15-May-2020	5 011	5 093	
TOTAL CANADIAN BONDS				11 383	11 843	**1.3**
SHORT-TERM INVESTMENTS†				23 267	23 267	**2.6**
TOTAL INVESTMENTS				857 597	883 549	**97.6**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	2	–
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				–	(61)	–
TOTAL PORTFOLIO				$ 857 597	883 490	**97.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					21 409	**2.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					$ 904 899	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 196 Sold USD 150 @ 1.3043	11-Jul-2016	$ 2
		$ 2

Contracts	Maturity Date	Unrealized Loss
Bought CAD 1 734 Sold USD 1 369 @ 1.2668	11-Jul-2016	$ (35)
Bought CAD 4 828 Sold USD 3 750 @ 1.2875	11-Jul-2016	(17)
Bought CAD 500 Sold USD 389 @ 1.2845	11-Jul-2016	(3)
Bought CAD 254 Sold USD 200 @ 1.2707	11-Jul-2016	(4)
Bought CAD 3 428 Sold USD 2 655 @ 1.2910	11-Jul-2016	(2)
		$ (61)
TOTAL FOREIGN EXCHANGE		$ (59)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.80% to 0.84% and mature between July 4, 2016 and July 15, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 883 549**	$ 986 357
Cash	**789**	661
Due from investment dealers	**35 300**	–
Subscriptions receivable	**22**	18
Unrealized gain on foreign exchange contracts	**2**	–
Dividends receivable, interest accrued and other assets	**2 203**	3 081
TOTAL ASSETS	**921 865**	990 117
LIABILITIES		
Due to investment dealers	**16 105**	–
Redemptions payable	**686**	5 508
Unrealized loss on foreign exchange contracts	**61**	–
Accounts payable and accrued expenses	**114**	122
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**16 966**	5 630
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 904 899**	$ 984 487
Investments at cost	**$ 857 597**	$ 1 047 299
NAV		
SERIES A	**$ 4 519**	$ 4 880
ADVISOR SERIES	**$ 840**	$ 939
SERIES D	**$ 58 439**	$ 57 305
SERIES F	**$ 1 045**	$ 1 265
SERIES O	**$ 840 056**	$ 920 098
NAV PER UNIT		
SERIES A	**$ 14.14**	$ 13.05
ADVISOR SERIES	**$ 14.14**	$ 13.05
SERIES D	**$ 14.12**	$ 13.04
SERIES F	**$ 14.13**	$ 13.06
SERIES O	**$ 13.99**	$ 12.91

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 15 496**	$ 14 836
Interest for distribution purposes	**206**	129
Other income (loss)	**713**	1 109
Net realized gain (loss) on investments	**(13 276)**	12 584
Net gain (loss) on foreign currencies and other net assets	**26**	3
Change in unrealized gain (loss) on investments	**86 835**	(29 462)
TOTAL INCOME (LOSS)	**90 000**	(801)
EXPENSES (see notes – Fund Specific Information)		
Management fees	**333**	429
Administration fees	**293**	301
Independent Review Committee costs	**2**	2
GST/HST	**56**	65
Transaction costs	**2 071**	1 807
Withholding tax	**–**	33
TOTAL EXPENSES	**2 755**	2 637
INCREASE (DECREASE) IN NAV	**$ 87 245**	$ (3 438)
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 364**	$ (62)
ADVISOR SERIES	**$ 71**	$ (15)
SERIES D	**$ 4 964**	$ (351)
SERIES F	**$ 68**	$ (5)
SERIES O	**$ 81 778**	$ (3 005)
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 1.13**	$ (0.18)
ADVISOR SERIES	**$ 1.13**	$ (0.18)
SERIES D	**$ 1.20**	$ (0.13)
SERIES F	**$ 1.21**	$ (0.11)
SERIES O	**$ 1.25**	$ (0.05)

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 87 245**	$ (3 438)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**15 711**	(10 966)
Change in unrealized loss (gain) on investments	**(86 835)**	29 462
(Increase) decrease in accrued receivables	**878**	25 873
Increase (decrease) in accrued payables	**(8)**	(15 097)
Cost of investments purchased	**(1 911 050)**	(2 061 571)
Proceeds on sales of investments	**2 065 846**	1 857 702
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**171 787**	(178 035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**40 127**	381 606
Cash paid on redemption of redeemable units	**(211 076)**	(202 416)
Distributions paid to holders of redeemable units	**(710)**	(793)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (171 659)**	$ 178 397
Net increase (decrease) in cash for the period	**128**	362
Cash (bank overdraft), beginning of period	**661**	456
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 789**	$ 818
Interest received (paid)	**$ 77**	$ 129
Dividends received, net of withholding taxes	**$ 17 216**	$ 15 590

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 4 880**	$ 6 152	**$ 939**	$ 1 334	**$ 57 305**	$ 75 124	**$ 1 265**	$ 938
INCREASE (DECREASE) IN NAV	**364**	(62)	**71**	(15)	**4 964**	(351)	**68**	(5)
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**272**	413	**25**	65	**2 074**	1 909	**128**	160
Reinvestments of distributions to holders of redeemable units	**17**	22	**3**	4	**451**	542	**7**	8
Redemption of redeemable units	**(994)**	(915)	**(194)**	(169)	**(5 850)**	(8 840)	**(412)**	(210)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(705)**	(480)	**(166)**	(100)	**(3 325)**	(6 389)	**(277)**	(42)
Distributions from net income	**(20)**	(25)	**(4)**	(5)	**(505)**	(599)	**(11)**	(10)
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(20)**	(25)	**(4)**	(5)	**(505)**	(599)	**(11)**	(10)
NET INCREASE (DECREASE) IN NAV	**(361)**	(567)	**(99)**	(120)	**1 134**	(7 339)	**(220)**	(57)
NAV AT END OF PERIOD	**$ 4 519**	$ 5 585	**$ 840**	$ 1 214	**$ 58 439**	$ 67 785	**$ 1 045**	$ 881

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 920 098**	$ 754 281	**$ 984 487**	$ 837 829
INCREASE (DECREASE) IN NAV	**81 778**	(3 005)	**87 245**	(3 438)
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**37 632**	379 053	**40 131**	381 600
Reinvestments of distributions to holders of redeemable units	**10 945**	10 387	**11 423**	10 963
Redemption of redeemable units	**(198 804)**	(187 808)	**(206 254)**	(197 942)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(150 227)**	201 632	**(154 700)**	194 621
Distributions from net income	**(11 593)**	(11 117)	**(12 133)**	(11 756)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(11 593)**	(11 117)	**(12 133)**	(11 756)
NET INCREASE (DECREASE) IN NAV	**(80 042)**	187 510	**(79 588)**	179 427
NAV AT END OF PERIOD	**$ 840 056**	$ 941 791	**$ 904 899**	$ 1 017 256

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with capital preservation and a reasonably consistent level of income.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**41.8**	46.4
Energy	**17.8**	21.3
Consumer Discretionary	**8.6**	5.6
Consumer Staples	**6.2**	6.8
Industrials	**5.7**	7.8
Materials	**5.4**	2.3
Telecommunication Services	**3.7**	3.7
Utilities	**2.9**	2.3
Information Technology	**1.6**	2.3
Bonds	**1.3**	–
Cash/Other	**5.0**	1.5
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**1.0**	+ or -	0.9
S&P/TSX Capped Income Trust Total Return Index	**+ or -**	**0.4**	+ or -	0.3

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**848 439**	**–**	**–**	**848 439**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**11 843**	**–**	**11 843**
Short-term investments	**–**	**23 267**	**–**	**23 267**
Derivatives – assets	**–**	**2**	**–**	**2**
Derivatives – liabilities	**–**	**(61)**	**–**	**(61)**
Total financial instruments	**848 439**	**35 051**	**–**	**883 490**
% of total portfolio	**96.0**	**4.0**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	969 635	–	–	969 635
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	16 722	–	16 722
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	969 635	16 722	–	986 357
% of total portfolio	98.3	1.7	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.06%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

June 30, 2016

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**50**	50
Advisor Series	**98**	98
Series D	**52**	51
Series F	**53**	53
Series O	**56**	56
Value of all units	**4**	4

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	17 395
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**374**	429
Issued number of units	**21**	28
Reinvested number of units	**1**	1
Redeemed number of units	**(76)**	(63)
Ending number of units	**320**	395
Advisor Series		
Opening units	**72**	93
Issued number of units	**2**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(15)**	(12)
Ending number of units	**59**	86
Series D		
Opening units	**4 395**	5 251
Issued number of units	**154**	131
Reinvested number of units	**33**	38
Redeemed number of units	**(443)**	(609)
Ending number of units	**4 139**	4 811
Series F		
Opening units	**97**	65
Issued number of units	**9**	11
Reinvested number of units	**1**	1
Redeemed number of units	**(33)**	(15)
Ending number of units	**74**	62
Series O		
Opening units	**71 280**	52 761
Issued number of units	**2 993**	26 267
Reinvested number of units	**817**	719
Redeemed number of units	**(15 048)**	(12 950)
Ending number of units	**60 042**	66 797

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**2 071**	**100**	1 807	100
Related-party brokerage commissions*	**162**	**8**	51	3
Commission arrangements†	**175**	**8**	361	20

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
RBC Managed Payout Solution	**33.8**	34.5
RBC Managed Payout Solution – Enhanced	**14.3**	14.4
RBC Managed Payout Solution – Enhanced Plus	**34.7**	34.9
Total	**82.8**	83.8

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH VINTAGE FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
29 450	BRP Inc.	$ 543	$ 609	
5 800	Cineplex Inc.	288	299	
6 200	Dollarama Inc.	324	559	
28 400	Gildan Activewear Inc., Class A	980	1 075	
31 200	goeasy Ltd.	633	574	
38 600	Great Canadian Gaming Corp.	555	694	
16 900	Leon's Furniture Ltd.	224	256	
10 400	Magna International Inc., Class A	591	472	
23 900	Quebecor Inc., Class B	577	885	
6 216	Restaurant Brands International Inc.	267	334	
35 100	Sleep Country Canada Holdings Inc.	631	836	
		5 613	6 593	**11.8**
Consumer Staples				
25 600	Alimentation Couche-Tard Inc.	907	1 420	
12 800	Empire Co. Ltd., Class A	298	246	
19 700	Maple Leaf Foods Inc.	356	544	
		1 561	2 210	**4.0**
Energy				
34 900	ARC Resources Ltd.	770	772	
25 400	Canadian Natural Resources Ltd.	796	1 011	
25 200	Cenovus Energy Inc.	534	449	
23 200	Crescent Point Energy Corp.	343	473	
40 700	Enbridge Inc.	1 847	2 227	
8 500	Keyera Corp.	318	336	
27 600	MEG Energy Corp.	272	187	
29 900	Pembina Pipeline Corp.	988	1 174	
38 564	PrairieSky Royalty Ltd.	1 013	946	
35 400	Raging River Exploration Inc.	278	364	
82 400	Secure Energy Services Inc.	784	728	
21 500	Seven Generations Energy Ltd.	325	530	
33 400	Tourmaline Oil Corp.	992	1 136	
11 500	TransCanada Corp., Subscription Receipts	526	671	
205 500	Trinidad Drilling Ltd.	1 401	522	
		11 187	11 526	**20.7**
Financials				
44 400	Bank of Nova Scotia	2 555	2 811	
43 100	Brookfield Asset Management Inc., Class A	1 533	1 842	
201 600	Canaccord Genuity Group Inc.	1 009	992	
27 200	Canadian Western Bank	631	670	
30 200	CI Financial Corp.	916	814	
131 900	Element Financial Corp.	1 636	1 807	
5 500	FirstService Corp.	242	325	
35 400	Home Capital Group Inc.	1 028	1 134	
13 200	Industrial Alliance Insurance & Financial Services Inc.	520	536	
115 100	Manulife Financial Corporation	2 317	2 034	
17 900	National Bank of Canada	719	791	
48 900	Royal Bank of Canada*	3 053	3 733	
Financials (cont.)				
88 500	The Westaim Corp.	$ 271	$ 229	
59 300	Toronto-Dominion Bank	2 445	3 290	
		18 875	21 008	**37.7**
Industrials				
72 700	Badger Daylighting Ltd.	1 494	1 636	
4 800	Boyd Group Income Fund	154	356	
10 100	Canadian National Railway Co.	646	771	
3 000	Canadian Pacific Railway Ltd.	621	499	
28 200	Finning International Inc.	594	593	
23 800	Richelieu Hardware Ltd.	422	603	
15 100	Ritchie Bros. Auctioneers Inc.	500	659	
29 300	Stantec Inc.	931	918	
		5 362	6 035	**10.8**
Information Technology				
17 700	CGI Group Inc., Class A	831	977	
19 800	DH Corp.	630	636	
8 900	Kinaxis Inc.	245	462	
5 300	Open Text Corp.	259	405	
		1 965	2 480	**4.5**
Materials				
8 100	Agnico Eagle Mines Ltd.	317	560	
2 500	CCL Industries, Class B	277	562	
30 300	First Quantum Minerals Ltd.	378	275	
8 600	Franco-Nevada Corp.	568	845	
23 200	Goldcorp Inc.	384	574	
178 300	Polaris Materials Corp.	265	205	
12 200	Stella-Jones Inc.	459	587	
30 670	Turquoise Hill Resources Ltd.	198	134	
		2 846	3 742	**6.7**
Telecommunication Services				
8 100	Rogers Communications Inc., Class B	348	424	
10 500	TELUS Corp.	341	437	
		689	861	**1.5**
Utilities				
4 900	Brookfield Infrastructure Partners LP	259	286	
13 700	Fortis Inc.	552	598	
		811	884	**1.6**
TOTAL CANADIAN EQUITIES		$ 48 909	55 339	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			366	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 55 705	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 55 339**	$ 52 150
Cash	**276**	271
Due from investment dealers	**21**	–
Subscriptions receivable	**46**	19
Dividends receivable, interest accrued and other assets	**101**	115
TOTAL ASSETS	**55 783**	52 555
LIABILITIES		
Redemptions payable	**30**	10
Accounts payable and accrued expenses	**48**	47
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**78**	57
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 55 705**	$ 52 498
Investments at cost	**$ 48 909**	$ 50 703
NAV		
SERIES A	**$ 1 773**	$ 1 781
ADVISOR SERIES	**$ 714**	$ 453
SERIES D	**$ 31 281**	$ 31 096
SERIES F	**$ 829**	$ 2 585
SERIES O	**$ 21 108**	$ 16 583
NAV PER UNIT		
SERIES A	**$ 26.39**	$ 24.41
ADVISOR SERIES	**$ 26.42**	$ 24.44
SERIES D	**$ 27.54**	$ 25.37
SERIES F	**$ 28.67**	$ 26.37
SERIES O	**$ 30.13**	$ 27.56

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 746**	$ 651
Interest for distribution purposes	**3**	4
Other income (loss)	**6**	10
Net realized gain (loss) on investments	**(613)**	1 770
Net gain (loss) on foreign currencies and other net assets	**(2)**	2
Change in unrealized gain (loss) on investments	**4 983**	(749)
TOTAL INCOME (LOSS)	**5 123**	1 688
EXPENSES (see notes – Fund Specific Information)		
Management fees	**227**	271
Administration fees	**25**	24
Independent Review Committee costs	**2**	2
GST/HST	**19**	23
Transaction costs	**38**	27
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**309**	345
INCREASE (DECREASE) IN NAV	**$ 4 814**	$ 1 343
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 125**	$ 44
ADVISOR SERIES	**$ 40**	$ 7
SERIES D	**$ 2 521**	$ 973
SERIES F	**$ 253**	$ 45
SERIES O	**$ 1 875**	$ 274
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 2.02**	$ 0.55
ADVISOR SERIES	**$ 2.02**	$ 0.55
SERIES D	**$ 2.22**	$ 0.70
SERIES F	**$ 2.34**	$ 0.75
SERIES O	**$ 2.61**	$ 0.98

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 4 814**	$ 1 343
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**651**	(1 743)
Change in unrealized loss (gain) on investments	**(4 983)**	749
(Increase) decrease in accrued receivables	**14**	136
Increase (decrease) in accrued payables	**1**	371
Cost of investments purchased	**(72 461)**	(70 816)
Proceeds on sales of investments	**73 583**	66 851
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1 619**	(3 109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**6 581**	7 755
Cash paid on redemption of redeemable units	**(8 195)**	(4 619)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (1 614)**	$ 3 136
Net increase (decrease) in cash for the period	**5**	27
Cash (bank overdraft), beginning of period	**271**	239
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 276**	$ 266
Interest received (paid)	**$ 3**	$ 4
Dividends received, net of withholding taxes	**$ 763**	$ 649

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 1 781**	$ 2 160	**$ 453**	$ 500	**$ 31 096**	$ 37 446	**$ 2 585**	$ 1 685
INCREASE (DECREASE) IN NAV	**125**	44	**40**	7	**2 521**	973	**253**	45
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**169**	289	**298**	135	**743**	2 429	**464**	1 323
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(302)**	(310)	**(77)**	(90)	**(3 079)**	(3 722)	**(2 473)**	(97)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(133)**	(21)	**221**	45	**(2 336)**	(1 293)	**(2 009)**	1 226
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(8)**	23	**261**	52	**185**	(320)	**(1 756)**	1 271
NAV AT END OF PERIOD	**$ 1 773**	$ 2 183	**$ 714**	$ 552	**$ 31 281**	$ 37 126	**$ 829**	$ 2 956

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 16 583**	$ 8 741	**$ 52 498**	$ 50 532
INCREASE (DECREASE) IN NAV	**1 875**	274	**4 814**	1 343
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**4 934**	3 558	**6 608**	7 734
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(2 284)**	(342)	**(8 215)**	(4 561)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**2 650**	3 216	**(1 607)**	3 173
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**4 525**	3 490	**3 207**	4 516
NAV AT END OF PERIOD	**$ 21 108**	$ 12 231	**$ 55 705**	$ 55 048

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and dividend income by investing primarily in a well-diversified portfolio of Canadian common stocks listed on the TSX.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**37.7**	38.4
Energy	**20.7**	19.7
Consumer Discretionary	**11.8**	11.3
Industrials	**10.8**	9.9
Materials	**6.7**	7.0
Information Technology	**4.5**	4.6
Consumer Staples	**4.0**	3.2
Utilities	**1.6**	0.5
Telecommunication Services	**1.5**	1.7
Health Care	**–**	2.4
Cash/Other	**0.7**	1.3
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**1.1**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**55 339**	**–**	**–**	**55 339**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**55 339**	**–**	**–**	**55 339**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	51 825	–	–	51 825
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	325	–	325
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	51 825	325	–	52 150
% of total portfolio	99.4	0.6	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.85%	0.10%
Advisor Series	1.85%	0.10%
Series D	1.10%	0.10%
Series F	0.85%	0.10%
Series O	n/a†	0.06%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.85% from 2.00%; for Series D units were reduced to 1.10% from 1.25%; and for Series F units were reduced to 0.85% from 1.00%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**28**	28
Advisor Series	**55**	55
Series F	**28**	28
Series O	**28**	28
Value of all units	**4**	4

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	29 941
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**73**	79
Issued number of units	**6**	10
Reinvested number of units	**–**	–
Redeemed number of units	**(12)**	(11)
Ending number of units	**67**	78
Advisor Series		
Opening units	**19**	18
Issued number of units	**11**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(3)**	(3)
Ending number of units	**27**	20
Series D		
Opening units	**1 226**	1 326
Issued number of units	**28**	83
Reinvested number of units	**–**	–
Redeemed number of units	**(118)**	(129)
Ending number of units	**1 136**	1 280
Series F		
Opening units	**98**	57
Issued number of units	**18**	44
Reinvested number of units	**–**	–
Redeemed number of units	**(87)**	(3)
Ending number of units	**29**	98
Series O		
Opening units	**602**	285
Issued number of units	**181**	111
Reinvested number of units	**–**	–
Redeemed number of units	**(82)**	(11)
Ending number of units	**701**	385

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**38**	**100**	27	100
Related-party brokerage commissions*	**4**	**11**	–	–
Commission arrangements†	**2**	**5**	2	7

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

PHILLIPS, HAGER & NORTH
Investment Management®

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH U.S. DIVIDEND INCOME FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
25 000	Comcast Corp., Class A	$ 1 923	$ 2 106	
23 700	Delphi Automotive Plc.	1 991	1 917	
26 328	McDonald's Corp.	3 134	4 093	
		7 048	8 116	**4.3**
Consumer Staples				
70 780	Altria Group Inc.	5 033	6 306	
18 800	Anheuser-Busch InBev S.A. ADR	3 044	3 198	
42 000	CVS Health Corp.	5 342	5 195	
25 000	General Mills Inc.	1 918	2 304	
50 175	PepsiCo Inc.	3 511	6 867	
32 200	Philip Morris International Inc.	3 796	4 232	
		22 644	28 102	**14.9**
Energy				
42 700	Chevron Corp.	4 999	5 783	
18 600	Hess Corp.	1 456	1 444	
59 800	Occidental Petroleum Corp.	5 719	5 837	
18 000	Phillips 66 Company	1 989	1 845	
		14 163	14 909	**7.9**
Financials				
24 794	Aflac Inc.	1 904	2 311	
144 300	Bank of America Corp.	2 662	2 474	
70 788	CatchMark Timber Trust Inc. Real Estate Investment Trust	997	1 115	
50 859	DuPont Fabros Technology Inc. Real Estate Investment Trust	1 580	3 123	
75 989	JPMorgan Chase & Co.	4 539	6 103	
181 000	KeyCorp	2 973	2 584	
16 600	Simon Property Group Inc.	3 978	4 652	
38 112	STORE Capital Corp. Real Estate Investment Trust	1 010	1 450	
20 000	Suntrust Banks Inc.	938	1 062	
59 448	Wells Fargo & Company	2 453	3 637	
		23 034	28 511	**15.1**
Health Care				
23 830	AbbVie Inc.	1 537	1 906	
35 000	Cardinal Health Inc.	3 903	3 527	
55 988	Johnson & Johnson	3 979	8 774	
39 600	Medtronic Plc.	3 821	4 439	
25 618	Merck & Co. Inc.	1 509	1 907	
100 500	Pfizer Inc.	4 303	4 572	
33 200	UnitedHealth Group Incorporated	5 227	6 055	
		24 279	31 180	**16.5**
Industrials				
17 400	Boeing Co.	3 189	2 919	
95 967	General Electric Company	3 126	3 903	
3 400	Illinois Tool Works Inc.	464	458	
8 700	Union Pacific Corp.	968	981	
		7 747	8 261	**4.4**
Information Technology				
41 551	Apple Inc.	$ 5 008	$ 5 132	
34 844	Broadridge Financial Solutions Inc.	2 337	2 935	
98 452	Cisco Systems Inc.	3 167	3 649	
29 500	Fidelity National Information Services Inc.	2 455	2 808	
79 172	Intel Corp.	2 433	3 355	
136 920	Microsoft Corp.	5 908	9 052	
62 000	Oracle Corporation	3 270	3 277	
		24 578	30 208	**16.0**
Materials				
28 095	Dow Chemical Company	1 676	1 804	
19 000	LyondellBasell Industries N.V.	2 077	1 827	
		3 753	3 631	**1.9**
Telecommunication Services				
133 583	AT&T Inc.	5 246	7 457	
56 180	Verizon Communications Inc.	3 554	4 054	
		8 800	11 511	**6.1**
Utilities				
34 000	American Electric Power	2 838	3 079	
23 000	NextEra Energy Inc.	3 089	3 875	
37 000	PG&E Corporation	2 679	3 056	
		8 606	10 010	**5.3**
TOTAL UNITED STATES EQUITIES		144 652	174 439	**92.4**
OTHER INVESTMENTS				
22 500	SPDR S&P 500 ETF Trust	6 022	6 090	
TOTAL OTHER INVESTMENTS		6 022	6 090	**3.2**
SHORT-TERM INVESTMENTS*		8 294	8 273	**4.4**
TOTAL INVESTMENTS		$ 158 968	188 802	**100.0**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			104	–
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 188 906	**100.0**

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.43% to 0.82% and mature between July 6, 2016 and July 15, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 188 802**	$ 201 234
Cash	**3 883**	58
Due from investment dealers	**453**	–
Subscriptions receivable	**20**	24
Dividends receivable, interest accrued and other assets	**274**	435
TOTAL ASSETS	**193 432**	201 751
LIABILITIES		
Due to investment dealers	**4 245**	–
Redemptions payable	**162**	154
Accounts payable and accrued expenses	**119**	131
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**4 526**	285
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 188 906**	$ 201 466
Investments at cost	**$ 158 968**	$ 157 093
NAV		
SERIES A	**$ 12 267**	$ 12 974
ADVISOR SERIES	**$ 10 498**	$ 12 585
SERIES D	**$ 73 160**	$ 78 132
SERIES F	**$ 8 617**	$ 7 349
SERIES O	**$ 84 364**	$ 90 426
NAV PER UNIT		
SERIES A	**$ 13.41**	$ 13.52
ADVISOR SERIES	**$ 13.41**	$ 13.52
SERIES D	**$ 13.38**	$ 13.43
SERIES F	**$ 13.36**	$ 13.40
SERIES O	**$ 13.46**	$ 13.44

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 2 817**	$ 3 665
Interest for distribution purposes	**24**	7
Net realized gain (loss) on investments	**12 255**	7 538
Net gain (loss) on foreign currencies and other net assets	**(282)**	1
Change in unrealized gain (loss) on investments	**(14 307)**	(255)
TOTAL INCOME (LOSS)	**507**	10 956
EXPENSES (see notes – Fund Specific Information)		
Management fees	**596**	611
Administration fees	**82**	84
Independent Review Committee costs	**2**	2
GST/HST	**57**	60
Transaction costs	**89**	47
Withholding tax	**400**	384
TOTAL EXPENSES	**1 226**	1 188
INCREASE (DECREASE) IN NAV	**$ (719)**	$ 9 768
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (124)**	$ 512
ADVISOR SERIES	**$ (142)**	$ 471
SERIES D	**$ (413)**	$ 3 332
SERIES F	**$ 11**	$ 212
SERIES O	**$ (51)**	$ 5 241
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.13)**	$ 0.53
ADVISOR SERIES	**$ (0.13)**	$ 0.53
SERIES D	**$ (0.08)**	$ 0.58
SERIES F	**$ (0.06)**	$ 0.60
SERIES O	**$ –**	$ 0.66

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (719)**	$ 9 768
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(12 148)**	(7 486)
Change in unrealized loss (gain) on investments	**14 307**	255
(Increase) decrease in accrued receivables	**161**	49
Increase (decrease) in accrued payables	**(12)**	11
Cost of investments purchased	**(262 997)**	(198 504)
Proceeds on sales of investments	**277 062**	198 177
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**15 654**	2 270
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**7 428**	16 401
Cash paid on redemption of redeemable units	**(19 257)**	(18 678)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (11 829)**	$ (2 277)
Net increase (decrease) in cash for the period	**3 825**	(7)
Cash (bank overdraft), beginning of period	**58**	9
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 3 883**	$ 2
Interest received (paid)	**$ 24**	$ 8
Dividends received, net of withholding taxes	**$ 2 579**	$ 3 329

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 12 974**	$ 11 575	**$ 12 585**	$ 11 345	**$ 78 132**	$ 68 368	**$ 7 349**	$ 4 597
INCREASE (DECREASE) IN NAV	**(124)**	512	**(142)**	471	**(413)**	3 332	**11**	212
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**956**	1 130	**584**	1 959	**3 157**	9 435	**1 942**	1 731
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 539)**	(1 215)	**(2 529)**	(1 335)	**(7 716)**	(6 464)	**(685)**	(368)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(583)**	(85)	**(1 945)**	624	**(4 559)**	2 971	**1 257**	1 363
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(707)**	427	**(2 087)**	1 095	**(4 972)**	6 303	**1 268**	1 575
NAV AT END OF PERIOD	**$ 12 267**	$ 12 002	**$ 10 498**	$ 12 440	**$ 73 160**	$ 74 671	**$ 8 617**	$ 6 172

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 90 426**	$ 94 196	**$ 201 466**	$ 190 081
INCREASE (DECREASE) IN NAV	**(51)**	5 241	**(719)**	9 768
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**785**	2 060	**7 424**	16 315
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(6 796)**	(9 556)	**(19 265)**	(18 938)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(6 011)**	(7 496)	**(11 841)**	(2 623)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(6 062)**	(2 255)	**(12 560)**	7 145
NAV AT END OF PERIOD	**$ 84 364**	$ 91 941	**$ 188 906**	$ 197 226

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a well-diversified portfolio of dividend income-producing U.S. securities that have a relatively high yield.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Health Care	**16.5**	17.6
Information Technology	**16.0**	16.5
Financials	**15.1**	17.2
Consumer Staples	**14.9**	15.1
Energy	**7.9**	5.0
Telecommunication Services	**6.1**	4.3
Utilities	**5.3**	6.9
Industrials	**4.4**	6.3
Consumer Discretionary	**4.3**	6.6
Index Funds	**3.2**	–
Materials	**1.9**	1.0
Cash/Other	**4.4**	3.5
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**100.0**	99.9
Total	**100.0**	99.9

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P 500 Total Return Index (CAD)	**+ or -**	**0.9**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**180 529**	**–**	**–**	**180 529**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**8 273**	**–**	**8 273**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**180 529**	**8 273**	**–**	**188 802**
% of total portfolio	**95.6**	**4.4**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	194 315	–	–	194 315
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	6 919	–	6 919
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	194 315	6 919	–	201 234
% of total portfolio	96.6	3.4	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.07%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**42**	79
Advisor Series	**156**	156
Series F	**85**	85
Series O	**89**	89
Value of all units	**5**	6

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	15 258
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**959**	958
Issued number of units	**73**	89
Reinvested number of units	**–**	–
Redeemed number of units	**(117)**	(95)
Ending number of units	**915**	952
Advisor Series		
Opening units	**931**	939
Issued number of units	**44**	152
Reinvested number of units	**–**	–
Redeemed number of units	**(192)**	(105)
Ending number of units	**783**	986
Series D		
Opening units	**5 816**	5 694
Issued number of units	**243**	745
Reinvested number of units	**–**	–
Redeemed number of units	**(591)**	(506)
Ending number of units	**5 468**	5 933
Series F		
Opening units	**548**	384
Issued number of units	**150**	136
Reinvested number of units	**–**	–
Redeemed number of units	**(53)**	(29)
Ending number of units	**645**	491
Series O		
Opening units	**6 729**	7 837
Issued number of units	**60**	164
Reinvested number of units	**–**	–
Redeemed number of units	**(520)**	(743)
Ending number of units	**6 269**	7 258

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**89**	**100**	47	100
Related-party brokerage commissions*	**19**	**21**	22	47
Commission arrangements†	**16**	**18**	22	47

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
UNITED KINGDOM EQUITIES				
Information Technology				
50 210	ARM Holdings Plc. ADR	$ 2 316	$ 2 952	
TOTAL UNITED KINGDOM EQUITIES		2 316	2 952	**0.1**
UNITED STATES EQUITIES				
Consumer Discretionary				
65 794	Amazon.com, Inc.	39 713	60 830	
26 610	AMC Networks Inc.	2 444	2 077	
430 093	Ascena Retail Group Inc.	5 215	3 884	
12 066	Autozone Inc.	11 677	12 357	
60 542	Bed Bath & Beyond Inc.	4 629	3 381	
66 977	Best Buy Co. Inc.	2 880	2 648	
16 906	Big Lots Inc.	1 006	1 095	
20 984	Borg-Warner Automotive Inc.	900	800	
113 776	Brunswick Corp.	6 554	6 662	
175 235	Carnival Corp.	11 128	10 007	
96 430	Carriage Services Inc.	2 787	2 950	
5 610	Cavco Industries Inc.	528	679	
72 500	CBS Corp.	4 679	5 098	
8 335	Charter Communications Inc.	2 251	2 462	
190 802	Comcast Corp., Class A	14 626	16 070	
16 060	Core-Mark Holding Co. Inc.	405	974	
286 725	D.R. Horton Inc.	11 252	11 661	
29 930	Dana Holding Corporation	654	408	
14 361	Darden Restaurants Inc.	1 209	1 175	
51 270	Destination Maternity Corp.	1 207	389	
331 890	Destination XL Group Inc.	1 457	1 960	
32 780	Dick's Sporting Goods Inc.	1 708	1 909	
39 180	Dollar Tree Inc.	3 345	4 770	
33 571	Drew Industries Inc.	968	3 680	
18 200	Expedia Inc.	2 604	2 499	
19 472	Foot Locker Inc.	1 709	1 380	
445 260	Ford Motor Company	7 679	7 231	
102 920	Fox Factory Holding Corp.	1 832	2 308	
93 430	G-III Apparel Group Ltd.	4 988	5 521	
10 521	GameStop Corp., Class A	409	361	
46 050	Gannett Co. Inc.	963	822	
266 782	General Motors Co.	10 689	9 754	
243 095	Goodyear Tire & Rubber Co.	9 889	8 059	
60 750	Grand Canyon Education Inc.	2 775	3 133	
39 940	Gray Television Inc.	575	560	
25 920	Helen Of Troy Ltd.	2 003	3 447	
347 277	Home Depot Inc.	50 420	57 290	
152 270	Interpublic Group of Companies Inc.	4 461	4 544	
321 230	Interval Leisure Group Inc.	5 821	6 599	
83 700	Johnson Controls Inc.	4 571	4 786	
41 322	Kohl's Corp.	2 837	2 024	
54 650	Kona Grill Inc.	1 147	758	
22 511	L Brands Inc.	2 006	1 953	
74 477	Lear Corp.	10 720	9 790	
219 241	Libbey Inc.	6 338	4 509	
33 900	Lithia Motors Inc.	3 717	3 113	
95 700	LKQ Corp.	2 443	3 919	
128 091	Lowe's Companies	12 207	13 102	
81 230	Malibu Boats Inc.	1 771	1 268	
2 558	Marriott International Inc., Class A	222	220	
250 445	McDonald's Corp.	39 509	38 938	
233 084	Michael Kors Holdings Ltd.	15 771	14 893	
22 280	Mohawk Industries Inc.	5 423	5 462	
40 040	Motorcar Parts of America Inc.	1 688	1 406	
17 200	NetFlix Inc.	2 169	2 033	
66 470	New Media Investment Group Inc.	1 549	1 552	
46 143	Newell Brands Inc.	2 625	2 895	
157 069	Nordstrom Inc.	10 057	7 721	
170	NVR Inc.	347	391	
56 282	O'Reilly Automotive Inc.	16 347	19 716	
8 510	Panera Bread Company	1 573	2 331	
64 403	Penske Auto Group Inc.	3 323	2 618	
64 380	Performance Sports Group Ltd.	1 286	250	
91 510	Pier 1 Imports Inc.	1 299	608	
135 080	Ross Stores Inc.	7 251	9 893	
64 486	Royal Caribbean Cruises Ltd.	6 333	5 594	
2 411	Scripps Networks Interactive Inc.	193	194	
70 834	Sirius XM Holdings Inc.	357	361	
15 617	Six Flags Entertainment Corp.	1 145	1 169	
153 174	Smith & Wesson Holding Corp.	2 772	5 379	
348 011	Starbucks Corp.	23 847	25 682	
39 376	Steven Madden Ltd.	1 047	1 739	
2 706	Sturm Ruger & Co. Inc.	241	224	
94 378	Tandy Leather Factory Inc.	1 007	867	
223 361	Target Corporation	20 872	20 152	
88 860	Taylor Morrison Home Corp.	1 860	1 704	
10 938	Tempur Sealy International Inc.	822	782	
34 457	Tenneco Automotive Inc.	2 179	2 075	
25 772	The Michaels Cos Inc.	856	947	
6 087	The Priceline Group Inc.	10 359	9 818	
78 819	The Walt Disney Company	9 709	9 961	
78 030	Time Warner Inc.	7 282	7 412	
68 514	TJX Companies Inc.	5 995	6 835	
103 419	Toll Brothers Inc.	3 870	3 596	
42 410	Tractor Supply Co.	2 911	4 996	
47 758	Under Armour Inc.	2 611	2 246	
47 420	Under Armour Inc., Class A	2 271	2 459	
107 079	Universal Electronics Inc.	4 254	9 999	
41 170	V.F. Corporation	3 408	3 271	
49 180	Viacom Inc.	3 126	2 635	
42 091	Whirlpool Corp.	9 176	9 062	
54 500	Yum! Brands, Inc.	5 492	5 837	
200 008	Zagg Inc.	1 746	1 357	
		533 976	573 936	**13.7**
Consumer Staples				
618 985	Altria Group Inc.	44 180	55 147	
8 848	B&G Foods Inc.	499	551	
19 000	Blue Buffalo Pet Products Inc.	506	573	
62 608	Cal-Maine Foods Inc.	4 281	3 589	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Staples (cont.)				
17 420	Caseys General Stores Inc.	$ 2 510	$ 2 960	
34 090	Church & Dwight Co. Inc.	2 482	4 531	
73 200	Colgate-Palmolive Company	6 814	6 921	
121 240	Conagra Inc.	7 216	7 489	
21 606	Constellation Brands Inc.	4 097	4 617	
29 100	Costco Wholesale Corp.	5 824	5 904	
153 904	Dean Foods Co.	3 886	3 597	
82 900	General Mills Inc.	6 751	7 640	
52 533	Herbalife Ltd.	3 598	3 972	
34 260	Ingredion Inc.	3 146	5 728	
17 010	John B. Sanfilippo & Son Inc.	1 117	937	
47 409	Kimberly-Clark Corp.	7 535	8 419	
48 650	Landec Corp.	758	676	
27 530	McCormick & Co. Inc.	2 050	3 794	
180 370	Mondelez International Inc.	10 940	10 605	
10 300	Monster Beverage Corp.	2 113	2 139	
40 088	Nu Skin Enterprises Inc.	2 263	2 392	
160 331	PepsiCo Inc.	19 118	21 944	
343 290	Philip Morris International Inc.	42 383	45 114	
97 377	Pilgrim's Pride Corp.	2 780	3 206	
32 410	Post Holdings Inc.	2 864	3 462	
19 510	Pricesmart Inc.	1 747	2 359	
112 711	Reynolds American Inc.	7 413	7 851	
5 464	Sanderson Farms Inc.	576	612	
13 888	SpartanNash Co.	509	549	
148 128	Sysco Corp.	9 342	9 710	
213 800	The Coca-Cola Co.	11 179	12 521	
62 100	The Kraft Heinz Co.	6 567	7 099	
191 391	The Kroger Co.	9 494	9 097	
441 921	The Procter & Gamble Co.	47 293	48 341	
39 040	Treehouse Foods Inc.	2 839	5 177	
344 366	Tyson Foods Inc.	27 788	29 715	
52 110	United Natural Foods Inc.	3 372	3 151	
238 837	Wal-Mart Stores, Inc.	20 791	22 531	
		338 621	374 620	**9.0**
Energy				
58 910	Anadarko Petroleum Corp.	5 434	4 053	
7 245	Apache Corp.	508	521	
137 000	Callon Petroleum Co.	1 292	1 988	
179 264	Chevron Corp.	21 957	24 279	
1 913	Cimarex Energy Co.	223	295	
34 320	Concho Resources Inc.	4 570	5 288	
208 635	ConocoPhillips	13 205	11 752	
22 561	Core Laboratories N.V.	3 112	3 610	
40 460	Delek US Holdings Inc.	787	690	
45 364	Devon Energy Corporation	2 598	2 125	
7 596	Diamond Offshore Drilling	243	239	
36 300	EOG Resources Inc.	3 730	3 911	
208 183	EP Energy Corp.	2 002	1 393	
406 850	Exxon Mobil Corp.	41 685	49 273	
90 600	Gulfport Energy Corp.	4 251	3 659	
71 100	Halliburton Co.	3 423	4 159	
37 420	Helmerich & Payne	2 668	3 245	
165 379	Hess Corp.	11 716	12 841	
313 397	Marathon Oil Corp.	7 332	6 071	
243 393	Memorial Resource Development Corp.	4 180	4 993	

Holdings	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
90 694	Murphy Oil Corp.	$ 3 851	$ 3 720	
108 796	Newfield Exploration Company	4 896	6 210	
391 501	Noble Corporation plc	6 422	4 168	
158 827	Occidental Petroleum Corp.	15 325	15 505	
32 120	Oceaneering International Inc.	1 924	1 239	
133 340	Parsley Energy Inc.	3 610	4 662	
53 284	Pioneer Natural Resources Co.	9 005	10 414	
80 415	QEP Resources Inc.	1 813	1 832	
179 500	Ring Energy Inc.	2 986	2 045	
20 916	Rowan Cos Plc.	469	477	
67 870	RSP Permian Inc.	2 153	3 059	
292 825	Synergy Resources Corp.	3 527	2 520	
142 027	Tesoro Petroleum Corp.	14 444	13 747	
165 562	Transocean Ltd.	2 334	2 543	
334 933	Valero Energy Corp.	26 283	22 069	
		233 958	238 595	**5.7**
Financials				
55 170	Affiliated Managers Group Inc.	12 383	10 027	
12 670	Alexandria Real Estate Equities Inc.	1 351	1 695	
89 621	Allstate Corp.	6 258	8 099	
202 575	Ally Financial Inc.	5 439	4 468	
24 190	American Financial Group Inc.	1 738	2 310	
142 928	American International Group Inc.	10 546	9 764	
447	American National Insurance Co.	62	65	
49 300	American Tower Corp. Real Estate Investment Trust	6 611	7 236	
9 311	Ameriprise Financial Inc.	1 116	1 081	
95 621	Amerisafe Inc.	3 950	7 563	
617 507	Amtrust Financial Services Inc.	21 097	19 546	
173 256	Apple Hospitality Inc. Real Estate Investment Trust	4 245	4 210	
71 970	Arthur J. Gallagher & Co.	4 363	4 426	
1 156	Aspen Insurance Holdings Ltd.	67	69	
65 167	Assurant Inc.	7 077	7 267	
85 136	Assured Guaranty Ltd.	2 780	2 790	
28 564	AvalonBay Communities Inc. Real Estate Investment Trust	6 263	6 656	
9 700	Bancfirst Corp.	623	756	
2 365 516	Bank of America Corp.	50 268	40 555	
85 933	Bank of the Ozarks Inc.	4 428	4 166	
22 356	Berkshire Hathaway Inc., Class B	4 095	4 182	
22 510	BlackRock Inc.	9 292	9 961	
15 670	Boston Properties Inc.	2 692	2 670	
72 980	Brown & Brown Inc.	2 498	3 533	
43 690	Capital Bank Financial Corp.	1 692	1 626	
28 009	Capital One Financial Corp.	2 714	2 298	
42 980	Cardinal Financial Corp.	1 219	1 218	
4 011	Care Capital Properties Inc. Real Estate Investment Trust	134	136	
120 370	CBL & Associates Properties Inc.	1 889	1 448	
20 750	Chatham Lodging Trust Real Estate Investment Trust	624	589	
90 509	Chemical Financial Corp.	3 542	4 360	
72 470	Chubb Ltd.	11 661	12 238	
25 585	Cincinnati Financial Corp.	2 255	2 475	
702 643	Citigroup Inc.	45 140	38 494	
385 102	Citizens Financial Group Inc.	11 078	9 941	
67 914	CME Group Inc., Class A	8 163	8 546	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
78 000	CoBiz Financial Inc.	$ 1 242	$ 1 179	
39 850	Columbia Property Trust Inc. Real Estate Investment Trust	1 187	1 101	
40 740	Community Bank System Inc.	1 608	2 163	
500 215	Compass Diversified Holdings	9 754	10 721	
36 422	CoreSite Realty Corp. Real Estate Investment Trust	2 635	4 173	
22 120	Corrections Corporation of America	820	1 001	
16 100	Crown Castle International Corp. Real Estate Investment Trust	2 063	2 109	
59 500	CubeSmart Real Estate Investment Trust	2 171	2 374	
111 393	DiamondRock Hospitality Co. Real Estate Investment Trust	1 593	1 300	
23 140	DuPont Fabros Technology Inc. Real Estate Investment Trust	1 039	1 421	
54 640	E*TRADE Financial Corp.	1 798	1 658	
7 950	EastGroup Properties Inc. Real Estate Investment Trust	603	708	
88 615	Equity Residential Properties Trust	7 324	7 886	
235 191	EverBank Financial Corp.	5 084	4 515	
5 347	Everest Re Group Ltd.	1 277	1 262	
60 125	Extra Space Storage Inc. Real Estate Investment Trust	6 788	7 188	
16 860	Factset Research Systems Inc.	2 585	3 517	
101 192	Fifth Third Bancorp	2 293	2 300	
62 100	First Republic Bank	5 447	5 614	
160 581	Gramercy Property Trust Real Estate Investment Trust	1 516	1 913	
6 847	Great Western Bancorp Inc.	282	279	
100 140	Hanmi Financial Corp.	3 279	3 039	
140 926	Hartford Financial Services Inc.	7 105	8 083	
99 659	HCP Inc. Real Estate Investment Trust	4 076	4 555	
82 210	Heritage Financial Corp.	1 905	1 867	
13 406	Home Bancshares Inc.	359	343	
186 925	Hospitality Properties Trust	6 725	6 952	
277 999	Host Marriott Corp.	6 255	5 822	
70 758	Huntington Bancshares	739	817	
8 216	Interactive Brokers Group Inc., Class A	437	376	
72 520	Invesco Ltd.	2 972	2 393	
25 550	Jones Lang LaSalle Incorporated	3 703	3 217	
369 813	JPMorgan Chase & Co.	27 015	29 701	
81 707	Kilroy Realty Corp. Real Estate Investment Trust	6 645	6 998	
31 724	Lamar Advertising Co., Class A Real Estate Investment Trust	2 529	2 717	
71 424	LaSalle Hotel Properties	2 519	2 176	
30 950	LegacyTexas Financial Group Inc.	855	1 076	
134 588	Lexington Real Estate Investment Trust	1 496	1 758	
219 475	Lincoln National Corp.	11 778	10 993	
916	Markel Corp.	1 095	1 126	
4 852	MarketAxess Holdings Inc.	726	911	
58 700	Marsh & McLennan Companies Inc.	4 095	5 192	
68 090	Mercantile Bank Corp.	1 903	2 099	
270 976	Morgan Stanley	$ 9 850	$ 9 101	
2 497	MSCI Inc.	224	249	
698 684	National General Holdings Corp.	16 979	19 335	
211 926	Navient Corp.	3 810	3 272	
20 960	Northrim BanCorp Inc.	694	712	
433 763	Old Republic International Corp.	10 711	10 810	
54 304	Omega Healthcare Investors Inc. Real Estate Investment Trust	2 392	2 382	
99 135	Pacific Premier Bancorp Inc.	2 934	3 074	
47 564	Pebblebrook Hotel Trust Real Estate Investment Trust	1 578	1 613	
75 930	Physicians Realty Trust Real Estate Investment Trust	1 877	2 061	
18 690	Pinnacle Financial Partners Inc.	1 269	1 180	
55 071	Popular Inc.	2 182	2 085	
56 440	PRA Group Inc.	2 363	1 760	
46 160	ProAssurance Corp.	2 318	3 194	
14 810	ProLogis Inc. Trust	897	938	
115 894	Prudential Financial Inc.	12 401	10 679	
81 057	Public Storage Inc. Real Estate Investment Trust	26 296	26 757	
58 730	Ramco-Gershenson Properties Trust Real Estate Investment Trust	1 300	1 488	
45 360	Raymond James Financial Corp.	2 183	2 890	
380 297	Regions Financial Corp.	4 469	4 181	
18 730	Reinsurance Group of America Inc.	2 282	2 347	
24 642	Retail Properties of America Inc., Class A Real Estate Investment Trust	515	538	
45 000	Rexford Industrial Realty Inc. Real Estate Investment Trust	945	1 226	
42 150	RLI Corp.	3 177	3 745	
5 297	S&P Global Inc.	718	734	
92 210	Safeguard Scientifics Inc.	1 921	1 488	
65 629	Santander Consumer USA Holdings Inc.	1 139	876	
30 863	Signature Bank	4 307	4 981	
93 846	Simon Property Group Inc.	24 405	26 298	
45 899	SL Green Realty Corp. Real Estate Investment Trust	6 057	6 314	
77 530	STAG Industrial Inc. Real Estate Investment Trust	2 036	2 386	
142 213	Sterling Bancorp	2 486	2 885	
35 149	Summit Hotel Properties Inc. Real Estate Investment Trust	544	601	
440 235	Suntrust Banks Inc.	22 819	23 373	
30 837	SVB Financial Group	4 035	3 791	
600 883	Synchrony Financial	23 339	19 625	
76 880	Synovus Financial Corp.	2 844	2 879	
25 330	T. Rowe Price Group Inc.	2 131	2 388	
4 094	Taubman Centers Inc.	371	392	
50 590	Terreno Realty Corp. Real Estate Investment Trust	1 455	1 690	
69 150	Texas Capital Bancshares Inc.	4 413	4 180	
6 532	The Charles Schwab Corporation	235	214	
183 458	The Goldman Sachs Group Inc.	44 868	35 228	
143 360	United Community Banks Inc.	3 768	3 388	
83 740	Unum Group	3 277	3 439	
9 067	Validus Holdings Ltd.	554	569	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
50 480	Ventas Inc. Real Estate Investment Trust	$ 4 555	$ 4 749	
474 872	VEREIT Inc. Real Estate Investment Trust	5 216	6 221	
221 793	Voya Financial Inc.	11 265	7 091	
4 376	Walker & Dunlop Inc.	131	129	
291 643	Wells Fargo & Company	17 679	17 843	
133 000	XL Group Plc.	6 098	5 724	
		732 985	718 150	**17.2**
Health Care				
246 751	AbbVie Inc.	19 608	19 732	
47 948	Abiomed Inc.	5 166	6 770	
121 872	Aetna Inc.	17 936	19 230	
51 010	Air Methods Corp.	2 868	2 361	
29 100	Align Technology Inc.	2 579	3 028	
20 660	Allergan plc	7 281	6 166	
133 952	AMAG Pharmaceuticals Inc.	4 068	4 140	
258 057	AmerisourceBergen Corp.	34 187	26 445	
204 229	Amgen Inc.	40 810	40 145	
24 499	AMN Healthcare Services Inc.	985	1 266	
1 605	Amsung Corp.	160	161	
60 900	Baxter International Inc.	3 290	3 558	
31 500	Becton Dickinson & Co.	6 714	6 902	
9 200	Biogen Inc.	3 251	2 874	
135 568	BioScrip Inc.	887	447	
118 400	Boston Scientific Corp.	3 426	3 575	
114 900	Bristol-Myers Squibb Co.	9 029	10 918	
9 437	Bruker Corp.	344	277	
14 220	C.R. Bard Inc.	3 037	4 320	
37 160	Cambrex Corp.	2 304	2 483	
159 305	Cardinal Health Inc.	16 876	16 056	
41 101	Celgene Corp.	5 834	5 237	
155 994	Centene Corp.	12 225	14 384	
31 300	Cerner Corp.	1 724	2 370	
2 277	Charles River Laboratories International	242	243	
1 270	Chemed Corp.	252	224	
15 310	Cooper Co. Inc.	2 520	3 395	
28 740	DaVita HealthCare Partners Inc.	2 573	2 871	
57 540	Edwards Lifesciences Corp.	7 043	7 414	
158 229	Eli Lilly & Co.	16 807	16 098	
756	Express Scripts Holding Co.	73	74	
374 189	Gilead Sciences Inc.	49 353	40 328	
85 270	Globus Medical Inc., Class A	2 745	2 625	
94 697	HCA Holdings Inc.	9 904	9 422	
26 040	Henry Schein Inc.	2 947	5 948	
10 208	Hologic Inc.	529	456	
51 415	IDEXX Laboratories Inc.	4 150	6 167	
5 873	Incyte Corporation Ltd.	596	607	
37 210	Jazz Pharmaceuticals Plc.	6 568	6 793	
506 868	Johnson & Johnson	67 681	79 433	
64 290	Laboratory Corp. of America Holdings	9 264	10 820	
13 991	Ligand Pharmaceuticals Inc.	1 974	2 156	
68 266	Mallinckrodt Plc.	5 044	5 361	

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care (cont.)				
28 305	Masimo Corp.	$ 809	$ 1 920	
17 600	McKesson Corp.	4 114	4 243	
102 135	Medtronic Plc.	8 284	11 450	
187 581	Merck & Co. Inc.	13 517	13 965	
8 570	Mettler-Toledo International Inc.	2 124	4 040	
6 355	Molina Healthcare Inc.	571	410	
46 420	Parexel International Corp.	2 286	3 774	
14 320	Perrigo Company Plc.	2 179	1 678	
322 583	Pfizer Inc.	13 137	14 674	
34 680	PharMerica Corp.	1 464	1 105	
1 791	Regeneron Pharmaceutical	994	808	
35 590	STERIS Plc.	3 508	3 161	
40 400	Stryker Corp.	5 551	6 255	
6 150	Teleflex Inc.	958	1 409	
58 180	Thermo Fisher Scientific Inc.	10 549	11 106	
47 540	U.S. Physical Therapy Inc.	1 505	3 697	
8 434	United Therapeutics Corp.	1 704	1 154	
111 941	UnitedHealth Group Incorporated	16 702	20 416	
21 730	Universal Health Services Inc., Class B	3 338	3 765	
21 650	Varian Medical Systems Inc.	1 676	2 299	
12 329	Veeva Systems Inc.	546	543	
12 400	Vertex Pharmaceuticals Inc.	1 451	1 378	
22 086	Waters Corp.	3 036	4 013	
31 139	WellCare Health Plans Inc.	3 709	4 315	
61 492	West Pharmaceutical Services Inc.	2 730	6 028	
		501 296	530 886	**12.7**
Industrials				
48 200	3M Co.	10 239	10 901	
507 260	ACCO Brands Corp.	4 664	6 770	
14 601	Acuity Brands Inc.	4 400	4 677	
113 634	Alaska Airgroup Inc.	9 978	8 555	
3 513	Allegion Plc.	283	315	
28 592	American Airlines Group Inc.	1 579	1 046	
2 353	American Woodmark Corp.	196	202	
39 477	Ametek Inc.	1 707	2 358	
80 917	Astronics Corp.	3 533	3 477	
31 921	Atlas Air Worldwide Holdings Inc.	2 051	1 708	
64 424	AZZ Inc.	2 149	4 992	
17 710	Babcock & Wilcox Enterprises Inc.	505	336	
119 849	Boeing Co.	21 190	20 103	
107 828	BWX Technologies Inc.	4 777	4 985	
29 595	Carlisle Cos. Inc.	3 058	4 041	
151 870	Casella Waste Systems Inc., Class A	1 384	1 540	
25 500	Caterpillar Inc.	2 574	2 498	
29 950	Clean Harbors Inc.	1 659	2 017	
210 545	Columbus McKinnon Corp.	4 650	3 849	
27 075	Comfort Systems USA Inc.	1 044	1 139	
61 040	Copart Inc.	2 564	3 865	
173 232	CSX Corp.	6 178	5 837	
14 430	Cummins Engine Inc.	2 110	2 096	
98 140	Danaher Corp.	10 489	12 806	
41 300	Deere & Co.	4 542	4 324	
291 953	Delta Air Lines Inc.	17 217	13 741	
73 450	Donnelley (R.R.) & Sons Co.	1 591	1 606	
56 510	Ducommun Inc.	1 406	1 444	
19 788	Dycom Industries Inc.	1 740	2 294	
57 000	Emerson Electric Co.	3 874	3 840	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
75 470	EnerSys	$ 4 514	$ 5 800	
72 890	Ennis Inc.	1 672	1 806	
22 251	Equifax Inc.	3 252	3 691	
24 429	FedEx Corporation	4 937	4 790	
71 570	Flowserve Corp.	4 533	4 177	
57 288	Fluor Corp.	3 600	3 648	
27 343	Fortune Brands Home & Security Inc.	2 006	2 048	
851 807	General Electric Company	30 461	34 643	
18 530	GP Strategies Corp.	550	519	
7 940	Grainger (W.W.) Inc.	1 946	2 331	
5 030	Hawaiian Holdings Inc.	235	247	
114 620	Honeywell International Inc.	13 865	17 225	
3 502	Huntington Ingalls Industries Inc.	583	760	
14 490	IHS Inc., Class A	1 652	2 165	
49 400	Illinois Tool Works Inc.	6 438	6 648	
152 460	Ingersoll-Rand Plc., Class A	11 620	12 543	
1 725	Insperity Inc.	166	172	
83 075	Insteel Industries Inc.	1 431	3 069	
69 640	Interface Inc.	1 129	1 372	
24 870	J.B. Hunt Transport Services Inc.	1 815	2 600	
30 955	Jacobs Engineering Group Inc.	2 011	1 992	
161 356	JetBlue Airways Corp.	4 641	3 452	
14 400	Kirby Corp.	1 278	1 161	
28 540	Landstar System Inc.	1 721	2 532	
35 932	Lennox International Inc.	6 287	6 620	
42 786	Lockheed Martin Corporation	10 266	13 725	
65 280	Lydall Inc.	2 827	3 252	
88 513	Manpower Inc.	8 883	7 358	
36 170	Marten Transport Ltd.	916	925	
400 683	Masco Corp.	14 860	16 016	
19 130	Middleby Corp.	2 280	2 848	
17 890	Miller (Herman) Inc.	617	691	
25 170	MSC Industrial Direct Co.	2 110	2 294	
186 566	NN Inc.	4 997	3 372	
24 600	Northrop Grumman Corp.	5 827	7 064	
7 237	Old Dominion Freight Line Inc.	313	564	
3 885	On Assignment Inc.	187	185	
10 514	Oshkosh Truck Corp.	585	648	
81 940	Owens Corning	4 954	5 454	
45 516	Paccar Inc.	3 198	3 050	
134 908	Patrick Industries Inc.	4 990	10 508	
94 411	Pentair Plc.	6 789	7 110	
71 490	PGT Inc.	1 187	951	
390 233	Quanta Services Inc.	10 783	11 656	
38 720	Raytheon Company	6 370	6 801	
14 264	Rollins Inc.	515	539	
16 380	Roper Technologies Inc.	2 739	3 610	
43 877	Ryder System Inc.	3 760	3 466	
2 620	Snap-On Inc.	522	534	
218 032	Southwest Airlines	10 954	11 041	
27 420	Sparton Corp.	847	772	
139 690	Spirit Aerosystems Holdings Inc., Class A	9 277	7 760	
99 861	Spirit Airlines Inc.	5 925	5 792	
20 970	Stericycle Inc.	2 410	2 821	
20 409	Swift Transportation Co., Class A	443	406	
128 630	The Greenbrier Co. Inc.	$ 5 337	$ 4 841	
97 097	Trinity Industries	3 391	2 330	
76 700	Union Pacific Corp.	8 741	8 647	
333 247	United Continental Holdings Inc.	23 806	17 669	
173 703	United Parcel Service Inc.	23 237	24 177	
35 530	United Technologies Corp.	4 579	4 708	
27 976	USG Corp.	963	974	
30 740	Verisk Analytics Inc.	2 331	3 220	
31 946	Wabtec Corp.	3 328	2 899	
43 270	Waste Connections Inc.	3 082	4 026	
64 600	Waste Management Inc.	4 514	5 531	
45 630	Woodward Inc.	2 647	3 398	
		461 961	487 006	**11.7**
Information Technology				
241 396	Accenture Plc., Class A	30 163	35 332	
111 607	Activision Blizzard Inc.	5 024	5 714	
46 700	Adobe Systems Inc.	5 353	5 781	
39 370	Akamai Technologies Inc.	3 293	2 845	
10 180	Alliance Data Systems Corp.	3 634	2 576	
28 800	Alphabet Inc., Class A	20 075	26 177	
58 343	Alphabet Inc., Class C	47 812	52 177	
12 920	Amdocs Ltd.	956	963	
29 860	Ansys Inc.	2 528	3 501	
739 735	Apple Inc.	95 224	91 365	
182 868	Applied Materials Inc.	5 512	5 663	
13 112	Arista Networks Inc.	1 074	1 091	
70 523	Arrow Electronics Inc.	4 957	5 642	
56 020	Aspen Technology Inc.	3 025	2 912	
48 570	Autodesk Inc.	2 918	3 397	
85 000	Broadcom Ltd.	15 257	17 065	
34 370	Cavium Inc.	2 155	1 715	
18 731	CDW Corp.	1 032	970	
1 127 027	Cisco Systems Inc.	40 718	41 774	
49 060	Citrix Systems Inc.	4 477	5 076	
105 332	Cognizant Technology Solutions Corp., Class A	8 437	7 789	
9 840	Coherent Inc.	736	1 167	
73 370	Computer Sciences Corp.	4 583	4 705	
79 586	Convergys Corp.	2 520	2 571	
25 992	CSRA Inc.	931	787	
428 293	eBay Inc.	14 399	12 954	
38 528	Electronic Arts Inc.	3 635	3 771	
127 560	EMC Corp.	4 212	4 478	
3 080	ExlService Holdings Inc.	200	209	
24 944	F5 Networks Inc.	3 269	3 669	
395 601	Facebook Inc., Class A	48 304	58 408	
5 270	Fairchild Semiconductor International Inc.	107	135	
45 280	Fidelity National Information Services Inc.	3 643	4 310	
13 327	First Solar Inc.	861	835	
34 327	Fiserv Inc.	3 958	4 822	
6 345	Global Payments Inc.	608	585	
36 910	Guidewire Software Inc.	2 860	2 945	
265 304	HP Inc.	4 397	4 302	
93 650	Ingram Micro Inc.	3 542	4 210	
152 950	Integrated Device Technology Inc.	3 929	3 978	
918 434	Intel Corp.	37 997	38 920	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
67 973	Interactive Intelligence Group	$ 2 836	$ 3 600	
49 534	InterDigital Inc.	2 490	3 563	
124 252	International Business Machines	24 256	24 373	
20 000	Intuit Inc.	2 755	2 884	
25 072	IPG Photonics Corp.	2 021	2 591	
9 247	j2 Global Inc.	784	755	
154 313	Jabil Circuit Inc.	4 023	3 682	
207 664	Lam Research Corp.	20 169	22 553	
1 428	LinkedIn Corp.	236	349	
43 068	Manhattan Associates Inc.	3 645	3 570	
228 263	MasterCard Inc.	26 302	25 981	
21 940	MercadoLibre Inc.	2 698	3 987	
833 012	Microsoft Corp.	48 806	55 070	
85 820	Mitel Networks Corp.	948	697	
164 058	Motorola Solutions Inc.	15 546	13 983	
3 529	Netgear Inc.	215	217	
114 070	Novanta Inc.	2 078	2 239	
6 169	Nuance Communications Inc.	143	125	
282 742	Nvidia Corp.	13 456	17 172	
333 650	Oracle Corporation	17 187	17 637	
15 350	Palo Alto Networks Inc.	3 081	2 430	
9 129	Paychex Inc.	591	702	
37 290	Qorvo Inc.	2 574	2 662	
48 900	QUALCOMM Inc.	3 321	3 384	
35 120	Red Hat Inc.	2 796	3 294	
69 130	Sabre Corp.	2 572	2 393	
88 900	Salesforce.com Inc.	8 678	9 121	
4 246	Sanmina Corp.	150	147	
94 450	Sapiens International Corp. N.V.	1 358	1 429	
185 168	Skyworks Solutions Inc.	17 829	15 138	
11 545	Stamps.com Inc.	1 246	1 304	
4 227	Sykes Enterprises Inc.	161	158	
48 590	Synaptics Inc.	4 254	3 375	
207 184	Synchronoss Technologies Inc.	9 817	8 528	
3 022	SYNNEX Corp.	377	370	
54 880	SynOpsys Inc.	2 272	3 834	
66 330	Take-Two Interactive Software Inc.	1 647	3 250	
9 615	Tech Data Corp.	938	893	
120 281	Teradata Corp.	4 207	3 896	
54 000	Tessco Technologies Inc.	1 163	969	
91 101	Texas Instruments Inc.	6 362	7 374	
78 323	The Western Union Co.	1 932	1 941	
35 378	Total System Services Inc.	2 440	2 428	
25 888	Tyler Technologies Inc.	2 886	5 579	
133 317	Verisign Inc.	11 657	14 892	
127 928	Visa Inc., Class A	9 923	12 261	
42 590	Vishay Precision Group Inc.	755	738	
22 400	VMware Inc.	1 709	1 656	
130 879	Western Digital Corp.	10 400	7 991	
32 950	WEX Inc.	3 148	3 775	
398 127	Xerox Corp.	5 125	4 881	
25 560	Zebra Technologies Corp.	2 787	1 654	
		767 065	814 761	**19.5**

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials				
37 100	Air Products & Chemicals Inc.	$ 6 911	$ 6 809	
35 860	Aptargroup Inc.	2 438	3 666	
52 801	Celanese Corp.	4 680	4 465	
74 372	Crown Holdings Inc.	4 581	4 869	
18 761	Domtar Corp.	958	849	
191 522	Dow Chemical Company	12 746	12 300	
32 500	Du Pont (E.I.) de Nemours and Company	2 820	2 719	
114 580	Ferro Corp.	1 817	1 981	
86 684	FutureFuel Corp.	1 253	1 218	
50 720	Glatfelter (P.H.) Co.	1 388	1 282	
5 110	Kaiser Aluminum Corp.	557	597	
120 311	Koppers Holdings Inc.	3 341	4 777	
241 654	LyondellBasell Industries N.V.	28 081	23 234	
16 000	Monsanto Co.	1 866	2 139	
97 543	Newmont Mining Corporation	2 261	4 930	
374 335	Omnova Solutions Inc.	2 990	3 506	
10 595	Packaging Corp. of America	897	916	
49 880	PPG Industries Inc.	6 768	6 711	
19 400	Reliance Steel & Aluminum Co.	1 537	1 928	
45 444	Sherwin-Williams Co.	16 350	17 242	
208 152	Steel Dynamics Inc.	5 134	6 589	
13 681	U.S. Concrete, Inc.	1 130	1 077	
67 880	Universal Stainless & Alloy	2 037	956	
176 722	WestRock Co.	11 491	8 875	
		124 032	123 635	**3.0**
Telecommunication Services				
380 861	AT&T Inc.	19 223	21 262	
248 238	CenturyTel Inc.	9 024	9 309	
165 700	T-Mobile US Inc.	8 781	9 263	
644 546	Verizon Communications Inc.	41 900	46 512	
		78 928	86 346	**2.1**
Utilities				
95 299	AES Corp.	1 355	1 537	
11 136	Ameren Corporation	686	771	
207 841	American Electric Power	15 742	18 821	
200 093	Calpine Corp.	4 223	3 813	
269 599	Centerpoint Energy Inc.	7 654	8 359	
11 087	CMS Energy Corp.	587	657	
186 837	DTE Energy Company	19 583	23 926	
2 991	Duke Energy Corp.	327	332	
183 432	Edison International	16 415	18 407	
53 296	Entergy Corp.	4 992	5 601	
15 781	Exelon Corp.	656	741	
162 939	FirstEnergy Corporation	7 141	7 349	
22 032	Great Plains Energy Inc.	849	866	
46 447	MDU Resources Group Inc.	1 388	1 440	
122 410	NextEra Energy Inc.	18 567	20 622	
212 495	NiSource Inc.	5 570	7 281	
40 370	NorthWestern Corp.	2 680	3 289	
65 019	NRG Energy Inc.	1 003	1 260	
58 710	Portland General Electric Co.	2 670	3 347	
463 691	PPL Corporation	20 205	22 615	

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
455 320	Public Service Enterprise Group	$ 24 632	$ 27 418	
68 520	Spire Inc.	4 369	6 271	
		161 294	184 723	**4.4**
TOTAL UNITED STATES EQUITIES		3 934 116	4 132 658	**99.0**
TOTAL EQUITIES		3 936 432	4 135 610	**99.1**
SHORT-TERM INVESTMENTS*		19 911	19 854	**0.5**
TOTAL INVESTMENTS		$3 956 343	4 155 464	**99.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			16 396	**0.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$4 171 860	**100.0**

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.30% to 0.87% and mature between July 5, 2016 and July 15, 2016.

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 4 155 464**	$ 3 890 878
Cash	**44 535**	21 633
Due from investment dealers	**103 382**	889
Subscriptions receivable	**754**	916
Unrealized gain on foreign exchange contracts	**–**	1
Dividends receivable, interest accrued and other assets	**3 799**	4 045
TOTAL ASSETS	**4 307 934**	3 918 362
LIABILITIES		
Due to investment dealers	**135 808**	3 459
Redemptions payable	**47**	558
Unrealized loss on foreign exchange contracts	**–**	3
Accounts payable and accrued expenses	**219**	222
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**136 074**	4 242
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 4 171 860**	$ 3 914 120
Investments at cost	**$ 3 956 343**	$ 3 444 205
NAV		
SERIES A	**$ 2 323**	$ 2 558
ADVISOR SERIES	**$ 775**	$ 870
SERIES D	**$ 28 578**	$ 34 522
SERIES F	**$ 485**	$ 459
SERIES O	**$ 4 139 699**	$ 3 875 711
NAV PER UNIT		
SERIES A	**$ 15.02**	$ 16.05
ADVISOR SERIES	**$ 15.03**	$ 16.06
SERIES D	**$ 15.73**	$ 16.74
SERIES F	**$ 15.71**	$ 16.69
SERIES O	**$ 15.45**	$ 16.35

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 43 055**	$ 19 748
Interest for distribution purposes	**33**	12
Securities lending revenue (see note 6 in the generic notes)	**96**	406
Net realized gain (loss) on investments	**6 873**	165 942
Net gain (loss) on foreign currencies and other net assets	**(405)**	1 760
Change in unrealized gain (loss) on investments	**(247 550)**	60 746
TOTAL INCOME (LOSS)	**(197 898)**	248 614
EXPENSES (see notes – Fund Specific Information)		
Management fees	**181**	157
Administration fees	**983**	643
Independent Review Committee costs	**2**	2
GST/HST	**112**	76
Transaction costs	**1 744**	1 539
Withholding tax	**6 425**	2 789
TOTAL EXPENSES	**9 447**	5 206
INCREASE (DECREASE) IN NAV	**$ (207 345)**	$ 243 408
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (166)**	$ 222
ADVISOR SERIES	**$ (53)**	$ 94
SERIES D	**$ (2 130)**	$ 2 234
SERIES F	**$ (30)**	$ 43
SERIES O	**$ (204 966)**	$ 240 815
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.94)**	$ 1.38
ADVISOR SERIES	**$ (0.94)**	$ 1.38
SERIES D	**$ (0.92)**	$ 1.50
SERIES F	**$ (0.89)**	$ 1.52
SERIES O	**$ (0.81)**	$ 1.57

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (207 345)**	$ 243 408
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(5 304)**	(164 699)
Change in unrealized loss (gain) on investments	**247 550**	(60 746)
(Increase) decrease in accrued receivables	**246**	(61 757)
Increase (decrease) in accrued payables	**(3)**	48 462
Cost of investments purchased	**(3 483 154)**	(2 437 130)
Proceeds on sales of investments	**3 006 176**	2 077 873
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(441 834)**	(354 589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**567 177**	825 559
Cash paid on redemption of redeemable units	**(102 441)**	(473 890)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 464 736**	$ 351 669
Net increase (decrease) in cash for the period	**22 902**	(2 920)
Cash (bank overdraft), beginning of period	**21 633**	36 574
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 44 535**	$ 33 654
Interest received (paid)	**$ 31**	$ 11
Dividends received, net of withholding taxes	**$ 36 878**	$ 17 002

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 2 558**	$ 2 271	**$ 870**	$ 961	**$ 34 522**	$ 20 754	**$ 459**	$ 421
INCREASE (DECREASE) IN NAV	**(166)**	222	**(53)**	94	**(2 130)**	2 234	**(30)**	43
Early redemption fees	**–**	–	**–**	–	**–**	1	**–**	–
Proceeds from redeemable units issued	**88**	201	**126**	194	**3 090**	6 431	**101**	72
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(157)**	(303)	**(168)**	(313)	**(6 904)**	(2 556)	**(45)**	(82)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(69)**	(102)	**(42)**	(119)	**(3 814)**	3 876	**56**	(10)
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(235)**	120	**(95)**	(25)	**(5 944)**	6 110	**26**	33
NAV AT END OF PERIOD	**$ 2 323**	$ 2 391	**$ 775**	$ 936	**$ 28 578**	$ 26 864	**$ 485**	$ 454

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 3 875 711**	$ 2 211 641	**$ 3 914 120**	$ 2 236 048
INCREASE (DECREASE) IN NAV	**(204 966)**	240 815	**(207 345)**	243 408
Early redemption fees	**–**	–	**–**	1
Proceeds from redeemable units issued	**563 610**	818 703	**567 015**	825 601
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(94 656)**	(470 777)	**(101 930)**	(474 031)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**468 954**	347 926	**465 085**	351 571
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**263 988**	588 741	**257 740**	594 979
NAV AT END OF PERIOD	**$ 4 139 699**	$ 2 800 382	**$ 4 171 860**	$ 2 831 027

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

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing in shares of high-quality U.S. companies.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Information Technology	**19.6**	20.4
Financials	**17.2**	17.5
Consumer Discretionary	**13.7**	14.3
Health Care	**12.7**	13.3
Industrials	**11.7**	11.9
Consumer Staples	**9.0**	7.4
Energy	**5.7**	4.9
Utilities	**4.4**	4.6
Materials	**3.0**	3.1
Telecommunication Services	**2.1**	1.9
Cash/Other	**0.9**	0.7
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**100.0**	100.0
Total	**100.0**	100.0

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
Russell 3000 Total Return Index (CAD)	**+ or -**	**1.0**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**4 135 610**	**–**	**–**	**4 135 610**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**19 854**	**–**	**19 854**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**4 135 610**	**19 854**	**–**	**4 155 464**
% of total portfolio	**99.5**	**0.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	3 887 843	–	–	3 887 843
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	3 035	–	3 035
Derivatives – assets	–	1	–	1
Derivatives – liabilities	–	(3)	–	(3)
Total financial instruments	3 887 843	3 033	–	3 890 876
% of total portfolio	99.9	0.1	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.05%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**45**	131
Advisor Series	**138**	138
Series D	**131**	131
Series F	**132**	132
Series O	**141**	141
Value of all units	**9**	11

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**159**	152
Issued number of units	**7**	13
Reinvested number of units	**–**	–
Redeemed number of units	**(11)**	(19)
Ending number of units	**155**	146
Advisor Series		
Opening units	**54**	64
Issued number of units	**9**	12
Reinvested number of units	**–**	–
Redeemed number of units	**(11)**	(19)
Ending number of units	**52**	57
Series D		
Opening units	**2 062**	1 341
Issued number of units	**196**	385
Reinvested number of units	**–**	–
Redeemed number of units	**(442)**	(151)
Ending number of units	**1 816**	1 575
Series F		
Opening units	**28**	27
Issued number of units	**6**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(3)**	(5)
Ending number of units	**31**	27
Series O		
Opening units	**237 032**	145 900
Issued number of units	**36 972**	48 946
Reinvested number of units	**–**	–
Redeemed number of units	**(6 137)**	(28 046)
Ending number of units	**267 867**	166 800

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**1 744**	**100**	1 539	100
Related-party brokerage commissions*	**15**	**1**	36	2
Commission arrangements†	**564**	**32**	563	37

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE ALL-CAP EQUITY FUND

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**388 422**	245 172
Fair value of collateral received	**396 190**	257 430

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**160**	**100**	639	100
RBC IS (paid)	**(56)**	**(35)**	(223)	(35)
Tax withheld	**(8)**	**(5)**	(10)	(1)
Fund revenue	**96**	**60**	406	64

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North LifeTime 2020 Fund	**–**	–
Phillips, Hager & North LifeTime 2025 Fund	**–**	–
Phillips, Hager & North LifeTime 2030 Fund	**–**	–
Phillips, Hager & North LifeTime 2035 Fund	**–**	–
Phillips, Hager & North LifeTime 2040 Fund	**–**	–
Phillips, Hager & North LifeTime 2045 Fund	**–**	0.1
Phillips, Hager & North LifeTime 2050 Fund	**–**	–
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Class	**0.9**	1.0
RBC Managed Payout Solution	**3.3**	3.8
RBC Managed Payout Solution – Enhanced	**3.6**	4.1
RBC Managed Payout Solution – Enhanced Plus	**4.2**	4.9
RBC Select Aggressive Growth Portfolio	**3.1**	3.0
RBC Select Balanced Portfolio	**28.7**	28.1
RBC Select Choices Aggressive Growth Portfolio	**0.4**	0.4
RBC Select Choices Balanced Portfolio	**0.3**	0.3
RBC Select Choices Conservative Portfolio	**0.2**	0.2
RBC Select Choices Growth Portfolio	**0.6**	0.6
RBC Select Conservative Portfolio	**26.3**	25.5
RBC Select Growth Portfolio	**11.3**	11.4
RBC Select Very Conservative Portfolio	**14.9**	14.0
RBC Target 2020 Education Fund	**0.3**	0.4
RBC Target 2025 Education Fund	**0.8**	0.8
RBC Target 2030 Education Fund	**0.3**	0.3
Total	**99.2**	98.9

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH U.S. EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
12 180	Amazon.com, Inc.	$ 8 673	$ 11 261	
65 480	Carnival Corp.	4 373	3 739	
17 050	Lear Corp.	2 346	2 241	
70 670	Lowe's Companies	6 538	7 228	
41 180	Omnicom Group	3 738	4 335	
49 210	Target Corporation	5 187	4 440	
69 320	Time Warner Inc.	6 368	6 585	
63 310	TJX Companies Inc.	6 026	6 316	
63 370	V.F. Corporation	5 769	5 034	
43 240	Viacom Inc.	2 795	2 317	
44 180	Yum! Brands, Inc.	4 107	4 732	
		55 920	58 228	**12.2**
Consumer Staples				
80 290	Conagra Inc.	4 762	4 959	
45 500	CVS Health Corp.	5 845	5 628	
47 330	Hain Celestial Group Inc.	2 386	3 042	
116 730	Mondelez International Inc.	7 146	6 863	
67 448	PepsiCo Inc.	4 506	9 232	
77 650	Reynolds American Inc.	5 047	5 409	
91 590	The Procter & Gamble Co.	10 063	10 019	
60 850	Tyson Foods Inc.	4 492	5 251	
		44 247	50 403	**10.5**
Energy				
73 490	ConocoPhillips	4 375	4 140	
51 400	Exxon Mobil Corp.	5 046	6 226	
63 800	Hess Corp.	4 466	4 954	
87 480	Occidental Petroleum Corp.	7 876	8 540	
23 080	Pioneer Natural Resources Co.	3 692	4 511	
29 936	Valero Energy Corp.	2 256	1 972	
		27 711	30 343	**6.3**
Financials				
46 270	Arthur J. Gallagher & Co.	2 807	2 845	
440 456	Bank of America Corp.	9 626	7 551	
157 720	Bank of New York Mellon Corp.	7 865	7 919	
41 660	Boston Properties Inc.	6 908	7 099	
46 770	Chubb Ltd.	7 545	7 898	
119 282	Citigroup Inc.	7 787	6 535	
36 240	Prudential Financial Inc.	4 022	3 339	
54 490	S&P Global Inc.	6 395	7 554	
28 042	Simon Property Group Inc.	7 272	7 858	
118 770	Suntrust Banks Inc.	5 958	6 306	
189 495	Synchrony Financial	7 607	6 189	
113 760	Wells Fargo & Company	4 202	6 960	
		77 994	78 053	**16.3**
Health Care				
54 680	AbbVie Inc.	$ 4 144	$ 4 373	
42 790	Aetna Inc.	6 260	6 752	
6 480	Allergan plc	2 627	1 934	
13 505	Biogen Inc.	5 506	4 219	
43 180	Bristol-Myers Squibb Co.	3 706	4 103	
53 257	Celgene Corp.	5 118	6 786	
22 083	Gilead Sciences Inc.	2 185	2 380	
83 547	Johnson & Johnson	7 248	13 093	
13 060	McKesson Corp.	3 221	3 148	
85 364	Medtronic Plc.	3 310	9 570	
91 850	Pfizer Inc.	3 877	4 178	
37 210	Thermo Fisher Scientific Inc.	6 023	7 103	
		53 225	67 639	**14.1**
Industrials				
17 860	General Dynamics Corp.	3 270	3 213	
172 694	General Electric Company	5 929	7 024	
62 420	Honeywell International Inc.	8 155	9 380	
71 270	Ingersoll-Rand Plc., Class A	4 992	5 863	
74 250	Owens Corning	4 651	4 942	
48 725	Pentair Plc.	3 323	3 669	
26 520	Raytheon Company	4 587	4 658	
91 525	Southwest Airlines	4 953	4 635	
68 510	Tyco International Plc.	3 714	3 771	
39 330	Union Pacific Corp.	4 429	4 434	
		48 003	51 589	**10.8**
Information Technology				
36 790	Adobe Systems Inc.	4 084	4 554	
15 200	Alphabet Inc., Class C	7 178	13 594	
97 532	Apple Inc.	8 343	12 046	
43 180	Broadcom Ltd.	7 756	8 669	
41 710	Cognizant Technology Solutions Corp., Class A	3 505	3 085	
75 010	Facebook Inc., Class A	9 044	11 075	
41 980	Fidelity National Information Services Inc.	4 026	3 996	
52 510	Lam Research Corp.	4 724	5 703	
197 791	Microsoft Corp.	6 526	13 076	
34 110	Red Hat Inc.	3 335	3 199	
51 380	Salesforce.com Inc.	4 966	5 271	
45 190	Skyworks Solutions Inc.	4 650	3 694	
71 500	Visa Inc., Class A	6 800	6 853	
82 890	Western Digital Corp.	7 090	5 061	
		82 027	99 876	**20.9**
Materials				
42 720	PPG Industries Inc.	5 370	5 747	
58 360	WestRock Co.	3 977	2 931	
		9 347	8 678	**1.8**

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

PHILLIPS, HAGER & NORTH U.S. EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
78 650	T-Mobile US Inc.	$ 4 196	$ 4 397	
		4 196	4 397	**0.9**
Utilities				
147 120	American Electric Power	12 156	13 322	
105 730	DTE Energy Company	12 216	13 540	
		24 372	26 862	**5.6**
TOTAL UNITED STATES EQUITIES		$ 427 042	476 068	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			2 899	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 478 967	**100.0**

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 476 068**	$ 552 347
Cash	**3 757**	4 912
Due from investment dealers	**2 188**	9 307
Subscriptions receivable	**213**	66
Dividends receivable, interest accrued and other assets	**429**	695
TOTAL ASSETS	**482 655**	567 327
LIABILITIES		
Due to investment dealers	**2 838**	10 187
Redemptions payable	**708**	60
Accounts payable and accrued expenses	**142**	168
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**3 688**	10 415
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 478 967**	$ 556 912
Investments at cost	**$ 427 042**	$ 465 134
NAV		
SERIES A	**$ 3 994**	$ 4 615
ADVISOR SERIES	**$ 1 191**	$ 1 979
SERIES D	**$ 128 194**	$ 147 545
SERIES F	**$ 3 356**	$ 3 580
SERIES O	**$ 342 232**	$ 399 193
NAV PER UNIT		
SERIES A	**$ 52.66**	$ 57.22
ADVISOR SERIES	**$ 52.66**	$ 57.22
SERIES D	**$ 52.74**	$ 57.08
SERIES F	**$ 53.05**	$ 57.33
SERIES O	**$ 53.84**	$ 57.93

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 5 160**	$ 6 012
Interest for distribution purposes	**4**	12
Net realized gain (loss) on investments	**(5 646)**	33 919
Net gain (loss) on foreign currencies and other net assets	**(84)**	(89)
Change in unrealized gain (loss) on investments	**(38 187)**	1 948
TOTAL INCOME (LOSS)	**(38 753)**	41 802
EXPENSES (see notes – Fund Specific Information)		
Management fees	**716**	802
Administration fees	**106**	119
Independent Review Committee costs	**2**	2
GST/HST	**64**	73
Transaction costs	**239**	103
Withholding tax	**726**	637
TOTAL EXPENSES	**1 853**	1 736
INCREASE (DECREASE) IN NAV	**$ (40 606)**	$ 40 066
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (364)**	$ 243
ADVISOR SERIES	**$ (152)**	$ 104
SERIES D	**$ (11 270)**	$ 8 808
SERIES F	**$ (256)**	$ 149
SERIES O	**$ (28 564)**	$ 30 762
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (4.79)**	$ 3.17
ADVISOR SERIES	**$ (4.78)**	$ 3.17
SERIES D	**$ (4.55)**	$ 3.40
SERIES F	**$ (4.50)**	$ 3.47
SERIES O	**$ (4.32)**	$ 3.76

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (40 606)**	$ 40 066
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**5 871**	(33 569)
Change in unrealized loss (gain) on investments	**38 187**	(1 948)
(Increase) decrease in accrued receivables	**266**	152
Increase (decrease) in accrued payables	**(26)**	3
Cost of investments purchased	**(219 679)**	(313 209)
Proceeds on sales of investments	**251 670**	363 225
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**35 683**	54 720
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**30 500**	22 982
Cash paid on redemption of redeemable units	**(67 338)**	(77 118)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (36 838)**	$ (54 136)
Net increase (decrease) in cash for the period	**(1 155)**	584
Cash (bank overdraft), beginning of period	**4 912**	5
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 3 757**	$ 589
Interest received (paid)	**$ 4**	$ 13
Dividends received, net of withholding taxes	**$ 4 700**	$ 5 526

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 4 615**	$ 4 259	**$ 1 979**	$ 1 815	**$ 147 545**	$ 139 838	**$ 3 580**	$ 2 293
INCREASE (DECREASE) IN NAV	**(364)**	243	**(152)**	104	**(11 270)**	8 808	**(256)**	149
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**284**	666	**67**	186	**2 922**	6 530	**707**	430
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**1**	–	**–**	–
Redemption of redeemable units	**(541)**	(445)	**(703)**	(226)	**(11 003)**	(11 239)	**(675)**	(261)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(257)**	221	**(636)**	(40)	**(8 080)**	(4 709)	**32**	169
Distributions from net income	**–**	–	**–**	–	**(1)**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**(1)**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(621)**	464	**(788)**	64	**(19 351)**	4 099	**(224)**	318
NAV AT END OF PERIOD	**$ 3 994**	$ 4 723	**$ 1 191**	$ 1 879	**$ 128 194**	$ 143 937	**$ 3 356**	$ 2 611

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 399 193**	$ 438 672	**$ 556 912**	$ 586 877
INCREASE (DECREASE) IN NAV	**(28 564)**	30 762	**(40 606)**	40 066
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**26 667**	15 120	**30 647**	22 932
Reinvestments of distributions to holders of redeemable units	**–**	–	**1**	–
Redemption of redeemable units	**(55 064)**	(65 814)	**(67 986)**	(77 985)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(28 397)**	(50 694)	**(37 338)**	(55 053)
Distributions from net income	**–**	–	**(1)**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**(1)**	–
NET INCREASE (DECREASE) IN NAV	**(56 961)**	(19 932)	**(77 945)**	(14 987)
NAV AT END OF PERIOD	**$ 342 232**	$ 418 740	**$ 478 967**	$ 571 890

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in shares of large-capitalization, high-quality U.S. companies.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Information Technology	**20.9**	23.5
Financials	**16.3**	17.1
Health Care	**14.1**	15.3
Consumer Discretionary	**12.2**	13.7
Industrials	**10.8**	8.9
Consumer Staples	**10.5**	8.9
Energy	**6.3**	6.2
Utilities	**5.6**	2.7
Materials	**1.8**	2.9
Telecommunication Services	**0.9**	–
Cash/Other	**0.6**	0.8
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**100.0**	100.0
Total	**100.0**	100.0

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P 500 Total Return Index (CAD)	**+ or -**	**1.0**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**476 068**	**–**	**–**	**476 068**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**476 068**	**–**	**–**	**476 068**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	552 347	–	–	552 347
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	552 347	–	–	552 347
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.02%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**19**	19
Advisor Series	**36**	36
Series D	**19**	19
Series F	**20**	20
Value of all units	**5**	5

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	399 316
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**81**	83
Issued number of units	**5**	12
Reinvested number of units	**–**	–
Redeemed number of units	**(10)**	(8)
Ending number of units	**76**	87
Advisor Series		
Opening units	**35**	35
Issued number of units	**1**	3
Reinvested number of units	**–**	–
Redeemed number of units	**(13)**	(4)
Ending number of units	**23**	34
Series D		
Opening units	**2 585**	2 727
Issued number of units	**55**	121
Reinvested number of units	**–**	–
Redeemed number of units	**(210)**	(205)
Ending number of units	**2 430**	2 643
Series F		
Opening units	**62**	45
Issued number of units	**13**	8
Reinvested number of units	**–**	–
Redeemed number of units	**(12)**	(5)
Ending number of units	**63**	48
Series O		
Opening units	**6 891**	8 425
Issued number of units	**503**	272
Reinvested number of units	**–**	–
Redeemed number of units	**(1 038)**	(1 171)
Ending number of units	**6 356**	7 526

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**239**	**100**	103	100
Related-party brokerage commissions*	**–**	**–**	30	29
Commission arrangements†	**74**	**31**	33	32

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
BonaVista Global Balanced Fund	**0.1**	0.1
Phillips, Hager & North Currency-Hedged U.S. Equity Fund	**10.3**	7.4
Total	**10.4**	7.5

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

June 30, 2016

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
919 659	Phillips, Hager & North U.S. Equity Fund*	$ 39 217	$ 49 516	
TOTAL MUTUAL FUND UNITS		39 217	49 516	**99.9**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	157	**0.3**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(228)	**(0.5)**
TOTAL PORTFOLIO		$ 39 217	49 445	**99.7**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			113	**0.3**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 49 558	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 11 968 Sold USD 9 143 @ 1.3090	30-Aug-2016	$ 157
		$ 157

Contracts	Maturity Date	Unrealized Loss
Bought CAD 20 431 Sold USD 15 964 @ 1.2798	19-Jul-2016	$ (193)
Bought CAD 9 146 Sold USD 7 085 @ 1.2909	15-Sep-2016	(6)
Bought CAD 8 752 Sold USD 6 780 @ 1.2909	15-Sep-2016	(6)
Bought USD 1 300 Sold CAD 1 703 @ 0.7635	15-Sep-2016	(23)
		$ (228)
TOTAL FOREIGN EXCHANGE		$ (71)

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 49 516**	$ 41 227
Cash	**142**	77
Due from investment dealers	**150**	–
Subscriptions receivable	**46**	–
Unrealized gain on foreign exchange contracts	**157**	252
Dividends receivable, interest accrued and other assets	**2**	3
TOTAL ASSETS	**50 013**	41 559
LIABILITIES		
Redemptions payable	**206**	28
Unrealized loss on foreign exchange contracts	**228**	740
Accounts payable and accrued expenses	**21**	19
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**455**	787
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 49 558**	$ 40 772
Investments at cost	**$ 39 217**	$ 26 924
NAV		
SERIES A	**$ 1 000**	$ 1 128
ADVISOR SERIES	**$ 2 750**	$ 3 153
SERIES D	**$ 10 011**	$ 7 793
SERIES F	**$ 1 607**	$ 761
SERIES O	**$ 34 190**	$ 27 937
NAV PER UNIT		
SERIES A	**$ 9.56**	$ 9.81
ADVISOR SERIES	**$ 9.56**	$ 9.81
SERIES D	**$ 9.55**	$ 9.76
SERIES F	**$ 9.64**	$ 9.85
SERIES O	**$ 9.71**	$ 9.87

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Net realized gain (loss) on investments	**$ 1 405**	$ 3 234
Net gain (loss) on foreign currencies and other net assets	**2 506**	(3 245)
Change in unrealized gain (loss) on investments	**(3 587)**	(158)
TOTAL INCOME (LOSS)	**324**	(169)
EXPENSES (see notes – Fund Specific Information)		
Management fees	**85**	64
Administration fees	**23**	22
Independent Review Committee costs	**2**	2
GST/HST	**9**	7
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**117**	93
INCREASE (DECREASE) IN NAV	**$ 207**	$ (262)
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (41)**	$ (15)
ADVISOR SERIES	**$ (90)**	$ (58)
SERIES D	**$ 23**	$ (71)
SERIES F	**$ 51**	$ (7)
SERIES O	**$ 264**	$ (111)
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.03)**	$ (0.15)
ADVISOR SERIES	**$ (0.03)**	$ (0.15)
SERIES D	**$ 0.01**	$ (0.10)
SERIES F	**$ 0.02**	$ (0.09)
SERIES O	**$ 0.05**	$ (0.05)

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 207**	$ (262)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(1 405)**	(3 234)
Change in unrealized loss (gain) on investments	**3 587**	158
(Increase) decrease in accrued receivables	**1**	(2)
Increase (decrease) in accrued payables	**2**	114
Cost of investments purchased	**(16 968)**	(4 381)
Proceeds on sales of investments	**5 930**	7 971
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(8 646)**	364
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**16 394**	4 436
Cash paid on redemption of redeemable units	**(7 683)**	(4 727)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 8 711**	$ (291)
Net increase (decrease) in cash for the period	**65**	73
Cash (bank overdraft), beginning of period	**77**	38
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 142**	$ 111
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 1 128**	$ 1 677	**$ 3 153**	$ 639	**$ 7 793**	$ 7 896	**$ 761**	$ 776
INCREASE (DECREASE) IN NAV	**(41)**	(15)	**(90)**	(58)	**23**	(71)	**51**	(7)
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**250**	48	**12**	1 925	**2 917**	753	**1 027**	74
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(337)**	(286)	**(325)**	(124)	**(722)**	(627)	**(232)**	(83)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(87)**	(238)	**(313)**	1 801	**2 195**	126	**795**	(9)
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(128)**	(253)	**(403)**	1 743	**2 218**	55	**846**	(16)
NAV AT END OF PERIOD	**$ 1 000**	$ 1 424	**$ 2 750**	$ 2 382	**$ 10 011**	$ 7 951	**$ 1 607**	$ 760

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 27 937**	$ 32 305	**$ 40 772**	$ 43 293
INCREASE (DECREASE) IN NAV	**264**	(111)	**207**	(262)
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**12 234**	1 866	**16 440**	4 666
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(6 245)**	(3 619)	**(7 861)**	(4 739)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**5 989**	(1 753)	**8 579**	(73)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**6 253**	(1 864)	**8 786**	(335)
NAV AT END OF PERIOD	**$ 34 190**	$ 30 441	**$ 49 558**	$ 42 958

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with significant long-term capital growth primarily through exposure to a well-diversified portfolio of large-capitalization, high-quality U.S. companies, while minimizing currency risk.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests in the Phillips, Hager & North U.S. Equity Fund. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from entering into over-the-counter derivative contracts and from investments in the underlying mutual fund. This underlying fund could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Information Technology	**20.8**	23.7
Financials	**16.3**	17.3
Health Care	**14.1**	15.5
Consumer Discretionary	**12.2**	13.8
Industrials	**10.8**	9.0
Consumer Staples	**10.5**	9.0
Energy	**6.3**	6.3
Utilities	**5.6**	2.9
Materials	**1.8**	2.7
Telecommunication Services	**0.9**	–
Cash/Other	**0.7**	(0.2)
Total	**100.0**	100.0

Currency risk (% of net assets)

Since the currency risk of the underlying fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P 500 Total Return Index (hedged to CAD)	**+ or -**	**1.0**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**49 516**	**–**	**–**	**49 516**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**157**	**–**	**157**
Derivatives – liabilities	**–**	**(228)**	**–**	**(228)**
Total financial instruments	**49 516**	**(71)**	**–**	**49 445**
% of total portfolio	**100.1**	**(0.1)**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	41 227	–	–	41 227
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	252	–	252
Derivatives – liabilities	–	(740)	–	(740)
Total financial instruments	41 227	(488)	–	40 739
% of total portfolio	101.2	(1.2)	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED U.S. EQUITY FUND

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.10%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**81**	81
Advisor Series	**157**	157
Series D	**116**	116
Series F	**86**	86
Series O	**89**	89
Value of all units	**5**	5

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual fund as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying fund ("Ownership"). The underlying fund is established and conducts business in Canada, and has an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North U.S. Equity Fund	**99.9**	**10.3**	101.1	7.4

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	154
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**115**	160
Issued number of units	**27**	4
Reinvested number of units	**–**	–
Redeemed number of units	**(37)**	(27)
Ending number of units	**105**	137
Advisor Series		
Opening units	**321**	61
Issued number of units	**2**	181
Reinvested number of units	**–**	–
Redeemed number of units	**(35)**	(12)
Ending number of units	**288**	230
Series D		
Opening units	**799**	756
Issued number of units	**328**	72
Reinvested number of units	**–**	–
Redeemed number of units	**(78)**	(59)
Ending number of units	**1 049**	769
Series F		
Opening units	**77**	74
Issued number of units	**115**	7
Reinvested number of units	**–**	–
Redeemed number of units	**(25)**	(8)
Ending number of units	**167**	73
Series O		
Opening units	**2 831**	3 062
Issued number of units	**1 371**	175
Reinvested number of units	**–**	–
Redeemed number of units	**(680)**	(340)
Ending number of units	**3 522**	2 897

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH
Investment Management®

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH U.S. GROWTH FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
2 570	Amazon.com, Inc.	$ 1 829	$ 2 376	
14 170	Carnival Corp.	945	809	
3 620	Lear Corp.	498	476	
15 350	Lowe's Companies	1 420	1 570	
8 840	Omnicom Group	802	931	
10 610	Target Corporation	1 118	957	
15 060	Time Warner Inc.	1 384	1 431	
13 310	TJX Companies Inc.	1 267	1 328	
13 760	V.F. Corporation	1 253	1 093	
9 330	Viacom Inc.	603	500	
9 590	Yum! Brands, Inc.	891	1 027	
		12 010	12 498	**12.1**
Consumer Staples				
17 330	Conagra Inc.	1 028	1 070	
9 870	CVS Health Corp.	1 268	1 221	
10 230	Hain Celestial Group Inc.	516	658	
25 340	Mondelez International Inc.	1 551	1 490	
14 648	PepsiCo Inc.	933	2 005	
16 840	Reynolds American Inc.	1 094	1 173	
19 880	The Procter & Gamble Co.	2 184	2 175	
13 160	Tyson Foods Inc.	972	1 136	
		9 546	10 928	**10.5**
Energy				
15 950	ConocoPhillips	949	897	
11 140	Exxon Mobil Corp.	1 094	1 349	
13 920	Hess Corp.	974	1 081	
19 120	Occidental Petroleum Corp.	1 722	1 866	
4 980	Pioneer Natural Resources Co.	797	973	
6 430	Valero Energy Corp.	531	424	
		6 067	6 590	**6.4**
Financials				
9 990	Arthur J. Gallagher & Co.	606	614	
95 167	Bank of America Corp.	2 081	1 632	
34 020	Bank of New York Mellon Corp.	1 697	1 708	
8 990	Boston Properties Inc.	1 491	1 532	
9 960	Chubb Ltd.	1 607	1 682	
25 949	Citigroup Inc.	1 694	1 422	
7 940	Prudential Financial Inc.	881	732	
11 765	S&P Global Inc.	1 110	1 631	
6 038	Simon Property Group Inc.	1 566	1 692	
25 620	Suntrust Banks Inc.	1 285	1 360	
41 546	Synchrony Financial	1 668	1 357	
24 524	Wells Fargo & Company	859	1 500	
		16 545	16 862	**16.3**
Health Care				
11 940	AbbVie Inc.	905	955	
9 230	Aetna Inc.	1 350	1 456	
1 360	Allergan plc	551	406	
2 827	Biogen Inc.	1 119	883	
9 410	Bristol-Myers Squibb Co.	808	894	
11 522	Celgene Corp.	1 245	1 468	
Health Care (cont.)				
4 744	Gilead Sciences Inc.	$ 424	$ 511	
18 147	Johnson & Johnson	1 533	2 844	
2 740	McKesson Corp.	676	661	
18 570	Medtronic Plc.	1 684	2 082	
20 010	Pfizer Inc.	845	910	
8 010	Thermo Fisher Scientific Inc.	1 296	1 529	
		12 436	14 599	**14.1**
Industrials				
3 850	General Dynamics Corp.	705	693	
37 729	General Electric Company	1 298	1 534	
13 510	Honeywell International Inc.	1 764	2 030	
15 395	Ingersoll-Rand Plc., Class A	1 076	1 267	
16 790	Owens Corning	1 052	1 118	
10 571	Pentair Plc.	720	796	
5 720	Raytheon Company	989	1 005	
19 684	Southwest Airlines	1 066	997	
14 830	Tyco International Plc.	804	816	
8 480	Union Pacific Corp.	955	956	
		10 429	11 212	**10.8**
Information Technology				
7 940	Adobe Systems Inc.	881	983	
3 217	Alphabet Inc., Class C	1 385	2 877	
21 428	Apple Inc.	1 999	2 647	
9 250	Broadcom Ltd.	1 662	1 857	
9 120	Cognizant Technology Solutions Corp., Class A	766	674	
16 210	Facebook Inc., Class A	1 954	2 393	
9 070	Fidelity National Information Services Inc.	870	863	
11 330	Lam Research Corp.	1 024	1 230	
43 158	Microsoft Corp.	1 358	2 853	
7 350	Red Hat Inc.	719	689	
11 150	Salesforce.com Inc.	1 078	1 144	
9 910	Skyworks Solutions Inc.	1 020	810	
14 790	Visa Inc., Class A	1 406	1 418	
17 960	Western Digital Corp.	1 538	1 097	
		17 660	21 535	**20.8**
Materials				
9 400	PPG Industries Inc.	1 181	1 265	
12 640	WestRock Co.	861	635	
		2 042	1 900	**1.8**
Telecommunication Services				
17 110	T-Mobile US Inc.	913	956	
		913	956	**0.9**
Utilities				
31 590	American Electric Power	2 610	2 861	
22 740	DTE Energy Company	2 628	2 912	
		5 238	5 773	**5.6**
TOTAL UNITED STATES EQUITIES		$ 92 886	102 853	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			724	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 103 577	**100.0**

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 102 853**	$ 122 518
Cash	**801**	1 483
Due from investment dealers	**477**	2 102
Subscriptions receivable	**4**	13
Dividends receivable, interest accrued and other assets	**93**	156
TOTAL ASSETS	**104 228**	126 272
LIABILITIES		
Due to investment dealers	**602**	2 254
Redemptions payable	**3**	16
Accounts payable and accrued expenses	**46**	54
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**651**	2 324
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 103 577**	$ 123 948
Investments at cost	**$ 92 886**	$ 104 209
NAV		
SERIES A	**$ 1 127**	$ 2 289
ADVISOR SERIES	**$ 156**	$ 166
SERIES D	**$ 37 670**	$ 43 208
SERIES F	**$ 1 815**	$ 764
SERIES O	**$ 62 809**	$ 77 521
NAV PER UNIT		
SERIES A	**$ 20.08**	$ 21.82
ADVISOR SERIES	**$ 20.08**	$ 21.82
SERIES D	**$ 20.73**	$ 22.44
SERIES F	**$ 21.00**	$ 22.70
SERIES O	**$ 21.30**	$ 22.93

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 1 136**	$ 845
Interest for distribution purposes	**–**	3
Net realized gain (loss) on investments	**(1 401)**	12 634
Net gain (loss) on foreign currencies and other net assets	**(52)**	47
Change in unrealized gain (loss) on investments	**(8 342)**	(259)
TOTAL INCOME (LOSS)	**(8 659)**	13 270
EXPENSES (see notes – Fund Specific Information)		
Management fees	**210**	230
Administration fees	**40**	50
Independent Review Committee costs	**2**	2
GST/HST	**18**	19
Transaction costs	**54**	32
Withholding tax	**146**	76
TOTAL EXPENSES	**470**	409
INCREASE (DECREASE) IN NAV	**$ (9 129)**	$ 12 861
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (163)**	$ 210
ADVISOR SERIES	**$ (13)**	$ 29
SERIES D	**$ (3 296)**	$ 3 773
SERIES F	**$ (67)**	$ 55
SERIES O	**$ (5 590)**	$ 8 794
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (1.84)**	$ 1.90
ADVISOR SERIES	**$ (1.85)**	$ 1.89
SERIES D	**$ (1.81)**	$ 2.03
SERIES F	**$ (1.82)**	$ 2.08
SERIES O	**$ (1.74)**	$ 2.19

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (9 129)**	$ 12 861
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**1 453**	(12 598)
Change in unrealized loss (gain) on investments	**8 342**	259
(Increase) decrease in accrued receivables	**63**	35
Increase (decrease) in accrued payables	**(8)**	3
Cost of investments purchased	**(48 408)**	(110 171)
Proceeds on sales of investments	**58 251**	119 903
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**10 564**	10 292
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**2 487**	3 335
Cash paid on redemption of redeemable units	**(13 733)**	(13 643)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (11 246)**	$ (10 308)
Net increase (decrease) in cash for the period	**(682)**	(16)
Cash (bank overdraft), beginning of period	**1 483**	19
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 801**	$ 3
Interest received (paid)	**$ –**	$ 3
Dividends received, net of withholding taxes	**$ 1 052**	$ 803

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 2 289**	$ 2 171	**$ 166**	$ 281	**$ 43 208**	$ 37 146	**$ 764**	$ 536
INCREASE (DECREASE) IN NAV	**(163)**	210	**(13)**	29	**(3 296)**	3 773	**(67)**	55
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**165**	102	**26**	42	**808**	2 509	**1 192**	62
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 164)**	(89)	**(23)**	(97)	**(3 050)**	(2 370)	**(74)**	(65)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(999)**	13	**3**	(55)	**(2 242)**	139	**1 118**	(3)
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(1 162)**	223	**(10)**	(26)	**(5 538)**	3 912	**1 051**	52
NAV AT END OF PERIOD	**$ 1 127**	$ 2 394	**$ 156**	$ 255	**$ 37 670**	$ 41 058	**$ 1 815**	$ 588

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 77 521**	$ 81 811	**$ 123 948**	$ 121 945
INCREASE (DECREASE) IN NAV	**(5 590)**	8 794	**(9 129)**	12 861
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**287**	463	**2 478**	3 178
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(9 409)**	(11 060)	**(13 720)**	(13 681)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(9 122)**	(10 597)	**(11 242)**	(10 503)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(14 712)**	(1 803)	**(20 371)**	2 358
NAV AT END OF PERIOD	**$ 62 809**	$ 80 008	**$ 103 577**	$ 124 303

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of shares of large-capitalization, high-quality North American companies, with an emphasis on U.S. stocks.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Information Technology	**20.8**	23.5
Financials	**16.3**	17.1
Health Care	**14.1**	15.2
Consumer Discretionary	**12.1**	13.7
Industrials	**10.8**	8.8
Consumer Staples	**10.5**	8.9
Energy	**6.4**	6.1
Utilities	**5.6**	2.7
Materials	**1.8**	2.9
Telecommunication Services	**0.9**	–
Cash/Other	**0.7**	1.1
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**99.9**	99.9
Total	**99.9**	99.9

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P 500 Total Return Index (CAD)	**+ or -**	**1.1**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**102 853**	**–**	**–**	**102 853**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**102 853**	**–**	**–**	**102 853**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	122 518	–	–	122 518
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	122 518	–	–	122 518
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.07%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**50**	50
Advisor Series	**95**	95
Series F	**51**	51
Series O	**52**	52
Value of all units	**5**	6

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	30 249
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**105**	116
Issued number of units	**8**	4
Reinvested number of units	**–**	–
Redeemed number of units	**(57)**	(4)
Ending number of units	**56**	116
Advisor Series		
Opening units	**8**	15
Issued number of units	**1**	2
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	(5)
Ending number of units	**8**	12
Series D		
Opening units	**1 925**	1 936
Issued number of units	**39**	120
Reinvested number of units	**–**	–
Redeemed number of units	**(147)**	(112)
Ending number of units	**1 817**	1 944
Series F		
Opening units	**34**	28
Issued number of units	**56**	2
Reinvested number of units	**–**	–
Redeemed number of units	**(4)**	(3)
Ending number of units	**86**	27
Series O		
Opening units	**3 381**	4 174
Issued number of units	**13**	21
Reinvested number of units	**–**	–
Redeemed number of units	**(445)**	(508)
Ending number of units	**2 949**	3 687

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**54**	**100**	32	100
Related-party brokerage commissions*	**–**	**–**	10	31
Commission arrangements†	**17**	**31**	12	38

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

PHILLIPS, HAGER & NORTH
Investment Management®

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH OVERSEAS EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Australia				
3 829 922	Oil Search Ltd.	$ 31 721	$ 24 986	
		31 721	24 986	**2.6**
Belgium				
274 666	InBev N.V.	34 333	46 925	
		34 333	46 925	**4.9**
Denmark				
513 554	Novo Nordisk A/S	36 799	35 706	
		36 799	35 706	**3.7**
France				
119 773	Air Liquide S.A.	16 626	16 121	
291 306	Pernod-Ricard S.A.	44 088	41 668	
468 502	Safran S.A.	33 629	40 761	
		94 343	98 550	**10.3**
Germany				
69 322	Continental AG	16 524	16 900	
1 021 647	Deutsche Post AG	35 733	37 221	
		52 257	54 121	**5.7**
Hong Kong				
4 696 783	AIA Group Ltd.	29 224	36 432	
		29 224	36 432	**3.8**
India				
250 356	HDFC Bank Ltd.	3 849	6 561	
384 970	HDFC Bank Ltd. ADR	21 799	33 000	
		25 648	39 561	**4.1**
Ireland				
171 997	Paddy Power Betfair Plc.	31 567	23 382	
		31 567	23 382	**2.5**
Japan				
1 502 597	Astellas Pharma Inc.	24 696	30 444	
1 403 400	Kubota Corp.	29 616	24 523	
350 912	Nidec Corp.	28 239	34 511	
298 000	Nippon Telegraph & Telephone Corp.	17 902	18 055	
226 000	Oriental Land Co. Ltd.	19 039	18 906	
94 074	SMC Corp.	28 262	29 902	
291 567	Sumitomo Mitsui Financial Group Inc.	12 836	10 877	
1 633 000	Tokyo Gas Co. Ltd.	9 760	8 711	
345 311	Toyota Motor Corp.	22 582	21 993	
		192 932	197 922	**20.7**
Netherlands				
214 139	Akzo Nobel N.V.	$ 20 042	$ 17 185	
179 065	ASML Holding N.V.	19 077	22 773	
		39 119	39 958	**4.2**
Philippines				
2 489 700	Universal Robina Corp.	15 208	14 266	
		15 208	14 266	**1.5**
South Africa				
231 442	Naspers Ltd.	34 766	45 658	
		34 766	45 658	**4.8**
Spain				
3 368 148	CaixaBank S.A.	19 573	9 591	
		19 573	9 591	**1.0**
Sweden				
466 873	Svenska Cellulosa AB	13 500	19 290	
		13 500	19 290	**2.0**
Switzerland				
114 688	Roche Holdings AG Genusscheine	29 627	39 099	
34 759	Partners Group Holding AG	12 175	19 246	
32 090	Syngenta AG	13 348	15 913	
1 046 719	UBS Group AG	20 257	17 547	
		75 407	91 805	**9.6**
Taiwan				
887 655	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	21 380	30 081	
		21 380	30 081	**3.2**
United Kingdom				
905 589	Admiral Group Plc.	24 214	31 812	
2 502 159	BT Group Plc.	21 381	17 769	
668 156	InterContinental Hotels Group Plc.	40 620	31 836	
48 201	Liberty Global Plc.	2 208	2 009	
17 814 506	Lloyds TSB Group Plc.	24 935	16 670	
640 100	Royal Dutch Shell Plc., B Shares	27 240	22 848	
1 536 183	St James's Place Plc.	22 047	20 930	
		162 645	143 874	**15.1**
TOTAL INTERNATIONAL EQUITIES		910 422	952 108	**99.7**
SHORT-TERM INVESTMENTS*		5 222	5 222	**0.5**
TOTAL INVESTMENTS		915 644	957 330	**100.2**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	38	–
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(111)	–
TOTAL PORTFOLIO		$ 915 644	957 257	**100.2**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(1 786)	**(0.2)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 955 471	**100.0**

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

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 4 972 Sold SEK 32 483 @ 0.1531	04-Jul-2016	$ 12
Bought CAD 15 130 Sold USD 11 691 @ 1.2942	05-Jul-2016	26
		$ 38

Contracts	Maturity Date	Unrealized Loss
Bought JPY 1 722 508 Sold CAD 21 661 @ 79.5210	05-Jul-2016	$ (111)
		$ (111)
TOTAL FOREIGN EXCHANGE		$ (73)

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.75% to 0.78% and mature between July 8, 2016 and July 29, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 957 330**	$ 973 442
Cash	**521**	1 648
Due from investment dealers	**20 064**	–
Subscriptions receivable	**1 345**	896
Unrealized gain on foreign exchange contracts	**38**	–
Dividends receivable, interest accrued and other assets	**1 264**	363
TOTAL ASSETS	**980 562**	976 349
LIABILITIES		
Due to investment dealers	**21 550**	–
Redemptions payable	**3 174**	426
Unrealized loss on foreign exchange contracts	**111**	–
Accounts payable and accrued expenses	**256**	282
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**25 091**	708
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 955 471**	$ 975 641
Investments at cost	**$ 915 644**	$ 809 156
NAV		
SERIES A	**$ 2 872**	$ 3 664
ADVISOR SERIES	**$ 1 079**	$ 1 401
SERIES D	**$ 165 891**	$ 186 721
SERIES F	**$ 9 134**	$ 5 569
SERIES O	**$ 776 495**	$ 778 286
NAV PER UNIT		
SERIES A	**$ 12.41**	$ 13.81
ADVISOR SERIES	**$ 12.41**	$ 13.81
SERIES D	**$ 12.38**	$ 13.72
SERIES F	**$ 11.82**	$ 13.08
SERIES O	**$ 12.70**	$ 13.99

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 23 773**	$ 15 194
Interest for distribution purposes	**39**	56
Securities lending revenue (see note 6 in the generic notes)	**173**	148
Net realized gain (loss) on investments	**12 408**	16 369
Net gain (loss) on foreign currencies and other net assets	**217**	73
Change in unrealized gain (loss) on investments	**(122 673)**	94 037
TOTAL INCOME (LOSS)	**(86 063)**	125 877
EXPENSES (see notes – Fund Specific Information)		
Management fees	**1 008**	993
Administration fees	**443**	416
Independent Review Committee costs	**2**	2
GST/HST	**110**	108
Transaction costs	**1 146**	921
Withholding tax	**1 725**	1 064
TOTAL EXPENSES	**4 434**	3 504
INCREASE (DECREASE) IN NAV	**$ (90 497)**	$ 122 373
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (374)**	$ 456
ADVISOR SERIES	**$ (145)**	$ 142
SERIES D	**$ (18 209)**	$ 22 131
SERIES F	**$ (608)**	$ 500
SERIES O	**$ (71 161)**	$ 99 144
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (1.32)**	$ 1.65
ADVISOR SERIES	**$ (1.32)**	$ 1.65
SERIES D	**$ (1.25)**	$ 1.69
SERIES F	**$ (1.18)**	$ 1.63
SERIES O	**$ (1.20)**	$ 1.81

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (90 497)**	$ 122 373
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(11 692)**	(15 568)
Change in unrealized loss (gain) on investments	**122 673**	(94 037)
(Increase) decrease in accrued receivables	**(901)**	5 048
Increase (decrease) in accrued payables	**(26)**	(2 998)
Cost of investments purchased	**(507 944)**	(417 441)
Proceeds on sales of investments	**414 634**	419 501
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(73 753)**	16 878
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**171 140**	94 072
Cash paid on redemption of redeemable units	**(98 514)**	(109 878)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 72 626**	$ (15 806)
Net increase (decrease) in cash for the period	**(1 127)**	1 072
Cash (bank overdraft), beginning of period	**1 648**	673
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 521**	$ 1 745
Interest received (paid)	**$ 40**	$ 55
Dividends received, net of withholding taxes	**$ 21 146**	$ 12 885

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 3 664**	$ 3 100	**$ 1 401**	$ 1 017	**$ 186 721**	$ 149 793	**$ 5 569**	$ 3 371
INCREASE (DECREASE) IN NAV	**(374)**	456	**(145)**	142	**(18 209)**	22 131	**(608)**	500
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**795**	590	**235**	679	**7 930**	11 124	**5 521**	751
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 213)**	(299)	**(412)**	(95)	**(10 551)**	(8 350)	**(1 348)**	(404)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(418)**	291	**(177)**	584	**(2 621)**	2 774	**4 173**	347
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(792)**	747	**(322)**	726	**(20 830)**	24 905	**3 565**	847
NAV AT END OF PERIOD	**$ 2 872**	$ 3 847	**$ 1 079**	$ 1 743	**$ 165 891**	$ 174 698	**$ 9 134**	$ 4 218

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 778 286**	$ 653 668	**$ 975 641**	$ 810 949
INCREASE (DECREASE) IN NAV	**(71 161)**	99 144	**(90 497)**	122 373
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**157 108**	80 539	**171 589**	93 683
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(87 738)**	(99 771)	**(101 262)**	(108 919)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**69 370**	(19 232)	**70 327**	(15 236)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(1 791)**	79 912	**(20 170)**	107 137
NAV AT END OF PERIOD	**$ 776 495**	$ 733 580	**$ 955 471**	$ 918 086

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing in common stocks in companies located in countries outside North America, including countries in Europe, the Far East (including Japan), and Australia.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Europe ex-United Kingdom Equities	**43.9**	40.0
Japan Equities	**20.7**	20.2
Pacific Rim ex-Japan Equities	**15.2**	13.1
United Kingdom Equities	**15.1**	21.5
Middle East and Africa Equities	**4.8**	3.8
Cash/Other	**0.3**	1.4
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
Euro	**26.0**	27.7
Japanese yen	**20.7**	20.2
Pound sterling	**17.3**	19.4
Swiss franc	**9.6**	10.0
United States dollar	**6.8**	9.5
South African rand	**4.8**	3.8
Hong Kong dollar	**3.8**	3.3
Danish krone	**3.7**	–
Australian dollar	**2.6**	1.9
Swedish krona	**2.0**	2.4
Philippine peso	**1.5**	–
Indian rupee	**0.7**	0.7
Total	**99.5**	98.9

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016	December 31 2015
MSCI EAFE Total Return Net Index (CAD)	**+ or -**	**1.0**	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**65 090**	**887 018**	**–**	**952 108**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**5 222**	**–**	**5 222**
Derivatives – assets	**–**	**38**	**–**	**38**
Derivatives – liabilities	**–**	**(111)**	**–**	**(111)**
Total financial instruments	**65 090**	**892 167**	**–**	**957 257**
% of total portfolio	**6.8**	**93.2**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	90 512	871 666	–	962 178
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	11 264	–	11 264
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	90 512	882 930	–	973 442
% of total portfolio	9.3	90.7	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.75%	0.15%
Advisor Series	1.75%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	n/a†	0.08%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.75% from 1.85%; for Series D units were reduced to 1.00% from 1.10%; and for Series F units were reduced to 0.75% from 0.85%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**53**	53
Advisor Series	**102**	102
Series D	**55**	55
Series F	**59**	59
Value of all units	**3**	4

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	235 647
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**265**	271
Issued number of units	**62**	46
Reinvested number of units	**–**	–
Redeemed number of units	**(96)**	(23)
Ending number of units	**231**	294
Advisor Series		
Opening units	**101**	89
Issued number of units	**19**	51
Reinvested number of units	**–**	–
Redeemed number of units	**(33)**	(7)
Ending number of units	**87**	133
Series D		
Opening units	**13 614**	13 194
Issued number of units	**627**	863
Reinvested number of units	**–**	–
Redeemed number of units	**(837)**	(651)
Ending number of units	**13 404**	13 406
Series F		
Opening units	**426**	311
Issued number of units	**460**	61
Reinvested number of units	**–**	–
Redeemed number of units	**(113)**	(33)
Ending number of units	**773**	339
Series O		
Opening units	**55 634**	56 427
Issued number of units	**12 284**	6 098
Reinvested number of units	**–**	–
Redeemed number of units	**(6 788)**	(7 697)
Ending number of units	**61 130**	54 828

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**1 146**	**100**	921	100
Related-party brokerage commissions*	**58**	**5**	68	7
Commission arrangements†	**–**	**–**	–	–

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Please see the generic notes at the back of the financial statements.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**120 863**	86 956
Fair value of collateral received	**123 280**	91 304

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**266**	**100**	228	100
RBC IS (paid)	**(93)**	**(35)**	(80)	(35)
Tax withheld	**–**	**–**	–	–
Fund revenue	**173**	**65**	148	65

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
BonaVista Balanced Fund	**0.5**	–
BonaVista Global Balanced Fund	**0.1**	0.1
Phillips, Hager & North Currency-Hedged Overseas Equity Fund	**17.0**	17.9
Phillips, Hager & North Overseas Equity Class	**5.1**	5.5
Total	**22.7**	23.5

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

June 30, 2016

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
12 814 274	Phillips, Hager & North Overseas Equity Fund*	$ 140 064	$ 162 773	
TOTAL MUTUAL FUND UNITS		140 064	162 773	**98.3**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	4 020	**2.4**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(1 591)	**(1.0)**
TOTAL PORTFOLIO		$ 140 064	165 202	**99.7**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			442	**0.3**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 165 644	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 1 615 Sold SEK 10 024 @ 0.1611	08-Jul-2016	$ 84
Bought CAD 1 976 Sold SEK 12 281 @ 0.1609	08-Jul-2016	100
Bought CAD 94 Sold SEK 600 @ 0.1566	08-Jul-2016	2
Bought CAD 63 Sold SEK 400 @ 0.1566	08-Jul-2016	2
Bought CAD 126 Sold SEK 800 @ 0.1573	08-Jul-2016	4
Bought CAD 62 Sold SEK 400 @ 0.1553	08-Jul-2016	1
Bought CAD 1 024 Sold INR 52 800 @ 0.0194	11-Jul-2016	15
Bought CAD 19 Sold INR 1 000 @ 0.0189	11-Jul-2016	–
Bought CAD 19 Sold INR 1 000 @ 0.0188	11-Jul-2016	–
Bought CAD 29 Sold INR 1 500 @ 0.0191	11-Jul-2016	–
Bought CAD 19 Sold INR 1 000 @ 0.0191	11-Jul-2016	–
Bought CAD 27 Sold INR 1 400 @ 0.0191	11-Jul-2016	–
Bought CAD 2 454 Sold PHP 87 480 @ 0.0281	11-Jul-2016	53
Bought INR 1 500 Sold CAD 29 @ 52.5899	11-Jul-2016	–
Bought ZAR 618 Sold CAD 53 @ 11.7115	13-Jul-2016	1
Bought ZAR 3 000 Sold CAD 258 @ 11.6443	13-Jul-2016	5
Bought JPY 18 960 Sold CAD 216 @ 87.9444	15-Jul-2016	22
Bought CAD 7 505 Sold CHF 5 663 @ 1.3253	18-Jul-2016	6
Bought CAD 198 Sold CHF 150 @ 1.3222	18-Jul-2016	–
Bought CAD 8 784 Sold GBP 4 819 @ 1.8228	21-Jul-2016	495
Bought CAD 15 396 Sold EUR 10 688 @ 1.4405	21-Jul-2016	63
Bought CAD 678 Sold GBP 360 @ 1.8835	21-Jul-2016	59
Bought ZAR 2 800 Sold CAD 236 @ 11.8652	25-Jul-2016	8
Bought CAD 83 Sold HKD 500 @ 0.1664	28-Jul-2016	–
Bought CAD 77 Sold HKD 460 @ 0.1680	28-Jul-2016	1
Bought CAD 2 298 Sold GBP 1 235 @ 1.8606	05-Aug-2016	173
Bought CAD 652 Sold GBP 342 @ 1.9067	05-Aug-2016	64
Bought CAD 3 775 Sold JPY 300 000 @ 0.0126	05-Aug-2016	18
Bought JPY 50 000 Sold CAD 604 @ 82.8200	05-Aug-2016	22
Bought CAD 6 746 Sold GBP 3 562 @ 1.8939	08-Aug-2016	618
Bought CAD 105 Sold ZAR 1 200 @ 0.0876	08-Aug-2016	1
Bought CAD 14 571 Sold EUR 9 818 @ 1.4841	09-Aug-2016	476
Bought CAD 146 Sold EUR 100 @ 1.4641	09-Aug-2016	3

SCHEDULE A (cont.)
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 2 235 Sold HKD 13 208 @ 0.1692	09-Aug-2016	$ 35
Bought CAD 186 Sold DKK 950 @ 0.1954	09-Aug-2016	2
Bought CAD 2 109 Sold DKK 10 800 @ 0.1953	09-Aug-2016	25
Bought CAD 249 Sold HKD 1 475 @ 0.1686	09-Aug-2016	3
Bought DKK 227 Sold CAD 44 @ 5.1526	09-Aug-2016	–
Bought AUD 100 Sold CAD 96 @ 1.0463	11-Aug-2016	1
Bought AUD 170 Sold CAD 163 @ 1.0423	11-Aug-2016	–
Bought CAD 96 Sold AUD 100 @ 0.9642	11-Aug-2016	–
Bought CAD 111 Sold SEK 710 @ 0.1569	16-Aug-2016	3
Bought CAD 635 Sold SEK 4 048 @ 0.1569	16-Aug-2016	16
Bought CAD 32 Sold SEK 200 @ 0.1591	16-Aug-2016	1
Bought CAD 76 Sold SEK 500 @ 0.1530	16-Aug-2016	–
Bought CAD 4 117 Sold DKK 21 069 @ 0.1954	18-Aug-2016	49
Bought AUD 100 Sold CAD 96 @ 1.0420	25-Aug-2016	–
Bought CAD 1 614 Sold HKD 9 659 @ 0.1671	25-Aug-2016	5
Bought CAD 2 850 Sold USD 2 175 @ 1.3106	30-Aug-2016	41
Bought CAD 4 448 Sold USD 3 398 @ 1.3090	30-Aug-2016	59
Bought CAD 13 940 Sold GBP 7 487 @ 1.8620	30-Aug-2016	1 058
Bought CAD 8 120 Sold JPY 629 322 @ 0.0129	02-Sep-2016	232
Bought JPY 17 310 Sold CAD 208 @ 83.3100	02-Sep-2016	9
Bought CAD 6 372 Sold EUR 4 352 @ 1.4642	13-Sep-2016	116
Bought CAD 106 Sold CHF 80 @ 1.3227	13-Sep-2016	–
Bought CAD 8 216 Sold CHF 6 175 @ 1.3306	15-Sep-2016	11
Bought CAD 8 188 Sold EUR 5 659 @ 1.4468	15-Sep-2016	52
Bought CAD 5 Sold CHF 4 @ 1.3410	15-Sep-2016	–
Bought CAD 1 111 Sold INR 58 700 @ 0.0189	05-Oct-2016	6
		$ 4 020

Contracts	Maturity Date	Unrealized Loss
Bought SEK 2 500 Sold CAD 392 @ 6.3700	08-Jul-2016	$ (11)
Bought SEK 180 Sold CAD 28 @ 6.4247	08-Jul-2016	(1)
Bought SEK 400 Sold CAD 62 @ 6.4426	08-Jul-2016	(1)
Bought SEK 5 587 Sold CAD 855 @ 6.5319	08-Jul-2016	(2)
Bought CAD 28 Sold INR 1 500 @ 0.0187	11-Jul-2016	(1)
Bought INR 58 700 Sold CAD 1 127 @ 52.0691	11-Jul-2016	(5)
Bought PHP 2 500 Sold CAD 70 @ 35.7235	11-Jul-2016	(1)
Bought CAD 2 174 Sold ZAR 25 392 @ 0.0856	13-Jul-2016	(49)
Bought CAD 188 Sold ZAR 2 300 @ 0.0819	13-Jul-2016	(13)
Bought CAD 166 Sold ZAR 2 000 @ 0.0830	13-Jul-2016	(9)
Bought CAD 85 Sold ZAR 1 000 @ 0.0851	13-Jul-2016	(2)
Bought CAD 1 529 Sold ZAR 17 920 @ 0.0853	13-Jul-2016	(40)
Bought CAD 1 374 Sold JPY 116 347 @ 0.0118	15-Jul-2016	(82)
Bought CAD 2 390 Sold JPY 210 000 @ 0.0114	15-Jul-2016	(239)
Bought CAD 593 Sold JPY 50 000 @ 0.0119	15-Jul-2016	(33)
Bought JPY 80 000 Sold CAD 1 029 @ 77.7582	15-Jul-2016	(28)
Bought CHF 200 Sold CAD 266 @ 0.7526	18-Jul-2016	(1)
Bought GBP 400 Sold CAD 697 @ 0.5739	18-Jul-2016	(9)
Bought EUR 209 Sold CAD 301 @ 0.6937	21-Jul-2016	(1)
Bought EUR 700 Sold CAD 1 009 @ 0.6934	21-Jul-2016	(5)

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

June 30, 2016

SCHEDULE A (cont.)
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Loss
Bought GBP 118 Sold CAD 217 @ 0.5434	21-Jul-2016	$ (14)
Bought CAD 1 693 Sold ZAR 19 873 @ 0.0852	25-Jul-2016	(42)
Bought CAD 7 130 Sold JPY 585 819 @ 0.0122	27-Jul-2016	(204)
Bought CAD 907 Sold HKD 5 457 @ 0.1661	28-Jul-2016	(2)
Bought HKD 900 Sold CAD 152 @ 5.9227	28-Jul-2016	(2)
Bought CAD 7 549 Sold JPY 628 771 @ 0.0120	05-Aug-2016	(325)
Bought CAD 830 Sold JPY 70 000 @ 0.0119	05-Aug-2016	(47)
Bought GBP 400 Sold CAD 732 @ 0.5461	05-Aug-2016	(44)
Bought GBP 600 Sold CAD 1 036 @ 0.5789	05-Aug-2016	(4)
Bought CAD 297 Sold ZAR 3 480 @ 0.0853	08-Aug-2016	(6)
Bought CAD 1 099 Sold ZAR 12 890 @ 0.0852	08-Aug-2016	(23)
Bought CAD 149 Sold ZAR 1 775 @ 0.0839	08-Aug-2016	(6)
Bought CAD 105 Sold ZAR 1 300 @ 0.0811	08-Aug-2016	(8)
Bought CAD 222 Sold ZAR 2 700 @ 0.0822	08-Aug-2016	(13)
Bought DKK 700 Sold CAD 136 @ 5.1511	09-Aug-2016	(1)
Bought DKK 800 Sold CAD 157 @ 5.1067	09-Aug-2016	(2)
Bought DKK 600 Sold CAD 118 @ 5.1020	09-Aug-2016	(2)
Bought EUR 600 Sold CAD 869 @ 0.6907	09-Aug-2016	(7)
Bought CAD 1 197 Sold AUD 1 266 @ 0.9457	11-Aug-2016	(21)
Bought SEK 500 Sold CAD 78 @ 6.4273	16-Aug-2016	(1)
Bought CAD 1 283 Sold AUD 1 360 @ 0.9436	18-Aug-2016	(25)
Bought CAD 1 733 Sold AUD 1 836 @ 0.9439	25-Aug-2016	(32)
Bought CAD 75 Sold AUD 80 @ 0.9433	25-Aug-2016	(1)
Bought CAD 129 Sold USD 100 @ 1.2852	30-Aug-2016	(1)
Bought CAD 257 Sold USD 200 @ 1.2839	30-Aug-2016	(2)
Bought GBP 520 Sold CAD 946 @ 0.5498	30-Aug-2016	(51)
Bought CAD 3 268 Sold JPY 270 665 @ 0.0121	02-Sep-2016	(124)
Bought JPY 50 000 Sold CAD 637 @ 78.4540	02-Sep-2016	(11)
Bought CAD 980 Sold HKD 5 955 @ 0.1646	12-Sep-2016	(12)
Bought CAD 1 842 Sold USD 1 427 @ 1.2909	15-Sep-2016	(1)
Bought CAD 4 377 Sold USD 3 391 @ 1.2909	15-Sep-2016	(3)
Bought CHF 300 Sold CAD 404 @ 0.7435	15-Sep-2016	(5)
Bought EUR 700 Sold CAD 1 012 @ 0.6915	15-Sep-2016	(6)
Bought USD 270 Sold CAD 354 @ 0.7635	15-Sep-2016	(5)
Bought USD 1 987 Sold CAD 2 571 @ 0.7728	15-Sep-2016	(5)
		$ (1 591)
TOTAL FOREIGN EXCHANGE		$ 2 429

All counterparties have a credit rating of at least A.

* Investment in related party (see note 7 in the generic notes).

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 162 773**	$ 174 877
Cash	**229**	466
Due from investment dealers	**275**	–
Subscriptions receivable	**99**	48
Unrealized gain on foreign exchange contracts	**4 020**	1 026
TOTAL ASSETS	**167 396**	176 417
LIABILITIES		
Redemptions payable	**118**	336
Unrealized loss on foreign exchange contracts	**1 591**	4 575
Accounts payable and accrued expenses	**43**	42
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**1 752**	4 953
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 165 644**	$ 171 464
Investments at cost	**$ 140 064**	$ 132 813
NAV		
SERIES A	**$ 624**	$ 733
ADVISOR SERIES	**$ 1 802**	$ 1 675
SERIES D	**$ 14 213**	$ 11 977
SERIES F	**$ 3 431**	$ 3 268
SERIES O	**$ 145 574**	$ 153 811
NAV PER UNIT		
SERIES A	**$ 9.09**	$ 9.73
ADVISOR SERIES	**$ 9.09**	$ 9.73
SERIES D	**$ 8.88**	$ 9.46
SERIES F	**$ 8.97**	$ 9.55
SERIES O	**$ 9.05**	$ 9.59

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ (1)**	$ –
Net realized gain (loss) on investments	**3 224**	2 615
Net gain (loss) on foreign currencies and other net assets	**702**	(3 762)
Change in unrealized gain (loss) on investments	**(13 377)**	14 764
TOTAL INCOME (LOSS)	**(9 452)**	13 617
EXPENSES (see notes – Fund Specific Information)		
Management fees	**110**	95
Administration fees	**116**	110
Independent Review Committee costs	**2**	2
GST/HST	**20**	18
TOTAL EXPENSES	**248**	225
INCREASE (DECREASE) IN NAV	**$ (9 700)**	$ 13 392
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (49)**	$ 52
ADVISOR SERIES	**$ (105)**	$ 1
SERIES D	**$ (644)**	$ 1 041
SERIES F	**$ (177)**	$ 101
SERIES O	**$ (8 725)**	$ 12 197
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.62)**	$ 0.72
ADVISOR SERIES	**$ (0.61)**	$ 0.71
SERIES D	**$ (0.57)**	$ 0.75
SERIES F	**$ (0.56)**	$ 0.75
SERIES O	**$ (0.53)**	$ 0.82

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (9 700)**	$ 13 392
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(3 224)**	(2 615)
Change in unrealized loss (gain) on investments	**13 377**	(14 764)
(Increase) decrease in accrued receivables	**–**	–
Increase (decrease) in accrued payables	**1**	149
Cost of investments purchased	**(23 740)**	(27 033)
Proceeds on sales of investments	**19 438**	10 849
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(3 848)**	(20 022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**23 431**	33 486
Cash paid on redemption of redeemable units	**(19 820)**	(13 194)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 3 611**	$ 20 292
Net increase (decrease) in cash for the period	**(237)**	270
Cash (bank overdraft), beginning of period	**466**	271
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 229**	$ 541
Interest received (paid)	**$ (1)**	$ –
Dividends received, net of withholding taxes	**$ –**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 733**	$ 606	**$ 1 675**	$ 111	**$ 11 977**	$ 11 692	**$ 3 268**	$ 700
INCREASE (DECREASE) IN NAV	**(49)**	52	**(105)**	1	**(644)**	1 041	**(177)**	101
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**8**	207	**329**	1 612	**3 725**	575	**988**	3 448
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(68)**	(92)	**(97)**	(135)	**(845)**	(1 029)	**(648)**	(594)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(60)**	115	**232**	1 477	**2 880**	(454)	**340**	2 854
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(109)**	167	**127**	1 478	**2 236**	587	**163**	2 955
NAV AT END OF PERIOD	**$ 624**	$ 773	**$ 1 802**	$ 1 589	**$ 14 213**	$ 12 279	**$ 3 431**	$ 3 655

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 153 811**	$ 121 375	**$ 171 464**	$ 134 484
INCREASE (DECREASE) IN NAV	**(8 725)**	12 197	**(9 700)**	13 392
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**18 432**	27 809	**23 482**	33 651
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(17 944)**	(11 550)	**(19 602)**	(13 400)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**488**	16 259	**3 880**	20 251
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(8 237)**	28 456	**(5 820)**	33 643
NAV AT END OF PERIOD	**$ 145 574**	$ 149 831	**$ 165 644**	$ 168 127

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

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth primarily through exposure to a diversified portfolio of companies located in countries outside North America, including countries in Europe, the Far East (including Japan), and Australia, while minimizing fluctuations in the value of foreign currencies relative to the Canadian dollar.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests in the Phillips, Hager & North Overseas Equity Fund. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from entering into over-the-counter derivative contracts and from investments in the underlying mutual fund. This underlying fund could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Europe ex-United Kingdom Equities	**43.2**	40.9
Japan Equities	**20.4**	20.5
Pacific Rim ex-Japan Equities	**14.9**	13.3
United Kingdom Equities	**14.8**	21.9
Middle East and Africa Equities	**4.7**	3.9
Cash/Other	**2.0**	(0.5)
Total	**100.0**	100.0

Currency risk (% of net assets)

Since the currency risk of the underlying fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
MSCI EAFE Total Return Net Index (hedged to CAD)	**+ or - 1.0**	+ or - 0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**–**	**–**	**–**	**–**
Mutual fund units	**162 773**	**–**	**–**	**162 773**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**4 020**	**–**	**4 020**
Derivatives – liabilities	**–**	**(1 591)**	**–**	**(1 591)**
Total financial instruments	**162 773**	**2 429**	**–**	**165 202**
% of total portfolio	**98.5**	**1.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	174 877	–	–	174 877
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	1 026	–	1 026
Derivatives – liabilities	–	(4 575)	–	(4 575)
Total financial instruments	174 877	(3 549)	–	171 328
% of total portfolio	102.1	(2.1)	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

PHILLIPS, HAGER & NORTH CURRENCY-HEDGED OVERSEAS EQUITY FUND

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.75%	0.15%
Advisor Series	1.75%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	n/a†	0.14%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.75% from 1.85%; for Series D units were reduced to 1.00% from 1.10%; and for Series F units were reduced to 0.75% from 0.85%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**66**	66
Advisor Series	**129**	129
Series D	**71**	71
Series F	**71**	71
Series O	**74**	74
Value of all units	**4**	4

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual fund as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying fund ("Ownership"). The underlying fund is established and conducts business in Canada, and has an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Overseas Equity Fund	**98.3**	**17.0**	102.0	17.9

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	5 127
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**75**	67
Issued number of units	**2**	20
Reinvested number of units	**–**	–
Redeemed number of units	**(8)**	(9)
Ending number of units	**69**	78
Advisor Series		
Opening units	**172**	12
Issued number of units	**37**	162
Reinvested number of units	**–**	–
Redeemed number of units	**(11)**	(13)
Ending number of units	**198**	161
Series D		
Opening units	**1 266**	1 322
Issued number of units	**430**	59
Reinvested number of units	**–**	–
Redeemed number of units	**(95)**	(108)
Ending number of units	**1 601**	1 273
Series F		
Opening units	**342**	78
Issued number of units	**112**	357
Reinvested number of units	**–**	–
Redeemed number of units	**(72)**	(60)
Ending number of units	**382**	375
Series O		
Opening units	**16 036**	13 542
Issued number of units	**2 058**	2 876
Reinvested number of units	**–**	–
Redeemed number of units	**(2 013)**	(1 182)
Ending number of units	**16 081**	15 236

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH GLOBAL EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
GLOBAL EQUITIES				
Belgium				
19 413	InBev N.V.	$ 2 454	$ 3 317	
		2 454	3 317	**3.1**
Denmark				
44 574	Novo Nordisk A/S	3 194	3 099	
		3 194	3 099	**2.9**
France				
25 680	Pernod-Ricard S.A.	3 916	3 673	
39 349	Safran S.A.	2 915	3 423	
		6 831	7 096	**6.6**
Germany				
90 418	Deutsche Post AG	3 262	3 294	
		3 262	3 294	**3.1**
Hong Kong				
264 132	AIA Group Ltd.	1 636	2 049	
		1 636	2 049	**1.9**
India				
48 330	HDFC Bank Ltd. ADR	2 720	4 143	
		2 720	4 143	**3.8**
Ireland				
14 389	Paddy Power Betfair Plc.	2 657	1 956	
		2 657	1 956	**1.8**
Japan				
6 300	SMC Corp.	2 201	2 002	
23 018	Toyota Motor Corp.	1 547	1 466	
		3 748	3 468	**3.2**
South Africa				
17 969	Naspers Ltd.	2 546	3 545	
		2 546	3 545	**3.3**
Switzerland				
9 767	Roche Holdings AG Genusscheine	3 191	3 330	
		3 191	3 330	**3.1**
Taiwan				
77 778	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	1 872	2 636	
		1 872	2 636	**2.5**
United Kingdom				
60 383	InterContinental Hotels Group Plc.	3 703	2 877	
836 777	Lloyds TSB Group Plc.	1 388	783	
125 267	St James's Place Plc.	1 806	1 707	
		6 897	5 367	**5.0**
United States				
3 559	Alphabet Inc., Class A	2 533	3 235	
3 887	Amazon.com, Inc.	1 675	3 594	
15 578	Amgen Inc.	2 500	3 062	
104 687	Blackstone Group LP	4 064	3 319	
18 596	Citigroup Inc.	1 014	1 019	
44 463	Cognizant Technology Solutions Corp., Class A	3 455	3 288	
14 200	Core Laboratories N.V.	2 278	2 272	
33 340	Danaher Corp.	3 090	4 350	
38 833	EOG Resources Inc.	4 098	4 185	
30 098	Estée Lauder Companies Inc., Class A	2 844	3 539	
46 594	First Republic Bank	2 650	4 212	
20 533	Gartner Inc.	2 520	2 584	
16 725	Incyte Corporation Ltd.	1 390	1 728	
25 729	International Flavors & Fragrances Inc.	3 863	4 192	
29 671	Intuit Inc.	3 692	4 278	
58 462	ITC Holdings Corp.	2 446	3 536	
23 553	Occidental Petroleum Corp.	2 378	2 300	
43 659	TJX Companies Inc.	2 923	4 355	
22 592	UnitedHealth Group Incorporated	2 381	4 120	
		51 794	63 168	**58.9**
TOTAL GLOBAL EQUITIES		92 802	106 468	**99.2**
SHORT-TERM INVESTMENTS*		135	135	**0.1**
TOTAL INVESTMENTS		92 937	106 603	**99.3**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	5	–
TOTAL PORTFOLIO		$ 92 937	106 608	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			717	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 107 325	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 28 Sold CHF 21 @ 1.3271	04-Jul-2016	$ –
Bought CAD 26 Sold DKK 137 @ 0.1931	04-Jul-2016	–
Bought CAD 62 Sold GBP 36 @ 1.7185	04-Jul-2016	–
Bought CAD 116 Sold EUR 81 @ 1.4369	04-Jul-2016	–
Bought CAD 948 Sold USD 730 @ 1.2984	06-Jul-2016	5
Bought CAD 30 Sold ZAR 336 @ 0.0881	07-Jul-2016	–
TOTAL FOREIGN EXCHANGE		$ 5

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.75% and mature on July 27, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 106 603**	$ 120 206
Cash	**288**	475
Due from investment dealers	**1 205**	–
Subscriptions receivable	**64**	317
Unrealized gain on foreign exchange contracts	**5**	–
Dividends receivable, interest accrued and other assets	**139**	40
TOTAL ASSETS	**108 304**	121 038
LIABILITIES		
Redemptions payable	**906**	54
Accounts payable and accrued expenses	**73**	76
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**979**	130
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 107 325**	$ 120 908
Investments at cost	**$ 92 937**	$ 95 507
NAV		
SERIES A	**$ 6 912**	$ 7 246
ADVISOR SERIES	**$ 3 051**	$ 3 686
SERIES D	**$ 50 663**	$ 52 874
SERIES F	**$ 2 689**	$ 2 536
SERIES O	**$ 44 010**	$ 54 566
NAV PER UNIT		
SERIES A	**$ 13.60**	$ 14.47
ADVISOR SERIES	**$ 13.60**	$ 14.47
SERIES D	**$ 13.86**	$ 14.69
SERIES F	**$ 14.06**	$ 14.87
SERIES O	**$ 14.31**	$ 15.08

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 1 696**	$ 1 157
Interest for distribution purposes	**3**	6
Securities lending revenue (see note 6 in the generic notes)	**4**	4
Net realized gain (loss) on investments	**3 304**	3 754
Net gain (loss) on foreign currencies and other net assets	**(33)**	(20)
Change in unrealized gain (loss) on investments	**(11 028)**	7 121
TOTAL INCOME (LOSS)	**(6 054)**	12 022
EXPENSES (see notes – Fund Specific Information)		
Management fees	**353**	263
Administration fees	**45**	40
Independent Review Committee costs	**2**	2
GST/HST	**35**	25
Transaction costs	**112**	93
Withholding tax	**117**	119
TOTAL EXPENSES	**664**	542
INCREASE (DECREASE) IN NAV	**$ (6 718)**	$ 11 480
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (437)**	$ 450
ADVISOR SERIES	**$ (237)**	$ 101
SERIES D	**$ (2 966)**	$ 4 574
SERIES F	**$ (153)**	$ 61
SERIES O	**$ (2 925)**	$ 6 294
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.90)**	$ 1.39
ADVISOR SERIES	**$ (0.90)**	$ 1.39
SERIES D	**$ (0.86)**	$ 1.46
SERIES F	**$ (0.85)**	$ 1.50
SERIES O	**$ (0.79)**	$ 1.58

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (6 718)**	$ 11 480
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(3 206)**	(3 679)
Change in unrealized loss (gain) on investments	**11 028**	(7 121)
(Increase) decrease in accrued receivables	**(99)**	5 749
Increase (decrease) in accrued payables	**(3)**	722
Cost of investments purchased	**(44 615)**	(51 586)
Proceeds on sales of investments	**49 186**	48 251
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**5 573**	3 816
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**14 397**	10 551
Cash paid on redemption of redeemable units	**(20 157)**	(13 323)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (5 760)**	$ (2 772)
Net increase (decrease) in cash for the period	**(187)**	1 044
Cash (bank overdraft), beginning of period	**475**	33
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 288**	$ 1 077
Interest received (paid)	**$ 3**	$ 6
Dividends received, net of withholding taxes	**$ 1 479**	$ 924

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 7 246**	$ 3 640	**$ 3 686**	$ 879	**$ 52 874**	$ 36 737	**$ 2 536**	$ 435
INCREASE (DECREASE) IN NAV	**(437)**	450	**(237)**	101	**(2 966)**	4 574	**(153)**	61
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**734**	1 546	**638**	1 155	**5 144**	4 137	**1 088**	837
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(631)**	(173)	**(1 036)**	(383)	**(4 389)**	(2 047)	**(782)**	(63)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**103**	1 373	**(398)**	772	**755**	2 090	**306**	774
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(334)**	1 823	**(635)**	873	**(2 211)**	6 664	**153**	835
NAV AT END OF PERIOD	**$ 6 912**	$ 5 463	**$ 3 051**	$ 1 752	**$ 50 663**	$ 43 401	**$ 2 689**	$ 1 270

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 54 566**	$ 48 282	**$ 120 908**	$ 89 973
INCREASE (DECREASE) IN NAV	**(2 925)**	6 294	**(6 718)**	11 480
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**6 540**	2 873	**14 144**	10 548
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(14 171)**	(4 097)	**(21 009)**	(6 763)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(7 631)**	(1 224)	**(6 865)**	3 785
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(10 556)**	5 070	**(13 583)**	15 265
NAV AT END OF PERIOD	**$ 44 010**	$ 53 352	**$ 107 325**	$ 105 238

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in common stocks of companies in the world's largest industrialized countries outside Canada, including the United States and countries in Europe, the Far East (including Japan), and Australia.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
United States Equities	**58.9**	56.1
Europe ex-United Kingdom Equities	**20.6**	17.6
Pacific Rim ex-Japan Equities	**8.2**	8.9
United Kingdom Equities	**5.0**	9.1
Middle East and Africa Equities	**3.3**	3.0
Japan Equities	**3.2**	3.6
Cash/Other	**0.8**	1.7
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**65.4**	63.5
Euro	**12.8**	13.9
Pound sterling	**6.8**	9.1
South African rand	**3.3**	3.0
Japanese yen	**3.2**	3.6
Swiss franc	**3.1**	3.7
Danish krone	**2.9**	–
Hong Kong dollar	**1.9**	1.9
Total	**99.4**	98.7

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
MSCI World Total Return Net Index (CAD)	**+ or -**	**1.1**	+ or -	1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**69 947**	**36 521**	**–**	**106 468**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**135**	**–**	**135**
Derivatives – assets	**–**	**5**	**–**	**5**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**69 947**	**36 661**	**–**	**106 608**
% of total portfolio	**65.6**	**34.4**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	76 287	42 566	–	118 853
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 353	–	1 353
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	76 287	43 919	–	120 206
% of total portfolio	63.5	36.5	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.75%	0.10%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	n/a*	0.06%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**67**	67
Advisor Series	**130**	130
Series D	**68**	68
Series F	**69**	69
Series O	**72**	72
Value of all units	**6**	6

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	67 310
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**501**	308
Issued number of units	**54**	118
Reinvested number of units	**–**	–
Redeemed number of units	**(47)**	(13)
Ending number of units	**508**	413
Advisor Series		
Opening units	**255**	74
Issued number of units	**46**	87
Reinvested number of units	**–**	–
Redeemed number of units	**(77)**	(29)
Ending number of units	**224**	132
Series D		
Opening units	**3 600**	3 076
Issued number of units	**374**	311
Reinvested number of units	**–**	–
Redeemed number of units	**(320)**	(155)
Ending number of units	**3 654**	3 232
Series F		
Opening units	**171**	36
Issued number of units	**76**	62
Reinvested number of units	**–**	–
Redeemed number of units	**(56)**	(5)
Ending number of units	**191**	93
Series O		
Opening units	**3 619**	3 938
Issued number of units	**466**	209
Reinvested number of units	**–**	–
Redeemed number of units	**(1 010)**	(299)
Ending number of units	**3 075**	3 848

Please see the generic notes at the back of the financial statements.

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**112**	**100**	93	100
Related-party brokerage commissions*	**2**	**2**	14	15
Commission arrangements†	**–**	**–**	–	–

* See note 7 in the generic notes.
† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**6 514**	4 118
Fair value of collateral received	**6 644**	4 324

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**6**	**100**	6	100
RBC IS (paid)	**(2)**	**(35)**	(2)	(35)
Tax withheld	**–**	**(1)**	–	–
Fund revenue	**4**	**64**	4	65

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
GLOBAL EQUITIES				
Denmark				
60 803	Novo Nordisk A/S	$ 4 354	$ 4 227	
		4 354	4 227	**3.4**
France				
50 969	Safran S.A.	3 817	4 434	
		3 817	4 434	**3.6**
Germany				
132 189	Deutsche Post AG	4 671	4 816	
		4 671	4 816	**3.9**
Hong Kong				
423 600	AIA Group Ltd.	3 479	3 286	
		3 479	3 286	**2.6**
Japan				
135 570	Astellas Pharma Inc.	2 504	2 747	
89 500	Kubota Corp.	1 957	1 564	
20 700	Nidec Corp.	1 854	2 036	
30 197	Toyota Motor Corp.	1 949	1 923	
		8 264	8 270	**6.7**
South Africa				
24 188	Naspers Ltd.	3 686	4 772	
		3 686	4 772	**3.8**
Spain				
405 286	CaixaBank S.A.	2 079	1 154	
		2 079	1 154	**0.9**
Switzerland				
13 020	Roche Holdings AG Genusscheine	3 796	4 439	
		3 796	4 439	**3.6**
Taiwan				
92 360	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2 222	3 130	
		2 222	3 130	**2.5**
United Kingdom				
79 453	Britvic Plc.	1 010	803	
185 145	BT Group Plc.	1 519	1 315	
76 143	InterContinental Hotels Group Plc.	4 562	3 628	
1 828 308	Lloyds TSB Group Plc.	2 448	1 711	
151 312	St James's Place Plc.	2 110	2 062	
		11 649	9 519	**7.7**
United States				
4 681	Alphabet Inc., Class A	3 332	4 255	
21 207	Amgen Inc.	3 265	4 169	
125 914	Blackstone Group LP	4 664	3 992	
56 351	Cognizant Technology Solutions Corp., Class A	4 357	4 167	
12 500	Core Laboratories N.V.	2 005	2 000	
40 662	Danaher Corp.	3 576	5 306	
14 900	Ecolab Inc.	2 297	2 283	
44 650	EOG Resources Inc.	4 766	4 810	
38 697	Estée Lauder Companies Inc., Class A	3 536	4 551	
57 347	First Republic Bank	3 022	5 184	
23 303	Gartner Inc.	2 861	2 933	
18 847	Incyte Corporation Ltd.	1 726	1 947	
32 855	International Flavors & Fragrances Inc.	4 193	5 351	
39 276	Intuit Inc.	4 888	5 663	
51 895	Invesco Ltd.	2 170	1 712	
66 358	ITC Holdings Corp.	2 742	4 014	
18 876	Occidental Petroleum Corp.	1 967	1 843	
50 664	TJX Companies Inc.	3 333	5 054	
29 865	UnitedHealth Group Incorporated	2 967	5 447	
		61 667	74 681	**60.1**
TOTAL GLOBAL EQUITIES		109 684	122 728	**98.8**
SHORT-TERM INVESTMENTS*		1 345	1 345	**1.1**
TOTAL INVESTMENTS		111 029	124 073	**99.9**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	1	–
TOTAL PORTFOLIO		$ 111 029	124 074	**99.9**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			172	**0.1**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 124 246	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought ZAR 436 Sold CAD 37 @ 11.8177	04-Jul-2016	$ 1
TOTAL FOREIGN EXCHANGE		$ 1

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.75% to 0.81% and mature between July 4, 2016 and July 27, 2016.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 124 073**	$ 122 648
Cash	**168**	288
Subscriptions receivable	**524**	173
Unrealized gain on foreign exchange contracts	**1**	–
Dividends receivable, interest accrued and other assets	**159**	79
TOTAL ASSETS	**124 925**	123 188
LIABILITIES		
Due to investment dealers	**112**	–
Redemptions payable	**523**	30
Accounts payable and accrued expenses	**44**	40
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**679**	70
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 124 246**	$ 123 118
Investments at cost	**$ 111 029**	$ 97 768
NAV		
SERIES A	**$ 3 167**	$ 3 528
ADVISOR SERIES	**$ 4 045**	$ 3 010
SERIES D	**$ 12 629**	$ 13 458
SERIES F	**$ 3 130**	$ 1 900
SERIES O	**$ 101 275**	$ 101 222
NAV PER UNIT		
SERIES A	**$ 12.80**	$ 13.70
ADVISOR SERIES	**$ 12.81**	$ 13.70
SERIES D	**$ 12.79**	$ 13.63
SERIES F	**$ 12.80**	$ 13.62
SERIES O	**$ 13.09**	$ 13.87

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 1 934**	$ 1 369
Interest for distribution purposes	**6**	6
Securities lending revenue (see note 6 in the generic notes)	**7**	5
Net realized gain (loss) on investments	**3 313**	4 119
Net gain (loss) on foreign currencies and other net assets	**(8)**	(16)
Change in unrealized gain (loss) on investments	**(11 835)**	8 997
TOTAL INCOME (LOSS)	**(6 583)**	14 480
EXPENSES (see notes – Fund Specific Information)		
Management fees	**130**	89
Administration fees	**92**	84
Independent Review Committee costs	**2**	2
GST/HST	**22**	15
Transaction costs	**112**	66
Withholding tax	**154**	97
TOTAL EXPENSES	**512**	353
INCREASE (DECREASE) IN NAV	**$ (7 095)**	$ 14 127
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (232)**	$ 254
ADVISOR SERIES	**$ (211)**	$ 159
SERIES D	**$ (832)**	$ 1 071
SERIES F	**$ (131)**	$ 103
SERIES O	**$ (5 689)**	$ 12 540
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.85)**	$ 1.47
ADVISOR SERIES	**$ (0.85)**	$ 1.47
SERIES D	**$ (0.80)**	$ 1.51
SERIES F	**$ (0.78)**	$ 1.53
SERIES O	**$ (0.75)**	$ 1.62

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (7 095)**	$ 14 127
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(3 225)**	(4 070)
Change in unrealized loss (gain) on investments	**11 835**	(8 997)
(Increase) decrease in accrued receivables	**(80)**	530
Increase (decrease) in accrued payables	**4**	(56)
Cost of investments purchased	**(61 107)**	(39 729)
Proceeds on sales of investments	**51 183**	38 844
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(8 485)**	649
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**14 509**	10 748
Cash paid on redemption of redeemable units	**(6 144)**	(11 191)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 8 365**	$ (443)
Net increase (decrease) in cash for the period	**(120)**	206
Cash (bank overdraft), beginning of period	**288**	59
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 168**	$ 265
Interest received (paid)	**$ 6**	$ 5
Dividends received, net of withholding taxes	**$ 1 700**	$ 1 159

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 3 528**	$ 1 914	**$ 3 010**	$ 1 259	**$ 13 458**	$ 8 053	**$ 1 900**	$ 754
INCREASE (DECREASE) IN NAV	**(232)**	254	**(211)**	159	**(832)**	1 071	**(131)**	103
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**281**	544	**1 645**	571	**1 252**	3 088	**1 519**	247
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(410)**	(60)	**(399)**	(104)	**(1 249)**	(651)	**(158)**	(12)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(129)**	484	**1 246**	467	**3**	2 437	**1 361**	235
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(361)**	738	**1 035**	626	**(829)**	3 508	**1 230**	338
NAV AT END OF PERIOD	**$ 3 167**	$ 2 652	**$ 4 045**	$ 1 885	**$ 12 629**	$ 11 561	**$ 3 130**	$ 1 092

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 101 222**	$ 91 808	**$ 123 118**	$ 103 788
INCREASE (DECREASE) IN NAV	**(5 689)**	12 540	**(7 095)**	14 127
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**10 163**	6 500	**14 860**	10 950
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(4 421)**	(10 476)	**(6 637)**	(11 303)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**5 742**	(3 976)	**8 223**	(353)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**53**	8 564	**1 128**	13 774
NAV AT END OF PERIOD	**$ 101 275**	$ 100 372	**$ 124 246**	$ 117 562

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

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in common stocks of companies in the world's largest industrialized countries outside Canada, including the United States and countries in Europe, the Far East (including Japan), and Australia.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
United States Equities	**60.1**	54.0
Europe ex-United Kingdom Equities	**15.4**	13.9
United Kingdom Equities	**7.7**	11.3
Japan Equities	**6.7**	6.3
Pacific Rim ex-Japan Equities	**5.1**	9.5
Middle East and Africa Equities	**3.8**	3.3
Cash/Other	**1.2**	1.7
Total	**100.0**	100.0

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**62.6**	60.9
Euro	**8.4**	10.3
Pound sterling	**7.6**	11.3
Japanese yen	**6.6**	6.3
South African rand	**3.8**	3.3
Swiss franc	**3.6**	3.5
Danish krone	**3.4**	–
Hong Kong dollar	**2.6**	2.4
Indian rupee	**–**	0.5
Total	**98.6**	98.5

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 1.0% (December 31, 2015 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
MSCI World Total Return Net Index (CAD)	**+ or -**	**1.1**	+ or -	1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**77 811**	**44 917**	**–**	**122 728**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**1 345**	**–**	**1 345**
Derivatives – assets	**–**	**1**	**–**	**1**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**77 811**	**46 263**	**–**	**124 074**
% of total portfolio	**62.7**	**37.3**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	74 676	46 338	–	121 014
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 634	–	1 634
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	74 676	47 972	–	122 648
% of total portfolio	60.9	39.1	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series A	1.75%	0.15%
Advisor Series	1.75%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	n/a*	0.15%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**69**	69
Advisor Series	**134**	134
Series D	**73**	73
Series F	**74**	74
Series O	**75**	75
Value of all units	**5**	6

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**258**	166
Issued number of units	**21**	43
Reinvested number of units	**–**	–
Redeemed number of units	**(32)**	(5)
Ending number of units	**247**	204
Advisor Series		
Opening units	**220**	109
Issued number of units	**128**	44
Reinvested number of units	**–**	–
Redeemed number of units	**(32)**	(8)
Ending number of units	**316**	145
Series D		
Opening units	**987**	704
Issued number of units	**98**	241
Reinvested number of units	**–**	–
Redeemed number of units	**(98)**	(51)
Ending number of units	**987**	894
Series F		
Opening units	**139**	66
Issued number of units	**118**	19
Reinvested number of units	**–**	–
Redeemed number of units	**(12)**	(1)
Ending number of units	**245**	84
Series O		
Opening units	**7 297**	7 886
Issued number of units	**778**	500
Reinvested number of units	**–**	–
Redeemed number of units	**(337)**	(804)
Ending number of units	**7 738**	7 582

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH COMMUNITY VALUES GLOBAL EQUITY FUND

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**112**	**100**	66	100
Related-party brokerage commissions*	**12**	**11**	14	21
Commission arrangements†	**–**	**–**	–	–

* See note 7 in the generic notes.
† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue ($000s except %) (see note 6 in the generic notes)

Fair value of securities on loan and collateral received as at:

	June 30 2016	June 30 2015
Fair value of securities loaned	**6 497**	6 761
Fair value of collateral received	**6 626**	7 099

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2016		June 30 2015	
	$	**%**	$	%
Gross revenue	**10**	**100**	8	100
RBC IS (paid)	**(3)**	**(35)**	(3)	(35)
Tax withheld	**–**	**(1)**	–	–
Fund revenue	**7**	**64**	5	65

Investments by other related investment funds (%) (see note 7 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2016	December 31 2015
Phillips, Hager & North Community Values Balanced Fund	**15.9**	15.2
Social Housing Canadian Equity Fund	**26.2**	–
Total	**42.1**	15.2

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2015 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
3 390	Vanguard Real Estate Investment Trust Fund	$ 275	$ 388	
TOTAL UNITED STATES EQUITIES		275	388	**4.1**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
239 161	Phillips, Hager & North Bond Fund*	$ 2 529	$ 2 567	
53 539	Phillips, Hager & North Canadian Equity Underlying Fund*	568	588	
4 583	Phillips, Hager & North Canadian Money Market Fund*	46	46	
53 151	Phillips, Hager & North Conservative Equity Income Fund*	535	584	
282 959	Phillips, Hager & North Inflation-Linked Bond Fund*	3 220	3 361	
110 445	RBC QUBE Low Volatility Global Equity Fund*	1 754	1 972	
TOTAL MUTUAL FUND UNITS		8 652	9 118	**95.5**
TOTAL INVESTMENTS		$ 8 927	9 506	**99.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			39	**0.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 9 545	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 9 506**	$ 7 937
Cash	**61**	86
Due from investment dealers	**–**	13
Subscriptions receivable	**1**	7
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**9 570**	8 043
LIABILITIES		
Due to investment dealers	**10**	35
Redemptions payable	**8**	57
Distributions payable	**–**	10
Accounts payable and accrued expenses	**7**	4
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**25**	106
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 9 545**	$ 7 937
Investments at cost	**$ 8 927**	$ 7 795
NAV		
SERIES D	**$ 6 307**	$ 5 187
SERIES O	**$ 3 238**	$ 2 750
NAV PER UNIT		
SERIES D	**$ 11.53**	$ 10.96
SERIES O	**$ 11.54**	$ 10.92

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 7**	$ 5
Other income received from underlying funds	**68**	89
Net realized gain (loss) on investments	**(14)**	270
Change in unrealized gain (loss) on investments	**437**	(130)
TOTAL INCOME (LOSS)	**498**	234
EXPENSES (see notes – Fund Specific Information)		
Management fees	**21**	21
Administration fees	**2**	3
Independent Review Committee costs	**2**	2
GST/HST	**2**	2
Withholding tax	**1**	–
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**26**	26
INCREASE (DECREASE) IN NAV	**$ 472**	$ 208
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 304**	$ 127
SERIES O	**$ 168**	$ 81
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.60**	$ 0.28
SERIES O	**$ 0.64**	$ 0.32

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 472**	$ 208
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**14**	(270)
Change in unrealized loss (gain) on investments	**(437)**	130
(Increase) decrease in accrued receivables	**(2)**	107
Increase (decrease) in accrued payables	**3**	(23)
Cost of investments purchased	**(8 583)**	(9 628)
Proceeds on sales of investments	**7 425**	8 449
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(1 108)**	(1 027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**2 805**	1 828
Cash paid on redemption of redeemable units	**(1 712)**	(701)
Distributions paid to holders of redeemable units	**(10)**	(2)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 1 083**	$ 1 125
Net increase (decrease) in cash for the period	**(25)**	98
Cash (bank overdraft), beginning of period	**86**	(60)
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 61**	$ 38
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 6**	$ 2

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 5 187**	$ 4 843	**$ 2 750**	$ 2 554	**$ 7 937**	$ 7 397
INCREASE (DECREASE) IN NAV	**304**	127	**168**	81	**472**	208
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**2 116**	1 379	**683**	493	**2 799**	1 872
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(1 300)**	(311)	**(363)**	(401)	**(1 663)**	(712)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**816**	1 068	**320**	92	**1 136**	1 160
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**1 120**	1 195	**488**	173	**1 608**	1 368
NAV AT END OF PERIOD	**$ 6 307**	$ 6 038	**$ 3 238**	$ 2 727	**$ 9 545**	$ 8 765

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

June 30, 2016

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2015.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**62.0**	61.6
Global Equities	**20.7**	21.4
Canadian Equities	**6.7**	12.3
United States Equities	**4.1**	4.2
Cash/Other	**6.5**	0.5
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 7.5% (December 31, 2015 – 7.5%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.2% (December 31, 2015 – 0.2%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.2**	+ or - 0.3
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.3**	+ or - 0.4

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**388**	**–**	**–**	**388**
Mutual fund units	**9 118**	**–**	**–**	**9 118**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**9 506**	**–**	**–**	**9 506**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	331	–	–	331
Mutual fund units	7 606	–	–	7 606
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	7 937	–	–	7 937
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	0.75%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 0.75% from 0.80%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**63**	63
Series O	**55**	55
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Bond Fund	**26.9**	**–**	23.6	–
Phillips, Hager & North Canadian Equity Underlying Fund	**6.2**	**–**	6.5	–
Phillips, Hager & North Canadian Equity Value Fund	**–**	**–**	5.8	–
Phillips, Hager & North Canadian Money Market Fund	**0.5**	**–**	0.5	–
Phillips, Hager & North Conservative Equity Income Fund	**6.1**	**0.5**	–	–
Phillips, Hager & North Inflation-Linked Bond Fund	**35.1**	**4.0**	38.0	4.0
RBC QUBE Low Volatility Global Equity Fund	**20.7**	**0.3**	21.4	0.4

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**473**	433
Issued number of units	**191**	118
Reinvested number of units	**–**	–
Redeemed number of units	**(117)**	(27)
Ending number of units	**547**	524
Series O		
Opening units	**252**	229
Issued number of units	**61**	42
Reinvested number of units	**–**	–
Redeemed number of units	**(33)**	(34)
Ending number of units	**280**	237

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2020 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
10 919	Vanguard Real Estate Investment Trust Fund	$ 926	$ 1 251	
TOTAL UNITED STATES EQUITIES		926	1 251	**4.1**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
178 160	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 1 912	$ 1 955	
23 433	Phillips, Hager & North Canadian Equity Value Fund*	296	302	
14 792	Phillips, Hager & North Canadian Money Market Fund*	148	148	
151 047	Phillips, Hager & North Conservative Equity Income Fund*	1 533	1 659	
81 750	Phillips, Hager & North High Yield Bond Fund*	927	899	
1 170 465	Phillips, Hager & North Inflation-Linked Bond Fund*	13 375	13 902	
125 980	Phillips, Hager & North Long Inflation-Linked Bond Fund*	1 476	1 581	
65 645	RBC Emerging Markets Equity Fund*	911	935	
113 455	RBC Global Equity Focus Fund*	1 375	1 475	
41 920	RBC QUBE Global Equity Fund*	530	493	
288 700	RBC QUBE Low Volatility Global Equity Fund*	4 619	5 155	
34 731	RBC U.S. Mid-Cap Value Equity Fund*	439	426	
14 863	RBC U.S. Small-Cap Value Equity Fund*	151	158	
TOTAL MUTUAL FUND UNITS		27 692	29 088	**95.5**
SHORT-TERM INVESTMENTS†		132	132	**0.4**
TOTAL INVESTMENTS		$ 28 750	30 471	**100.0**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(4)	–
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 30 467	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.45% and mature on July 4, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 30 471**	$ 22 806
Cash	**19**	24
Subscriptions receivable	**14**	5
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**30 506**	22 835
LIABILITIES		
Due to investment dealers	**–**	50
Redemptions payable	**22**	14
Distributions payable	**–**	8
Accounts payable and accrued expenses	**17**	12
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**39**	84
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 30 467**	$ 22 751
Investments at cost	**$ 28 750**	$ 22 362
NAV		
SERIES D	**$ 20 319**	$ 14 303
SERIES O	**$ 10 148**	$ 8 448
NAV PER UNIT		
SERIES D	**$ 12.52**	$ 11.94
SERIES O	**$ 12.49**	$ 11.85

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 21**	$ 14
Interest for distribution purposes	**–**	1
Other income received from underlying funds	**118**	156
Net realized gain (loss) on investments	**(21)**	705
Change in unrealized gain (loss) on investments	**1 277**	(285)
TOTAL INCOME (LOSS)	**1 395**	591
EXPENSES (see notes – Fund Specific Information)		
Management fees	**61**	50
Administration fees	**6**	4
Independent Review Committee costs	**2**	2
GST/HST	**7**	5
Withholding tax	**3**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**77**	60
INCREASE (DECREASE) IN NAV	**$ 1 318**	$ 531
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 807**	$ 281
SERIES O	**$ 511**	$ 250
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.62**	$ 0.32
SERIES O	**$ 0.68**	$ 0.38

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 318**	$ 531
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**21**	(705)
Change in unrealized loss (gain) on investments	**(1 277)**	285
(Increase) decrease in accrued receivables	**(2)**	(8)
Increase (decrease) in accrued payables	**5**	(350)
Cost of investments purchased	**(37 509)**	(39 816)
Proceeds on sales of investments	**31 050**	36 352
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(6 394)**	(3 711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**8 531**	6 811
Cash paid on redemption of redeemable units	**(2 134)**	(3 114)
Distributions paid to holders of redeemable units	**(8)**	1
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 6 389**	$ 3 698
Net increase (decrease) in cash for the period	**(5)**	(13)
Cash (bank overdraft), beginning of period	**24**	14
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 19**	$ 1
Interest received (paid)	**$ –**	$ 1
Dividends received, net of withholding taxes	**$ 18**	$ 5

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 14 303**	$ 9 429	**$ 8 448**	$ 5 951	**$ 22 751**	$ 15 380
INCREASE (DECREASE) IN NAV	**807**	281	**511**	250	**1 318**	531
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**6 873**	5 324	**1 667**	1 454	**8 540**	6 778
Reinvestments of distributions to holders of redeemable units	**–**	6	**–**	–	**–**	6
Redemption of redeemable units	**(1 664)**	(2 818)	**(478)**	(286)	**(2 142)**	(3 104)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**5 209**	2 512	**1 189**	1 168	**6 398**	3 680
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**6 016**	2 793	**1 700**	1 418	**7 716**	4 211
NAV AT END OF PERIOD	**$ 20 319**	$ 12 222	**$ 10 148**	$ 7 369	**$ 30 467**	$ 19 591

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2020.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**53.8**	52.8
Global Equities	**26.4**	26.2
Canadian Equities	**12.8**	12.9
United States Equities	**6.0**	7.1
Cash/Other	**1.0**	1.0
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 8.6% (December 31, 2015 – 8.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.3% (December 31, 2015 – 0.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.3**	+ or - 0.4
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.4**	+ or - 0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 251**	**–**	**–**	**1 251**
Mutual fund units	**29 088**	**–**	**–**	**29 088**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**132**	**–**	**132**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**30 339**	**132**	**–**	**30 471**
% of total portfolio	**99.6**	**0.4**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 161	–	–	1 161
Mutual fund units	21 487	–	–	21 487
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	158	–	158
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	22 648	158	–	22 806
% of total portfolio	99.3	0.7	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2016

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	0.80%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 0.80% from 0.85%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**60**	60
Series O	**53**	53
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**6.4**	**0.1**	7.0	0.1
Phillips, Hager & North Canadian Equity Value Fund	**1.0**	**–**	5.9	0.1
Phillips, Hager & North Canadian Money Market Fund	**0.5**	**–**	0.5	–
Phillips, Hager & North Conservative Equity Income Fund	**5.4**	**1.5**	–	–
Phillips, Hager & North High Yield Bond Fund	**3.0**	**–**	2.8	–
Phillips, Hager & North Inflation-Linked Bond Fund	**45.7**	**16.4**	39.8	12.1
Phillips, Hager & North Long Inflation-linked Bond Fund	**5.2**	**2.6**	10.2	4.7
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	2.0	–
RBC Emerging Markets Equity Fund	**3.1**	**–**	3.0	–
RBC Global Equity Focus Fund	**4.8**	**0.1**	5.8	0.1
RBC QUBE Global Equity Fund	**1.6**	**0.1**	1.9	0.1
RBC QUBE Low Volatility Global Equity Fund	**16.9**	**0.8**	15.5	0.8
RBC U.S. Mid-Cap Value Equity Fund	**1.4**	**0.1**	–	–
RBC U.S. Small-Cap Value Equity Fund	**0.5**	**0.3**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**1 198**	794
Issued number of units	**564**	423
Reinvested number of units	**–**	–
Redeemed number of units	**(140)**	(228)
Ending number of units	**1 622**	989
Series O		
Opening units	**713**	504
Issued number of units	**140**	117
Reinvested number of units	**–**	–
Redeemed number of units	**(40)**	(23)
Ending number of units	**813**	598

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2025 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
13 239	Vanguard Real Estate Investment Trust Fund	$ 1 111	$ 1 516	
TOTAL UNITED STATES EQUITIES		1 111	1 516	**5.2**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
182 233	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 1 946	$ 2 000	
77 164	Phillips, Hager & North Canadian Equity Value Fund*	973	995	
11 656	Phillips, Hager & North Canadian Money Market Fund*	117	117	
70 782	Phillips, Hager & North Conservative Equity Income Fund*	711	778	
78 147	Phillips, Hager & North High Yield Bond Fund*	887	860	
476 415	Phillips, Hager & North Inflation-Linked Bond Fund*	5 427	5 658	
661 929	Phillips, Hager & North Long Inflation-Linked Bond Fund*	7 675	8 303	
81 414	RBC Emerging Markets Equity Fund*	1 131	1 159	
200 182	RBC Global Equity Focus Fund*	2 421	2 602	
72 871	RBC QUBE Global Equity Fund*	930	858	
183 181	RBC QUBE Low Volatility Global Equity Fund*	2 909	3 271	
43 562	RBC U.S. Mid-Cap Value Equity Fund*	550	535	
17 342	RBC U.S. Small-Cap Value Equity Fund*	176	184	
TOTAL MUTUAL FUND UNITS		25 853	27 320	**94.2**
SHORT-TERM INVESTMENTS†		134	134	**0.5**
TOTAL INVESTMENTS		$ 27 098	28 970	**99.9**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			22	**0.1**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 28 992	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.45% and mature on July 4, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 28 970**	$ 23 429
Cash	**24**	26
Subscriptions receivable	**23**	23
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**29 019**	23 478
LIABILITIES		
Due to investment dealers	**–**	160
Redemptions payable	**14**	–
Distributions payable	**–**	1
Accounts payable and accrued expenses	**13**	8
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**27**	169
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 28 992**	$ 23 309
Investments at cost	**$ 27 098**	$ 22 956
NAV		
SERIES D	**$ 12 553**	$ 9 384
SERIES O	**$ 16 439**	$ 13 925
NAV PER UNIT		
SERIES D	**$ 12.63**	$ 12.01
SERIES O	**$ 12.60**	$ 11.93

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 26**	$ 15
Interest for distribution purposes	**–**	1
Other income received from underlying funds	**70**	67
Net realized gain (loss) on investments	**37**	674
Change in unrealized gain (loss) on investments	**1 399**	(62)
TOTAL INCOME (LOSS)	**1 532**	695
EXPENSES (see notes – Fund Specific Information)		
Management fees	**44**	34
Administration fees	**6**	6
Independent Review Committee costs	**2**	2
GST/HST	**5**	4
Withholding tax	**4**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**59**	45
INCREASE (DECREASE) IN NAV	**$ 1 473**	$ 650
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 585**	$ 192
SERIES O	**$ 888**	$ 458
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.66**	$ 0.39
SERIES O	**$ 0.72**	$ 0.45

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 473**	$ 650
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(37)**	(674)
Change in unrealized loss (gain) on investments	**(1 399)**	62
(Increase) decrease in accrued receivables	**(2)**	(9)
Increase (decrease) in accrued payables	**5**	11
Cost of investments purchased	**(31 115)**	(29 562)
Proceeds on sales of investments	**26 850**	26 015
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(4 225)**	(3 507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**5 914**	5 200
Cash paid on redemption of redeemable units	**(1 691)**	(1 622)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 4 223**	$ 3 578
Net increase (decrease) in cash for the period	**(2)**	71
Cash (bank overdraft), beginning of period	**26**	16
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 24**	$ 87
Interest received (paid)	**$ –**	$ 1
Dividends received, net of withholding taxes	**$ 22**	$ 5

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 9 384**	$ 5 862	**$ 13 925**	$ 9 957	**$ 23 309**	$ 15 819
INCREASE (DECREASE) IN NAV	**585**	192	**888**	458	**1 473**	650
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**3 229**	3 224	**2 685**	2 101	**5 914**	5 325
Reinvestments of distributions to holders of redeemable units	**–**	–	**1**	1	**1**	1
Redemption of redeemable units	**(645)**	(920)	**(1 060)**	(701)	**(1 705)**	(1 621)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**2 584**	2 304	**1 626**	1 401	**4 210**	3 705
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**3 169**	2 496	**2 514**	1 859	**5 683**	4 355
NAV AT END OF PERIOD	**$ 12 553**	$ 8 358	**$ 16 439**	$ 11 816	**$ 28 992**	$ 20 174

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2025.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**51.1**	50.2
Global Equities	**27.3**	28.0
Canadian Equities	**13.0**	12.9
United States Equities	**7.6**	7.7
Cash/Other	**1.0**	1.2
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 10.5% (December 31, 2015 – 10.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.3% (December 31, 2015 – 0.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.4**	+ or - 0.4
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.5**	+ or - 0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 516**	**–**	**–**	**1 516**
Mutual fund units	**27 320**	**–**	**–**	**27 320**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**134**	**–**	**134**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**28 836**	**134**	**–**	**28 970**
% of total portfolio	**99.5**	**0.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 170	–	–	1 170
Mutual fund units	21 968	–	–	21 968
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	291	–	291
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	23 138	291	–	23 429
% of total portfolio	98.8	1.2	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	0.85%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 0.85% from 0.90%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**60**	60
Series O	**53**	53
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**6.9**	**0.1**	7.4	0.1
Phillips, Hager & North Canadian Equity Value Fund	**3.4**	**0.1**	5.5	0.1
Phillips, Hager & North Canadian Money Market Fund	**0.4**	**–**	0.4	–
Phillips, Hager & North Conservative Equity Income Fund	**2.7**	**0.7**	–	–
Phillips, Hager & North High Yield Bond Fund	**3.0**	**–**	3.0	–
Phillips, Hager & North Inflation-Linked Bond Fund	**19.5**	**6.7**	14.5	4.5
Phillips, Hager & North Long Inflation-linked Bond Fund	**28.6**	**13.9**	32.7	15.5
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	2.7	–
RBC Emerging Markets Equity Fund	**4.0**	**–**	4.5	–
RBC Global Equity Focus Fund	**9.0**	**0.1**	9.8	0.1
RBC QUBE Global Equity Fund	**3.0**	**0.2**	3.3	0.2
RBC QUBE Low Volatility Global Equity Fund	**11.3**	**0.5**	10.4	0.6
RBC U.S. Mid-Cap Value Equity Fund	**1.8**	**0.1**	–	–
RBC U.S. Small-Cap Value Equity Fund	**0.6**	**0.4**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**781**	488
Issued number of units	**267**	251
Reinvested number of units	**–**	–
Redeemed number of units	**(54)**	(73)
Ending number of units	**994**	666
Series O		
Opening units	**1 168**	835
Issued number of units	**224**	165
Reinvested number of units	**–**	–
Redeemed number of units	**(87)**	(56)
Ending number of units	**1 305**	944

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2030 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
11 514	Vanguard Real Estate Investment Trust Fund	$ 953	$ 1 319	
TOTAL UNITED STATES EQUITIES		953	1 319	**5.0**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
169 990	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 1 809	$ 1 865	
115 474	Phillips, Hager & North Canadian Equity Value Fund*	1 453	1 489	
12 937	Phillips, Hager & North Canadian Money Market Fund*	129	129	
5 391	Phillips, Hager & North Conservative Equity Income Fund*	59	59	
118 469	Phillips, Hager & North High Yield Bond Fund*	1 346	1 304	
935 140	Phillips, Hager & North Long Inflation-Linked Bond Fund*	10 833	11 732	
92 350	RBC Emerging Markets Equity Fund*	1 283	1 315	
262 291	RBC Global Equity Focus Fund*	3 172	3 409	
96 842	RBC QUBE Global Equity Fund*	1 232	1 140	
82 964	RBC QUBE Low Volatility Global Equity Fund*	1 335	1 481	
51 671	RBC U.S. Mid-Cap Value Equity Fund*	658	634	
20 658	RBC U.S. Small-Cap Value Equity Fund*	212	219	
TOTAL MUTUAL FUND UNITS		23 521	24 776	**94.4**
TOTAL INVESTMENTS		$ 24 474	26 095	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			142	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 26 237	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 26 095**	$ 20 978
Cash	**96**	36
Due from investment dealers	**75**	–
Subscriptions receivable	**19**	26
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**26 287**	21 040
LIABILITIES		
Due to investment dealers	**40**	190
Redemptions payable	**3**	16
Distributions payable	**–**	1
Accounts payable and accrued expenses	**7**	4
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**50**	211
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 26 237**	$ 20 829
Investments at cost	**$ 24 474**	$ 20 548
NAV		
SERIES D	**$ 5 495**	$ 3 752
SERIES O	**$ 20 742**	$ 17 077
NAV PER UNIT		
SERIES D	**$ 12.46**	$ 11.86
SERIES O	**$ 12.43**	$ 11.77

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 24**	$ 13
Other income received from underlying funds	**41**	28
Net realized gain (loss) on investments	**115**	506
Net gain (loss) on foreign currencies and other net assets	**(3)**	–
Change in unrealized gain (loss) on investments	**1 191**	176
TOTAL INCOME (LOSS)	**1 368**	723
EXPENSES (see notes – Fund Specific Information)		
Management fees	**19**	16
Administration fees	**6**	3
Independent Review Committee costs	**2**	2
GST/HST	**2**	2
Withholding tax	**4**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**31**	22
INCREASE (DECREASE) IN NAV	**$ 1 337**	$ 701
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 237**	$ 132
SERIES O	**$ 1 100**	$ 569
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.65**	$ 0.47
SERIES O	**$ 0.71**	$ 0.54

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 337**	$ 701
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(115)**	(506)
Change in unrealized loss (gain) on investments	**(1 191)**	(176)
(Increase) decrease in accrued receivables	**(2)**	(7)
Increase (decrease) in accrued payables	**3**	(21)
Cost of investments purchased	**(16 081)**	(14 258)
Proceeds on sales of investments	**12 045**	11 605
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(4 004)**	(2 662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**4 834**	3 419
Cash paid on redemption of redeemable units	**(770)**	(685)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 4 064**	$ 2 734
Net increase (decrease) in cash for the period	**60**	72
Cash (bank overdraft), beginning of period	**36**	14
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 96**	$ 86
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 20**	$ 5

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 3 752**	$ 2 958	**$ 17 077**	$ 11 316	**$ 20 829**	$ 14 274
INCREASE (DECREASE) IN NAV	**237**	132	**1 100**	569	**1 337**	701
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**1 633**	1 006	**3 194**	2 568	**4 827**	3 574
Reinvestments of distributions to holders of redeemable units	**–**	–	**1**	1	**1**	1
Redemption of redeemable units	**(127)**	(455)	**(630)**	(224)	**(757)**	(679)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**1 506**	551	**2 565**	2 345	**4 071**	2 896
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**1 743**	683	**3 665**	2 914	**5 408**	3 597
NAV AT END OF PERIOD	**$ 5 495**	$ 3 641	**$ 20 742**	$ 14 230	**$ 26 237**	$ 17 871

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2030.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**49.7**	49.2
Global Equities	**27.9**	28.3
Canadian Equities	**13.2**	13.0
United States Equities	**8.2**	8.4
Cash/Other	**1.0**	1.1
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 11.6% (December 31, 2015 – 11.5%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.4% (December 31, 2015 – 0.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.4**	+ or - 0.4
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.5**	+ or - 0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 319**	–	–	**1 319**
Mutual fund units	**24 776**	–	–	**24 776**
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	**26 095**	–	–	**26 095**
% of total portfolio	**100.0**	–	–	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 013	–	–	1 013
Mutual fund units	19 679	–	–	19 679
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	286	–	286
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	20 692	286	–	20 978
% of total portfolio	98.6	1.4	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	0.90%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 0.90% from 0.95%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**61**	61
Series O	**53**	53
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**7.1**	**0.1**	7.1	0.1
Phillips, Hager & North Canadian Equity Value Fund	**5.7**	**0.1**	5.7	0.1
Phillips, Hager & North Canadian Money Market Fund	**0.5**	**–**	0.4	–
Phillips, Hager & North Conservative Equity Income Fund	**0.2**	**0.1**	0.2	–
Phillips, Hager & North High Yield Bond Fund	**5.0**	**–**	5.0	–
Phillips, Hager & North Long Inflation-linked Bond Fund	**44.8**	**19.6**	44.2	18.7
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	3.5	–
RBC Emerging Markets Equity Fund	**5.0**	**0.1**	5.0	–
RBC Global Equity Focus Fund	**13.0**	**0.2**	14.1	0.2
RBC QUBE Global Equity Fund	**4.3**	**0.3**	4.8	0.2
RBC QUBE Low Volatility Global Equity Fund	**5.6**	**0.2**	4.4	0.2
RBC U.S. Mid-Cap Value Equity Fund	**2.4**	**0.1**	–	–
RBC U.S. Small-Cap Value Equity Fund	**0.8**	**0.4**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**316**	248
Issued number of units	**136**	78
Reinvested number of units	**–**	–
Redeemed number of units	**(11)**	(35)
Ending number of units	**441**	291
Series O		
Opening units	**1 450**	954
Issued number of units	**271**	203
Reinvested number of units	**–**	–
Redeemed number of units	**(53)**	(18)
Ending number of units	**1 668**	1 139

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2035 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
14 294	Vanguard Real Estate Investment Trust Fund	$ 1 178	$ 1 637	
TOTAL UNITED STATES EQUITIES		1 178	1 637	**5.2**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
207 129	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 2 204	$ 2 273	
149 010	Phillips, Hager & North Canadian Equity Value Fund*	1 874	1 922	
13 149	Phillips, Hager & North Canadian Money Market Fund*	131	131	
141 443	Phillips, Hager & North High Yield Bond Fund*	1 613	1 556	
1 019 895	Phillips, Hager & North Long Inflation-Linked Bond Fund*	11 799	12 794	
157 236	RBC Emerging Markets Equity Fund*	2 179	2 239	
420 983	RBC Global Equity Focus Fund*	5 053	5 472	
152 297	RBC QUBE Global Equity Fund*	1 939	1 792	
14 318	RBC QUBE Low Volatility Global Equity Fund*	225	256	
81 178	RBC U.S. Mid-Cap Value Equity Fund*	1 035	997	
33 394	RBC U.S. Small-Cap Value Equity Fund*	343	355	
TOTAL MUTUAL FUND UNITS		28 395	29 787	**94.4**
SHORT-TERM INVESTMENTS†		129	129	**0.4**
TOTAL INVESTMENTS		$ 29 702	31 553	**100.0**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			12	–
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 31 565	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.45% and mature on July 4, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 31 553**	$ 26 672
Cash	**41**	17
Due from investment dealers	**100**	–
Subscriptions receivable	**16**	35
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**31 712**	26 724
LIABILITIES		
Due to investment dealers	**110**	250
Redemptions payable	**29**	–
Distributions payable	**–**	28
Accounts payable and accrued expenses	**8**	7
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**147**	285
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 31 565**	$ 26 439
Investments at cost	**$ 29 702**	$ 25 989
NAV		
SERIES D	**$ 5 954**	$ 5 209
SERIES O	**$ 25 611**	$ 21 230
NAV PER UNIT		
SERIES D	**$ 12.56**	$ 12.07
SERIES O	**$ 12.54**	$ 11.99

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 30**	$ 16
Other income received from underlying funds	**49**	36
Net realized gain (loss) on investments	**179**	723
Net gain (loss) on foreign currencies and other net assets	**(2)**	–
Change in unrealized gain (loss) on investments	**1 168**	306
TOTAL INCOME (LOSS)	**1 424**	1 081
EXPENSES (see notes – Fund Specific Information)		
Management fees	**26**	25
Administration fees	**5**	2
Independent Review Committee costs	**2**	2
GST/HST	**3**	3
Withholding tax	**5**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**39**	31
INCREASE (DECREASE) IN NAV	**$ 1 385**	$ 1 050
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 242**	$ 226
SERIES O	**$ 1 143**	$ 824
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.52**	$ 0.57
SERIES O	**$ 0.59**	$ 0.64

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 385**	$ 1 050
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(179)**	(723)
Change in unrealized loss (gain) on investments	**(1 168)**	(306)
(Increase) decrease in accrued receivables	**(2)**	(10)
Increase (decrease) in accrued payables	**1**	10
Cost of investments purchased	**(24 810)**	(23 997)
Proceeds on sales of investments	**21 036**	20 467
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(3 737)**	(3 509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**4 732**	4 637
Cash paid on redemption of redeemable units	**(945)**	(1 121)
Distributions paid to holders of redeemable units	**(26)**	(24)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 3 761**	$ 3 492
Net increase (decrease) in cash for the period	**24**	(17)
Cash (bank overdraft), beginning of period	**17**	19
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 41**	$ 2
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 25**	$ 5

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 5 209**	$ 4 286	**$ 21 230**	$ 14 155	**$ 26 439**	$ 18 441
INCREASE (DECREASE) IN NAV	**242**	226	**1 143**	824	**1 385**	1 050
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**613**	1 096	**4 100**	3 707	**4 713**	4 803
Reinvestments of distributions to holders of redeemable units	**–**	–	**2**	1	**2**	1
Redemption of redeemable units	**(110)**	(312)	**(864)**	(788)	**(974)**	(1 100)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**503**	784	**3 238**	2 920	**3 741**	3 704
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**745**	1 010	**4 381**	3 744	**5 126**	4 754
NAV AT END OF PERIOD	**$ 5 954**	$ 5 296	**$ 25 611**	$ 17 899	**$ 31 565**	$ 23 195

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2035.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**45.4**	43.2
Global Equities	**30.9**	32.6
Canadian Equities	**13.3**	13.2
United States Equities	**9.5**	9.9
Cash/Other	**0.9**	1.1
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 10.5% (December 31, 2015 – 9.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.4% (December 31, 2015 – 0.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.4**	+ or - 0.4
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.5**	+ or - 0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 637**	**–**	**–**	**1 637**
Mutual fund units	**29 787**	**–**	**–**	**29 787**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**129**	**–**	**129**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**31 424**	**129**	**–**	**31 553**
% of total portfolio	**99.6**	**0.4**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 307	–	–	1 307
Mutual fund units	24 944	–	–	24 944
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	421	–	421
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	26 251	421	–	26 672
% of total portfolio	98.4	1.6	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	0.95%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 0.95% from 1.00%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**61**	61
Series O	**53**	53
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**7.2**	**0.1**	7.1	0.1
Phillips, Hager & North Canadian Equity Value Fund	**6.1**	**0.2**	6.2	0.2
Phillips, Hager & North Canadian Money Market Fund	**0.4**	**–**	0.4	–
Phillips, Hager & North High Yield Bond Fund	**4.9**	**–**	5.0	–
Phillips, Hager & North Long Inflation-linked Bond Fund	**40.6**	**21.4**	38.2	20.5
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	5.0	–
RBC Emerging Markets Equity Fund	**7.1**	**0.1**	7.4	0.1
RBC Global Equity Focus Fund	**17.3**	**0.3**	18.2	0.3
RBC QUBE Global Equity Fund	**5.7**	**0.4**	6.1	0.4
RBC QUBE Low Volatility Global Equity Fund	**0.8**	**–**	0.8	–
RBC U.S. Mid-Cap Value Equity Fund	**3.2**	**0.2**	–	–
RBC U.S. Small-Cap Value Equity Fund	**1.1**	**0.7**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**432**	353
Issued number of units	**51**	86
Reinvested number of units	**–**	–
Redeemed number of units	**(9)**	(25)
Ending number of units	**474**	414
Series O		
Opening units	**1 771**	1 174
Issued number of units	**343**	289
Reinvested number of units	**–**	–
Redeemed number of units	**(72)**	(61)
Ending number of units	**2 042**	1 402

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2040 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
13 462	Vanguard Real Estate Investment Trust Fund	$ 1 127	$ 1 542	
TOTAL UNITED STATES EQUITIES		1 127	1 542	**5.1**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
194 992	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 2 094	$ 2 140	
165 193	Phillips, Hager & North Canadian Equity Value Fund*	2 099	2 130	
14 343	Phillips, Hager & North Canadian Money Market Fund*	143	143	
133 612	Phillips, Hager & North High Yield Bond Fund*	1 522	1 470	
851 753	Phillips, Hager & North Long Inflation-Linked Bond Fund*	9 860	10 685	
172 997	RBC Emerging Markets Equity Fund*	2 409	2 463	
438 309	RBC Global Equity Focus Fund*	5 278	5 698	
161 586	RBC QUBE Global Equity Fund*	2 064	1 902	
96 786	RBC U.S. Mid-Cap Value Equity Fund*	1 233	1 188	
38 820	RBC U.S. Small-Cap Value Equity Fund*	399	412	
TOTAL MUTUAL FUND UNITS		27 101	28 231	**94.4**
SHORT-TERM INVESTMENTS†		142	142	**0.5**
TOTAL INVESTMENTS		$ 28 370	29 915	**100.0**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(10)	–
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 29 905	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.45% and mature on July 4, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 29 915**	$ 25 545
Cash	**24**	34
Due from investment dealers	**85**	–
Subscriptions receivable	**9**	104
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**30 035**	25 683
LIABILITIES		
Due to investment dealers	**95**	205
Redemptions payable	**28**	94
Distributions payable	**–**	3
Accounts payable and accrued expenses	**7**	4
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**130**	306
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 29 905**	$ 25 377
Investments at cost	**$ 28 370**	$ 24 951
NAV		
SERIES D	**$ 3 709**	$ 3 294
SERIES O	**$ 26 196**	$ 22 083
NAV PER UNIT		
SERIES D	**$ 12.55**	$ 12.14
SERIES O	**$ 12.52**	$ 12.05

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 28**	$ 15
Other income received from underlying funds	**46**	33
Net realized gain (loss) on investments	**132**	664
Change in unrealized gain (loss) on investments	**951**	266
TOTAL INCOME (LOSS)	**1 157**	978
EXPENSES (see notes – Fund Specific Information)		
Management fees	**17**	12
Administration fees	**8**	5
Independent Review Committee costs	**2**	2
GST/HST	**2**	2
Withholding tax	**4**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**31**	20
INCREASE (DECREASE) IN NAV	**$ 1 126**	$ 958
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 119**	$ 89
SERIES O	**$ 1 007**	$ 869
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.45**	$ 0.57
SERIES O	**$ 0.51**	$ 0.65

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 126**	$ 958
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(132)**	(664)
Change in unrealized loss (gain) on investments	**(951)**	(266)
(Increase) decrease in accrued receivables	**(2)**	(273)
Increase (decrease) in accrued payables	**3**	122
Cost of investments purchased	**(23 357)**	(22 255)
Proceeds on sales of investments	**19 875**	18 541
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(3 438)**	(3 837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**4 793**	4 703
Cash paid on redemption of redeemable units	**(1 365)**	(1 096)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 3 428**	$ 3 607
Net increase (decrease) in cash for the period	**(10)**	(230)
Cash (bank overdraft), beginning of period	**34**	13
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 24**	$ (217)
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 24**	$ 6

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 3 294**	$ 1 687	**$ 22 083**	$ 14 556	**$ 25 377**	$ 16 243
INCREASE (DECREASE) IN NAV	**119**	89	**1 007**	869	**1 126**	958
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**650**	1 111	**4 048**	3 807	**4 698**	4 918
Reinvestments of distributions to holders of redeemable units	**–**	1	**3**	2	**3**	3
Redemption of redeemable units	**(354)**	(494)	**(945)**	(602)	**(1 299)**	(1 096)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**296**	618	**3 106**	3 207	**3 402**	3 825
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**415**	707	**4 113**	4 076	**4 528**	4 783
NAV AT END OF PERIOD	**$ 3 709**	$ 2 394	**$ 26 196**	$ 18 632	**$ 29 905**	$ 21 026

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2040.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Bonds	**40.6**	39.2
Global Equities	**33.6**	34.3
Canadian Equities	**14.3**	14.9
United States Equities	**10.6**	10.4
Cash/Other	**0.9**	1.2
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 9.3% (December 31, 2015 – 8.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.4% (December 31, 2015 – 0.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016		December 31 2015	
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.5**	+ or -	0.5
MSCI EAFE Total Return Net Index (CAD)	**+ or -**	**0.6**	+ or -	0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 542**	**–**	**–**	**1 542**
Mutual fund units	**28 231**	**–**	**–**	**28 231**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**142**	**–**	**142**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**29 773**	**142**	**–**	**29 915**
% of total portfolio	**99.5**	**0.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 195	–	–	1 195
Mutual fund units	24 004	–	–	24 004
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	346	–	346
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	25 199	346	–	25 545
% of total portfolio	98.6	1.4	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	1.00%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 1.00% from 1.05%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**61**	61
Series O	**53**	53
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**7.2**	**0.1**	7.4	0.1
Phillips, Hager & North Canadian Equity Value Fund	**7.1**	**0.2**	7.4	0.2
Phillips, Hager & North Canadian Money Market Fund	**0.5**	**–**	0.5	–
Phillips, Hager & North High Yield Bond Fund	**4.9**	**–**	5.0	–
Phillips, Hager & North Long Inflation-linked Bond Fund	**35.6**	**17.9**	34.2	17.6
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	5.8	–
RBC Emerging Markets Equity Fund	**8.2**	**0.1**	8.2	0.1
RBC Global Equity Focus Fund	**19.1**	**0.3**	19.6	0.3
RBC QUBE Global Equity Fund	**6.4**	**0.5**	6.5	0.4
RBC U.S. Mid-Cap Value Equity Fund	**4.0**	**0.2**	–	–
RBC U.S. Small-Cap Value Equity Fund	**1.4**	**0.8**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**271**	139
Issued number of units	**55**	87
Reinvested number of units	**–**	–
Redeemed number of units	**(30)**	(39)
Ending number of units	**296**	187
Series O		
Opening units	**1 833**	1 206
Issued number of units	**338**	295
Reinvested number of units	**–**	–
Redeemed number of units	**(79)**	(46)
Ending number of units	**2 092**	1 455

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2045 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
26 701	Vanguard Real Estate Investment Trust Fund	$ 2 273	$ 3 058	
TOTAL UNITED STATES EQUITIES		2 273	3 058	**5.2**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
463 072	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 5 044	$ 5 082	
393 696	Phillips, Hager & North Canadian Equity Value Fund*	5 054	5 078	
24 079	Phillips, Hager & North Canadian Money Market Fund*	241	241	
265 240	Phillips, Hager & North High Yield Bond Fund*	3 010	2 918	
1 079 005	Phillips, Hager & North Long Inflation-Linked Bond Fund*	12 483	13 535	
420 990	RBC Emerging Markets Equity Fund*	5 870	5 994	
1 103 456	RBC Global Equity Focus Fund*	13 324	14 344	
397 600	RBC QUBE Global Equity Fund*	5 097	4 679	
245 198	RBC U.S. Mid-Cap Value Equity Fund*	3 125	3 010	
99 321	RBC U.S. Small-Cap Value Equity Fund*	1 021	1 055	
TOTAL MUTUAL FUND UNITS		54 269	55 936	**94.2**
SHORT-TERM INVESTMENTS†		297	297	**0.5**
TOTAL INVESTMENTS		$ 56 839	59 291	**99.9**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			83	**0.1**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 59 374	**100.0**

* Investment in related party (see note 7 in the generic notes).

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 0.45% and mature on July 4, 2016.

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 59 291**	$ 50 214
Cash	**108**	67
Subscriptions receivable	**169**	72
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**59 570**	50 353
LIABILITIES		
Due to investment dealers	**130**	535
Redemptions payable	**58**	96
Accounts payable and accrued expenses	**8**	8
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**196**	639
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 59 374**	$ 49 714
Investments at cost	**$ 56 839**	$ 48 849
NAV		
SERIES D	**$ 5 055**	$ 4 379
SERIES O	**$ 54 319**	$ 45 335
NAV PER UNIT		
SERIES D	**$ 12.81**	$ 12.59
SERIES O	**$ 12.80**	$ 12.51

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 55**	$ 28
Interest for distribution purposes	**–**	1
Other income received from underlying funds	**91**	63
Net realized gain (loss) on investments	**295**	1 127
Net gain (loss) on foreign currencies and other net assets	**(5)**	–
Change in unrealized gain (loss) on investments	**1 087**	903
TOTAL INCOME (LOSS)	**1 523**	2 122
EXPENSES (see notes – Fund Specific Information)		
Management fees	**24**	15
Administration fees	**12**	9
Independent Review Committee costs	**2**	2
GST/HST	**4**	2
Withholding tax	**8**	2
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**48**	28
INCREASE (DECREASE) IN NAV	**$ 1 475**	$ 2 094
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 102**	$ 111
SERIES O	**$ 1 373**	$ 1 983
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.28**	$ 0.68
SERIES O	**$ 0.35**	$ 0.77

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 1 475**	$ 2 094
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(295)**	(1 127)
Change in unrealized loss (gain) on investments	**(1 087)**	(903)
(Increase) decrease in accrued receivables	**(2)**	(17)
Increase (decrease) in accrued payables	**–**	177
Cost of investments purchased	**(35 653)**	(48 467)
Proceeds on sales of investments	**27 553**	40 775
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(8 009)**	(7 468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**10 972**	9 723
Cash paid on redemption of redeemable units	**(2 922)**	(2 167)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 8 050**	$ 7 556
Net increase (decrease) in cash for the period	**41**	88
Cash (bank overdraft), beginning of period	**67**	28
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 108**	$ 116
Interest received (paid)	**$ –**	$ 1
Dividends received, net of withholding taxes	**$ 47**	$ 9

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series D		Series O		Total	
(see note 2 in the generic notes)	**2016**	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 4 379**	$ 1 956	**$ 45 335**	$ 28 545	**$ 49 714**	$ 30 501
INCREASE (DECREASE) IN NAV	**102**	111	**1 373**	1 983	**1 475**	2 094
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**1 405**	1 976	**9 664**	8 427	**11 069**	10 403
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	5	**–**	5
Redemption of redeemable units	**(831)**	(416)	**(2 053)**	(1 785)	**(2 884)**	(2 201)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**574**	1 560	**7 611**	6 647	**8 185**	8 207
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**676**	1 671	**8 984**	8 630	**9 660**	10 301
NAV AT END OF PERIOD	**$ 5 055**	$ 3 627	**$ 54 319**	$ 37 175	**$ 59 374**	$ 40 802

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2045.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Global Equities	**42.2**	43.1
Bonds	**27.7**	26.2
Canadian Equities	**17.0**	17.5
United States Equities	**12.1**	12.1
Cash/Other	**1.0**	1.1
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 6.0% (December 31, 2015 – 5.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.5% (December 31, 2015 – 0.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 0.5**	+ or - 0.5
MSCI EAFE Total Return Net Index (CAD)	**+ or - 0.6**	+ or - 0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**3 058**	**–**	**–**	**3 058**
Mutual fund units	**55 936**	**–**	**–**	**55 936**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**297**	**–**	**297**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**58 994**	**297**	**–**	**59 291**
% of total portfolio	**99.5**	**0.5**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	2 395	–	–	2 395
Mutual fund units	47 037	–	–	47 037
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	782	–	782
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	49 432	782	–	50 214
% of total portfolio	98.4	1.6	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series D	1.05%	0.05%
Series O	n/a†	0.05%

* Effective January 1, 2015, the management fees for Series D units were reduced to 1.05% from 1.10%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**62**	62
Series O	**52**	52
Value of all units	**1**	1

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**8.6**	**0.2**	8.7	0.2
Phillips, Hager & North Canadian Equity Value Fund	**8.6**	**0.4**	8.8	0.4
Phillips, Hager & North Canadian Money Market Fund	**0.4**	**–**	0.5	–
Phillips, Hager & North High Yield Bond Fund	**4.9**	**0.1**	5.0	0.1
Phillips, Hager & North Long Inflation-linked Bond Fund	**22.7**	**22.7**	21.2	21.4
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	7.3	0.1
RBC Emerging Markets Equity Fund	**10.1**	**0.3**	10.2	0.2
RBC Global Equity Focus Fund	**24.1**	**0.8**	24.7	0.7
RBC QUBE Global Equity Fund	**7.9**	**1.2**	8.2	0.9
RBC U.S. Mid-Cap Value Equity Fund	**5.1**	**0.6**	–	–
RBC U.S. Small-Cap Value Equity Fund	**1.8**	**2.1**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**348**	158
Issued number of units	**114**	148
Reinvested number of units	**–**	–
Redeemed number of units	**(67)**	(31)
Ending number of units	**395**	275
Series O		
Opening units	**3 625**	2 320
Issued number of units	**785**	637
Reinvested number of units	**–**	–
Redeemed number of units	**(167)**	(135)
Ending number of units	**4 243**	2 822

Please see the generic notes at the back of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

PHILLIPS, HAGER & NORTH LIFETIME 2050 FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
3 084	Vanguard Real Estate Investment Trust Fund	$ 318	$ 353	
TOTAL UNITED STATES EQUITIES		318	353	**5.1**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
60 041	Phillips, Hager & North Canadian Equity Underlying Fund*	$ 637	$ 659	
51 382	Phillips, Hager & North Canadian Equity Value Fund*	647	663	
3 241	Phillips, Hager & North Canadian Money Market Fund*	32	32	
31 649	Phillips, Hager & North High Yield Bond Fund*	344	349	
90 006	Phillips, Hager & North Long Inflation-Linked Bond Fund*	1 062	1 129	
54 441	RBC Emerging Markets Equity Fund*	758	775	
140 819	RBC Global Equity Focus Fund*	1 818	1 830	
51 677	RBC QUBE Global Equity Fund*	663	608	
31 992	RBC U.S. Mid-Cap Value Equity Fund*	400	393	
12 879	RBC U.S. Small-Cap Value Equity Fund*	131	137	
TOTAL MUTUAL FUND UNITS		6 492	6 575	**94.3**
TOTAL INVESTMENTS		$ 6 810	6 928	**99.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			45	**0.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 6 973	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 6 928**	$ 3 765
Cash	**30**	4
Due from investment dealers	**30**	73
Subscriptions receivable	**11**	72
Dividends receivable, interest accrued and other assets	**2**	–
TOTAL ASSETS	**7 001**	3 914
LIABILITIES		
Due to investment dealers	**–**	272
Redemptions payable	**26**	81
Distributions payable	**–**	4
Accounts payable and accrued expenses	**2**	–
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**28**	357
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 6 973**	$ 3 557
Investments at cost	**$ 6 810**	$ 3 846
NAV		
SERIES D	**$ 518**	$ 417
SERIES O	**$ 6 455**	$ 3 140
NAV PER UNIT		
SERIES D	**$ 10.45**	$ 10.34
SERIES O	**$ 10.42**	$ 10.25

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 6**	$ 1
Other income received from underlying funds	**10**	2
Net realized gain (loss) on investments	**(18)**	2
Net gain (loss) on foreign currencies and other net assets	**(1)**	–
Change in unrealized gain (loss) on investments	**199**	11
TOTAL INCOME (LOSS)	**196**	16
EXPENSES (see notes – Fund Specific Information)		
Management fees	**2**	–
Administration fees	**3**	1
Independent Review Committee costs	**2**	2
Withholding tax	**1**	–
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**6**	1
INCREASE (DECREASE) IN NAV	**$ 190**	$ 15
INCREASE (DECREASE) IN NAV		
SERIES D	**$ 10**	$ 2
SERIES O	**$ 180**	$ 13
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES D	**$ 0.33**	$ 0.12
SERIES O	**$ 0.37**	$ 0.16

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 190**	$ 15
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**18**	(2)
Change in unrealized loss (gain) on investments	**(199)**	(11)
(Increase) decrease in accrued receivables	**(2)**	(1)
Increase (decrease) in accrued payables	**2**	121
Cost of investments purchased	**(4 240)**	(1 795)
Proceeds on sales of investments	**1 029**	415
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(3 202)**	(1 258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**3 719**	1 408
Cash paid on redemption of redeemable units	**(491)**	(109)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ 3 228**	$ 1 299
Net increase (decrease) in cash for the period	**26**	41
Cash (bank overdraft), beginning of period	**4**	2
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 30**	$ 43
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 5**	$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2016	2015	**2016**	2015	**2016**	2015
NAV AT BEGINNING OF PERIOD	**$ 417**	$ 35	**$ 3 140**	$ 157	**$ 3 557**	$ 192
INCREASE (DECREASE) IN NAV	**10**	2	**180**	13	**190**	15
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**247**	62	**3 411**	1 440	**3 658**	1 502
Reinvestments of distributions to holders of redeemable units	**–**	–	**4**	–	**4**	–
Redemption of redeemable units	**(156)**	(3)	**(280)**	(109)	**(436)**	(112)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**91**	59	**3 135**	1 331	**3 226**	1 390
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**101**	61	**3 315**	1 344	**3 416**	1 405
NAV AT END OF PERIOD	**$ 518**	$ 96	**$ 6 455**	$ 1 501	**$ 6 973**	$ 1 597

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2050.

Financial instrument risk and capital management (see note 4 in the generic notes)

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix.

Credit risk (%)

The Fund is exposed to credit risk from investments in underlying mutual funds. These underlying funds could invest in debt securities and could enter into over-the-counter derivative contracts.

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Global Equities	**46.0**	47.3
Bonds	**21.2**	20.2
Canadian Equities	**19.0**	19.4
United States Equities	**12.7**	12.1
Cash/Other	**1.1**	1.0
Total	**100.0**	100.0

Interest rate risk (%)

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 4.4% (December 31, 2015 – 4.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to all other currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.6% (December 31, 2015 – 0.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 22-month (December 31, 2015 – 16-month) historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.4**	+ or -	0.6
MSCI EAFE Total Return Net Index (CAD)	**+ or -**	**0.4**	+ or -	0.7

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**353**	**–**	**–**	**353**
Mutual fund units	**6 575**	**–**	**–**	**6 575**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**6 928**	**–**	**–**	**6 928**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	161	–	–	161
Mutual fund units	3 380	–	–	3 380
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	224	–	224
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	3 541	224	–	3 765
% of total portfolio	94.1	5.9	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees	Operating expenses
Series D	1.10%	0.05%
Series O	n/a*	0.05%

* Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series D	**110**	110
Series O	**16 847**	16 847
Value of all units	**177**	174

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	**9.5**	**–**	9.7	–
Phillips, Hager & North Canadian Equity Value Fund	**9.5**	**0.1**	9.7	–
Phillips, Hager & North Canadian Money Market Fund	**0.5**	**–**	0.5	–
Phillips, Hager & North High Yield Bond Fund	**5.0**	**–**	5.0	–
Phillips, Hager & North Long Inflation-linked Bond Fund	**16.2**	**1.9**	15.2	1.1
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	**–**	**–**	7.7	–
RBC Emerging Markets Equity Fund	**11.1**	**–**	11.3	–
RBC Global Equity Focus Fund	**26.2**	**0.1**	26.9	0.1
RBC QUBE Global Equity Fund	**8.7**	**0.2**	9.0	0.1
RBC U.S. Mid-Cap Value Equity Fund	**5.6**	**0.1**	–	–
RBC U.S. Small-Cap Value Equity Fund	**2.0**	**0.3**	–	–

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series D		
Opening units	**40**	4
Issued number of units	**25**	5
Reinvested number of units	**–**	–
Redeemed number of units	**(15)**	–
Ending number of units	**50**	9
Series O		
Opening units	**306**	16
Issued number of units	**341**	137
Reinvested number of units	**–**	–
Redeemed number of units	**(28)**	(10)
Ending number of units	**619**	143

Please see the generic notes at the back of the financial statements.

PHILLIPS, HAGER & NORTH
Investment Management®

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

BONAVISTA GLOBAL BALANCED FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
300	AutoCanada Inc.	$ 10	$ 7	
190	Canadian Tire Corp. Ltd., Class A	12	27	
830	Gildan Activewear Inc., Class A	5	31	
660	Magna International Inc., Class A	12	30	
720	Quebecor Inc., Class B	11	27	
200	Restaurant Brands International Inc.	10	11	
237	Spin Master Corp.	4	6	
360	Thomson Corp.	18	19	
		82	158	**4.4**
Consumer Staples				
710	Alimentation Couche-Tard Inc.	20	39	
297	Loblaw Companies Ltd.	14	21	
660	Saputo Group Inc.	7	25	
		41	85	**2.4**
Energy				
1 420	Canadian Natural Resources Ltd.	50	57	
900	Cenovus Energy Inc.	28	16	
260	Crescent Point Energy Corp.	5	4	
830	Encana Corp.	28	8	
817	Husky Energy Inc.	31	13	
830	MEG Energy Corp.	13	6	
28	PrairieSky Royalty Ltd.	1	1	
1 100	Precision Drilling Corp.	7	8	
1 680	Suncor Energy Inc.	64	60	
		227	173	**4.8**
Financials				
705	Bank of Montreal	40	58	
1 125	Bank of Nova Scotia	57	71	
710	Canadian Imperial Bank of Commerce	57	69	
880	Element Financial Corp.	11	12	
410	Genworth MI Canada Inc.	15	14	
710	Home Capital Group Inc.	22	23	
140	Intact Financial Corp.	10	13	
1 910	Manulife Financial Corporation	49	34	
640	National Bank of Canada	13	28	
840	Royal Bank of Canada*	47	64	
730	Sun Life Financial Inc.	30	31	
1 810	Toronto-Dominion Bank	68	100	
		419	517	**14.5**
Industrials				
890	CAE Inc.	10	14	
740	Canadian National Railway Co.	28	56	
180	Canadian Pacific Railway Ltd.	12	30	
660	Finning International Inc.	18	14	
276	MacDonald Dettwiler & Associates Ltd.	16	23	
300	Russel Metals Inc.	8	7	
440	SNC-Lavalin Group Inc.	17	24	
420	Stantec Inc.	14	13	
		123	181	**5.1**
Information Technology				
440	CGI Group Inc., Class A	$ 15	$ 24	
2 376	Mitel Networks Corp.	22	19	
410	Open Text Corp.	6	31	
		43	74	**2.1**
Materials				
280	Agrium Inc.	17	33	
30	CCL Industries, Class B	7	7	
978	First Quantum Minerals Ltd.	16	9	
465	Goldcorp Inc.	14	11	
1 100	HudBay Minerals Inc.	10	7	
1 600	Lundin Mining Corp.	7	7	
320	Methanex Corp.	9	12	
1 556	Teck Resources Ltd., Class B	48	26	
210	West Fraser Timber Co. Ltd.	10	8	
		138	120	**3.4**
Telecommunication Services				
340	Rogers Communications Inc., Class B	13	18	
370	TELUS Corp.	14	15	
		27	33	**0.9**
TOTAL CANADIAN EQUITIES		1 100	1 341	**37.6**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
98 807	Phillips, Hager & North Bond Fund*	$ 1 082	$ 1 061	
43 764	Phillips, Hager & North Overseas Equity Fund*	489	556	
10 197	Phillips, Hager & North U.S. Equity Fund*	584	549	
TOTAL MUTUAL FUND UNITS		2 155	2 166	**60.8**
TOTAL INVESTMENTS		$ 3 255	3 507	**98.4**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			57	**1.6**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 3 564	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 3 507**	$ 3 763
Cash	**49**	136
Due from investment dealers	**10**	–
Subscriptions receivable	**–**	3
Dividends receivable, interest accrued and other assets	**5**	6
TOTAL ASSETS	**3 571**	3 908
LIABILITIES		
Due to investment dealers	**2**	–
Redemptions payable	**–**	51
Accounts payable and accrued expenses	**5**	3
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**7**	54
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 3 564**	$ 3 854
Investments at cost	**$ 3 255**	$ 3 474
NAV		
SERIES A	**$ 218**	$ 220
ADVISOR SERIES	**$ 14**	$ 19
SERIES D	**$ 3 039**	$ 3 320
SERIES F	**$ 18**	$ 18
SERIES O	**$ 275**	$ 277
NAV PER UNIT		
SERIES A	**$ 12.65**	$ 12.72
ADVISOR SERIES	**$ 12.65**	$ 12.72
SERIES D	**$ 12.61**	$ 12.66
SERIES F	**$ 12.86**	$ 12.91
SERIES O	**$ 12.36**	$ 12.40

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 19**	$ 27
Interest for distribution purposes	**–**	9
Other income received from underlying funds	**18**	9
Net realized gain (loss) on investments	**17**	147
Change in unrealized gain (loss) on investments	**(37)**	(54)
TOTAL INCOME (LOSS)	**17**	138
EXPENSES (see notes – Fund Specific Information)		
Management fees	**18**	21
Administration fees	**2**	3
Independent Review Committee costs	**2**	2
GST/HST	**2**	2
Withholding tax	**–**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**22**	27
INCREASE (DECREASE) IN NAV	**$ (5)**	$ 111
INCREASE (DECREASE) IN NAV		
SERIES A	**$ (2)**	$ 4
ADVISOR SERIES	**$ (1)**	$ 1
SERIES D	**$ (4)**	$ 97
SERIES F	**$ –**	$ –
SERIES O	**$ 2**	$ 9
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ (0.09)**	$ 0.27
ADVISOR SERIES	**$ (0.09)**	$ 0.27
SERIES D	**$ (0.02)**	$ 0.35
SERIES F	**$ (0.01)**	$ 0.39
SERIES O	**$ 0.05**	$ 0.43

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ (5)**	$ 111
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(17)**	(146)
Change in unrealized loss (gain) on investments	**37**	54
(Increase) decrease in accrued receivables	**1**	17
Increase (decrease) in accrued payables	**2**	–
Cost of investments purchased	**(190)**	(7 870)
Proceeds on sales of investments	**418**	8 115
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**246**	281
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**246**	392
Cash paid on redemption of redeemable units	**(578)**	(642)
Distributions paid to holders of redeemable units	**(1)**	(1)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (333)**	$ (251)
Net increase (decrease) in cash for the period	**(87)**	30
Cash (bank overdraft), beginning of period	**136**	12
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 49**	$ 42
Interest received (paid)	**$ –**	$ 15
Dividends received, net of withholding taxes	**$ 19**	$ 27

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 220**	$ 196	**$ 19**	$ 45	**$ 3 320**	$ 3 714	**$ 18**	$ 18
INCREASE (DECREASE) IN NAV	**(2)**	4	**(1)**	1	**(4)**	97	**–**	–
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**3**	25	**–**	–	**240**	367	**–**	–
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**11**	15	**–**	–
Redemption of redeemable units	**(3)**	–	**(4)**	(12)	**(516)**	(627)	**–**	–
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**–**	25	**(4)**	(12)	**(265)**	(245)	**–**	–
Distributions from net income	**–**	–	**–**	–	**(12)**	(18)	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**(12)**	(18)	**–**	–
NET INCREASE (DECREASE) IN NAV	**(2)**	29	**(5)**	(11)	**(281)**	(166)	**–**	–
NAV AT END OF PERIOD	**$ 218**	$ 225	**$ 14**	$ 34	**$ 3 039**	$ 3 548	**$ 18**	$ 18

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 277**	$ 276	**$ 3 854**	$ 4 249
INCREASE (DECREASE) IN NAV	**2**	9	**(5)**	111
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**–**	–	**243**	392
Reinvestments of distributions to holders of redeemable units	**2**	3	**13**	18
Redemption of redeemable units	**(4)**	(3)	**(527)**	(642)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(2)**	–	**(271)**	(232)
Distributions from net income	**(2)**	(3)	**(14)**	(21)
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(2)**	(3)	**(14)**	(21)
NET INCREASE (DECREASE) IN NAV	**(2)**	6	**(290)**	(142)
NAV AT END OF PERIOD	**$ 275**	$ 282	**$ 3 564**	$ 4 107

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital appreciation and income by primarily investing in a balanced global portfolio of Canadian and foreign equities, fixed-income securities and money market instruments.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 29.8% (December 31, 2015 – 26.8%) of the net assets of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	**June 30 2016**	December 31 2015
AAA	**28.4**	27.5
AA	**35.7**	38.5
A	**16.0**	15.2
BBB	**19.2**	18.1
Unrated	**0.7**	0.7
Total	**100.0**	100.0

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Canadian Equities	**37.6**	34.1
Bonds	**29.8**	25.3
Overseas Equities	**15.5**	17.2
United States Equities	**15.3**	16.4
Cash/Other	**1.8**	7.0
Total	**100.0**	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 29.8% (December 31, 2015 – 26.8%) of the net assets of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	**June 30 2016**	December 31 2015
Less than 1 year	**3.6**	4.0
1 – 5 years	**33.6**	32.1
5 – 10 years	**29.5**	27.5
> 10 years	**33.3**	36.4
Total	**100.0**	100.0

As at June 30, 2016, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 2.2% (December 31, 2015 – 2.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of net assets)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	**June 30 2016**	December 31 2015
United States dollar	**16.5**	18.1
Euro	**4.1**	4.8
Japanese yen	**3.2**	3.5
Pound sterling	**2.7**	3.3
Swiss franc	**1.5**	1.7
South African rand	**0.7**	0.7
Hong Kong dollar	**0.6**	0.6
Danish krone	**0.6**	–
Other currencies	**1.0**	0.8
Total	**30.9**	33.5

As at June 30, 2016, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund's net assets may have decreased or increased, respectively, by approximately 0.3% (December 31, 2015 – 0.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

		June 30 2016		December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or -**	**0.6**	+ or -	0.6
S&P 500 Total Return Index (CAD)	**+ or -**	**0.5**	+ or -	0.5
MSCI EAFE Total Return Net Index (CAD)	**+ or -**	**0.4**	+ or -	0.4

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**1 341**	**–**	**–**	**1 341**
Mutual fund units	**2 166**	**–**	**–**	**2 166**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**3 507**	**–**	**–**	**3 507**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	1 314	–	–	1 314
Mutual fund units	2 449	–	–	2 449
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	3 763	–	–	3 763
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.75%	0.10%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	n/a†	0.10%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.75% from 2.00%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**52**	52
Advisor Series	**101**	101
Series D	**111**	110
Series F	**56**	56
Series O	**60**	60
Value of all units	**5**	5

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual funds as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying funds ("Ownership"). All underlying funds are established and conduct business in Canada, and have an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Bond Fund	**29.8**	**–**	26.8	–
Phillips, Hager & North Canadian Money Market Fund	**–**	**–**	2.6	–
Phillips, Hager & North Overseas Equity Fund	**15.6**	**0.1**	17.4	0.1
Phillips, Hager & North U.S. Equity Fund	**15.4**	**0.1**	16.7	0.1

Taxes ($000s) (see note 5 in the generic notes)

The Fund had no capital or non-capital losses as at December 31, 2015.

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**17**	15
Issued number of units	**–**	1
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**17**	16
Advisor Series		
Opening units	**1**	3
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	(1)
Ending number of units	**1**	2
Series D		
Opening units	**262**	277
Issued number of units	**19**	27
Reinvested number of units	**1**	1
Redeemed number of units	**(41)**	(46)
Ending number of units	**241**	259
Series F		
Opening units	**1**	1
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**1**	1
Series O		
Opening units	**22**	21
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**22**	21

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in $000s)

BONAVISTA CANADIAN EQUITY VALUE FUND

June 30, 2016

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
3 830	AutoCanada Inc.	$ 140	$ 85	
2 260	Canadian Tire Corp. Ltd., Class A	226	318	
10 590	Gildan Activewear Inc., Class A	122	401	
8 150	Magna International Inc., Class A	161	370	
8 670	Quebecor Inc., Class B	138	321	
2 300	Restaurant Brands International Inc.	113	124	
2 994	Spin Master Corp.	54	80	
4 840	Thomson Corp.	180	253	
		1 134	1 952	**12.1**
Consumer Staples				
8 580	Alimentation Couche-Tard Inc.	98	476	
3 546	Loblaw Companies Ltd.	174	245	
8 040	Saputo Group Inc.	99	308	
		371	1 029	**6.4**
Energy				
16 930	Canadian Natural Resources Ltd.	558	675	
10 210	Cenovus Energy Inc.	292	182	
3 230	Crescent Point Energy Corp.	67	66	
7 200	Encana Corp.	229	72	
8 784	Husky Energy Inc.	296	139	
10 590	MEG Energy Corp.	183	71	
338	PrairieSky Royalty Ltd.	9	8	
10 501	Precision Drilling Corp.	145	72	
23 980	Suncor Energy Inc.	882	859	
		2 661	2 144	**13.2**
Financials				
8 630	Bank of Montreal	507	707	
14 210	Bank of Nova Scotia	720	900	
8 600	Canadian Imperial Bank of Commerce	689	835	
10 990	Element Financial Corp.	144	151	
5 060	Genworth MI Canada Inc.	182	168	
8 870	Home Capital Group Inc.	283	284	
1 730	Intact Financial Corp.	108	160	
22 750	Manulife Financial Corporation	590	402	
7 850	National Bank of Canada	213	347	
10 300	Royal Bank of Canada*	575	786	
7 820	Sun Life Financial Inc.	315	332	
22 320	Toronto-Dominion Bank	806	1 238	
		5 132	6 310	**39.0**
Industrials				
11 250	CAE Inc.	119	176	
9 420	Canadian National Railway Co.	303	719	
2 340	Canadian Pacific Railway Ltd.	263	389	
7 900	Finning International Inc.	217	166	
2 966	MacDonald Dettwiler & Associates Ltd.	148	250	
3 680	Russel Metals Inc.	94	84	
5 000	SNC-Lavalin Group Inc.	199	271	
5 150	Stantec Inc.	165	161	
		1 508	2 216	**13.7**
Information Technology				
5 740	CGI Group Inc., Class A	$ 205	$ 317	
28 736	Mitel Networks Corp.	277	233	
4 990	Open Text Corp.	78	381	
		560	931	**5.7**
Materials				
3 300	Agrium Inc.	206	386	
450	CCL Industries, Class B	102	101	
8 582	First Quantum Minerals Ltd.	146	78	
4 375	Goldcorp Inc.	135	108	
9 000	HudBay Minerals Inc.	93	56	
19 950	Lundin Mining Corp.	85	87	
4 060	Methanex Corp.	141	153	
19 707	Teck Resources Ltd., Class B	567	335	
2 570	West Fraser Timber Co. Ltd.	123	97	
		1 598	1 401	**8.6**
Telecommunication Services				
3 810	Rogers Communications Inc., Class B	140	199	
5 300	TELUS Corp.	135	220	
		275	419	**2.6**
TOTAL CANADIAN EQUITIES		13 239	16 402	**101.3**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
62	Phillips, Hager & North Canadian Money Market Fund*	$ 1	$ 1	
TOTAL MUTUAL FUND UNITS		1	1	–
TOTAL INVESTMENTS		$ 13 240	16 403	**101.3**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(211)	**(1.3)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 16 192	**100.0**

* Investment in related party (see note 7 in the generic notes).

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

Statements of Financial Position *(unaudited)*

(in $000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2016	December 31 2015
ASSETS		
Investments at fair value	**$ 16 403**	$ 16 835
Cash	**18**	165
Due from investment dealers	**279**	–
Subscriptions receivable	**10**	–
Dividends receivable, interest accrued and other assets	**43**	44
TOTAL ASSETS	**16 753**	17 044
LIABILITIES		
Due to investment dealers	**25**	–
Redemptions payable	**528**	64
Accounts payable and accrued expenses	**8**	8
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**561**	72
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 16 192**	$ 16 972
Investments at cost	**$ 13 240**	$ 14 161
NAV		
SERIES A	**$ 182**	$ 163
ADVISOR SERIES	**$ 39**	$ 37
SERIES D	**$ 6 235**	$ 6 584
SERIES F	**$ 96**	$ 92
SERIES O	**$ 9 640**	$ 10 096
NAV PER UNIT		
SERIES A	**$ 13.51**	$ 12.98
ADVISOR SERIES	**$ 13.54**	$ 13.01
SERIES D	**$ 13.64**	$ 13.06
SERIES F	**$ 13.68**	$ 13.08
SERIES O	**$ 13.89**	$ 13.22

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
INCOME (see note 3 in the generic notes)		
Dividends	**$ 241**	$ 238
Other income received from underlying funds	**1**	1
Net realized gain (loss) on investments	**139**	(6)
Change in unrealized gain (loss) on investments	**489**	(327)
TOTAL INCOME (LOSS)	**870**	(94)
EXPENSES (see notes – Fund Specific Information)		
Management fees	**33**	41
Administration fees	**10**	12
Independent Review Committee costs	**2**	2
GST/HST	**3**	4
Transaction costs	**1**	1
Expenses reimbursed by manager	**(2)**	(2)
TOTAL EXPENSES	**47**	58
INCREASE (DECREASE) IN NAV	**$ 823**	$ (152)
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 9**	$ (3)
ADVISOR SERIES	**$ 2**	$ (2)
SERIES D	**$ 258**	$ (78)
SERIES F	**$ 4**	$ –
SERIES O	**$ 550**	$ (69)
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT		
SERIES A	**$ 0.55**	$ (0.22)
ADVISOR SERIES	**$ 0.55**	$ (0.23)
SERIES D	**$ 0.60**	$ (0.17)
SERIES F	**$ 0.62**	$ (0.15)
SERIES O	**$ 0.68**	$ (0.09)

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

Statements of Cash Flow *(unaudited) (in $000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	**$ 823**	$ (152)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	**–**	–
Net realized loss (gain) on investments	**(138)**	7
Change in unrealized loss (gain) on investments	**(489)**	327
(Increase) decrease in accrued receivables	**1**	(76)
Increase (decrease) in accrued payables	**–**	21
Cost of investments purchased	**(670)**	(1 166)
Proceeds on sales of investments	**1 475**	540
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1 002**	(499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**723**	835
Cash paid on redemption of redeemable units	**(1 872)**	(962)
Distributions paid to holders of redeemable units	**–**	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$ (1 149)**	$ (127)
Net increase (decrease) in cash for the period	**(147)**	(626)
Cash (bank overdraft), beginning of period	**165**	672
CASH (BANK OVERDRAFT), END OF PERIOD	**$ 18**	$ 46
Interest received (paid)	**$ –**	$ –
Dividends received, net of withholding taxes	**$ 241**	$ 241

Cash consists of cash and futures contracts margin receivable/payable, as applicable.

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

Statements of Changes in NAV *(unaudited) (in $000s)*

For the periods ended June 30	Series A		Advisor Series		Series D		Series F	
(see note 2 in the generic notes)	2016	2015	2016	2015	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 163**	$ 174	**$ 37**	$ 1	**$ 6 584**	$ 7 894	**$ 92**	$ 11
INCREASE (DECREASE) IN NAV	**9**	(3)	**2**	(2)	**258**	(78)	**4**	–
Early redemption fees	**–**	–	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**14**	–	**–**	41	**116**	390	**–**	1
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(4)**	(3)	**–**	–	**(723)**	(619)	**–**	(1)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**10**	(3)	**–**	41	**(607)**	(229)	**–**	–
Distributions from net income	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**19**	(6)	**2**	39	**(349)**	(307)	**4**	–
NAV AT END OF PERIOD	**$ 182**	$ 168	**$ 39**	$ 40	**$ 6 235**	$ 7 587	**$ 96**	$ 11

For the periods ended June 30	Series O		Total	
(see note 2 in the generic notes)	2016	2015	2016	2015
NAV AT BEGINNING OF PERIOD	**$ 10 096**	$ 11 301	**$ 16 972**	$ 19 381
INCREASE (DECREASE) IN NAV	**550**	(69)	**823**	(152)
Early redemption fees	**–**	–	**–**	–
Proceeds from redeemable units issued	**603**	403	**733**	835
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–
Redemption of redeemable units	**(1 609)**	(347)	**(2 336)**	(970)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(1 006)**	56	**(1 603)**	(135)
Distributions from net income	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(456)**	(13)	**(780)**	(287)
NAV AT END OF PERIOD	**$ 9 640**	$ 11 288	**$ 16 192**	$ 19 094

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in common shares of large-capitalization, high-quality Canadian companies and income trusts.

All outstanding Series C units were renamed Series A units effective June 30, 2016.

Financial instrument risk and capital management (see note 4 in the generic notes)

Concentration risk (%)

The table below summarizes the Fund's investment portfolio (after consideration of derivative products, if any) as at:

Investment mix	**June 30 2016**	December 31 2015
Financials	**39.0**	39.1
Industrials	**13.7**	12.8
Energy	**13.2**	11.0
Consumer Discretionary	**12.1**	12.3
Materials	**8.6**	5.7
Consumer Staples	**6.4**	6.2
Information Technology	**5.7**	6.5
Telecommunication Services	**2.6**	2.4
Health Care	**–**	2.3
Cash/Other	**(1.3)**	1.7
Total	**100.0**	100.0

Other price risk (% impact on net assets)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's net assets, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2016	December 31 2015
S&P/TSX Capped Composite Total Return Index	**+ or - 1.0**	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy ($000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2016 and December 31, 2015.

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**16 402**	**–**	**–**	**16 402**
Mutual fund units	**1**	**–**	**–**	**1**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**–**	**–**	**–**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**16 403**	**–**	**–**	**16 403**
% of total portfolio	**100.0**	**–**	**–**	**100.0**

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	16 685	–	–	16 685
Mutual fund units	150	–	–	150
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	16 835	–	–	16 835
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2016 and December 31, 2015, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees and operating expenses (see note 7 in the generic notes)

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund.

	Management fees*	Operating expenses
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a†	0.10%

* Effective June 30, 2016, the management fees for Series A and Advisor Series units were reduced to 1.60% from 1.75%; for Series D units were reduced to 0.85% from 1.00%; and for Series F units were reduced to 0.60% from 0.75%.

† Series O unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

Investments by related parties ($000s except unit amounts)

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the Fund as at:

	June 30 2016	December 31 2015
Units held		
Series A	**50**	50
Advisor Series	**97**	97
Series D	**52**	52
Series F	**53**	53
Series O	**54**	54
Value of all units	**4**	4

Underlying mutual fund ownership interest (%)

The table below summarizes the Fund's interest in the underlying mutual fund as a percentage of NAV, and the Fund's ownership interest as a percentage of the net assets of the underlying fund ("Ownership"). The underlying fund is established and conducts business in Canada, and has an associate relationship to the Fund.

	June 30 2016		December 31 2015	
	NAV	**Ownership**	NAV	Ownership
Phillips, Hager & North Canadian Money Market Fund	–	–	0.9	–

Taxes ($000s) (see note 5 in the generic notes)

The non-capital and capital losses as at December 31, 2015 for the Fund were approximately:

Capital losses	1 095
Non-capital losses	–

Unitholders' equity (000s)

The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30 (see note 2 in the generic notes)	**2016**	2015
Series A		
Opening units	**13**	12
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**13**	12
Advisor Series		
Opening units	**3**	–
Issued number of units	**–**	3
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**3**	3
Series D		
Opening units	**504**	545
Issued number of units	**9**	26
Reinvested number of units	**–**	–
Redeemed number of units	**(56)**	(42)
Ending number of units	**457**	529
Series F		
Opening units	**7**	1
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**7**	1
Series O		
Opening units	**763**	770
Issued number of units	**49**	26
Reinvested number of units	**–**	–
Redeemed number of units	**(118)**	(23)
Ending number of units	**694**	773

Transaction costs ($000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2016		June 30 2015	
	$	**%**	$	%
Total transaction costs	**1**	**100**	1	100
Related-party brokerage commissions*	**–**	**–**	–	–
Commission arrangements†	**–**	**–**	–	–

* See note 7 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

1. The Funds

The Funds ("Fund" or "Funds") are open-ended mutual fund trusts governed by the laws of the Province of Ontario or British Columbia. RBC GAM is the manager and portfolio manager of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. RBC GAM is also the trustee of those Funds governed by the laws of the Province of Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on August 10, 2016.

The Funds may issue an unlimited number of units in some or all of Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H, Series D, Series F, Series FT5, Series I and Series O.

Series A units have no sales charges and are available to all investors through authorized dealers.

Advisor Series units and Advisor T5 Series units are available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. For certain of the Funds, Advisor Series units and Advisor T5 Series units are available with a deferred sales charge option. Under the initial sales charge option, investors pay a sales charge ranging from 0% to 5% of the amount invested. Under the deferred sales charge or low-load sales charge option, sales charges may be applicable, as described in the Simplified Prospectus.

Series T5 units and Series T8 units have no sales charges and are available to all investors through authorized dealers.

Series H units have no sales charges, have lower fees than Series A units and are only available to investors who invest and maintain the required minimum balance through authorized dealers.

Series D units have no sales charges and have lower fees than Series A units. Series D units may be available to investors who have accounts with RBC Direct Investing Inc., Phillips, Hager & North Investment Funds Ltd. ("PH&N IF") or certain other authorized dealers (primarily discount brokers).

Series F units and Series FT5 units have no sales charges and have lower fees than Series A units. Series F units and Series FT5 units are only available to investors who have fee-based accounts with their dealers.

Series I units have no sales charges, have lower fees than Series F units and Series FT5 units and are only available to investors who invest and maintain the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

Series O units are only available to large private or institutional investors or dealers. No management fees are payable by the Funds in respect to Series O units. Unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

2. Financial year/period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2016 and 2015, or as at June 30, 2016 and December 31, 2015. In the year a Fund or series is established, "period" represents the period from inception to June 30 of that fiscal year.

3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), which include estimates and assumptions made by management that may affect the reported amounts of assets (primarily valuation of investments), liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Funds, which are investment entities, are as follows:

Fair Value Option Financial instruments are designated as fair value through profit and loss ("FVTPL") on their initial recognition (the fair value option). Derivative financial instruments are held for trading ("HFT") and are required to be classified as FVTPL by nature. Other non-derivative financial instruments can be designated as FVTPL if they have a reliably measurable fair value and satisfy some criteria such as (i) it eliminates or significantly reduces an accounting mismatch and (ii) it is part of a portfolio that is managed and its performance is evaluated on a fair value basis. Management's judgment is that all non-derivative financial instruments are designated as FVTPL since all Funds satisfy the above criteria. The Funds' financial assets and liabilities are not offset, as there is currently no legally enforceable right to offset the recognized amounts, and the gross amounts are reported in the Statements of Financial Position. The Funds may enter into various master netting or similar agreements with counterparties.

Redeemable units are measured at their respective redemption values. All other assets and liabilities are measured at amortized cost.

Determination of Fair Value The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds' financial instruments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The three-tier hierarchy of investments and derivatives is included in "Notes to Financial Statements – Fund Specific Information."

Investments are recorded at fair value, which is determined as follows:

Equities – Common shares, preferred shares and exchange-traded funds are valued at the closing price recorded by the security exchange on which the security is principally 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.

Fixed-Income and Debt Securities – Bonds, mortgage-backed securities, loans and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

NHA-approved mortgages are valued at a principal amount, which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

Options – 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.

The premium received for written options is recorded as a credit in the Schedule of Investment Portfolio and adjusted daily to the fair value of the written option.

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (loss) on foreign exchange contracts is included in "Net gain (loss) on foreign currencies and other net assets" in the Statements of Comprehensive Income.

Futures Contracts – Futures contracts entered into by the Funds are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the Funds do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as "Net gain (loss) from futures contracts" in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Mutual Fund Unit Valuation – Units of Funds are valued at their respective net asset value per unit from fund companies on the relevant valuation dates.

Fair Valuation of Investments (including unlisted securities) – If the valuation methods described above are not appropriate, RBC GAM will estimate the fair value of an investment using established fair valuation procedures, such as consideration of public information, broker quotes, valuation models, fundamental analysis, matrix pricing, discounts from market prices of similar securities or discounts applied due to restrictions on the disposition of securities, and external fair value service providers.

Procedures are in place to determine the fair value of foreign securities traded in countries outside North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. This fair valuation process takes into account the last quoted price of the security and adjusts the price based on inputs such as related indices, changes in foreign markets and American Depository Receipts ("ADR") prices. These securities are classified as Level 2.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the Phillips, Hager & North $U.S. Money Market Fund, RBC $U.S. Money Market Fund, RBC Premium $U.S. Money Market Fund, RBC $U.S. Investment Grade Corporate Bond Fund, RBC $U.S. High Yield Bond Fund, BlueBay Emerging Markets Corporate Bond Fund, BlueBay $U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund) at the rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses are included in "Net gain (loss) on foreign currencies and other net assets" in the Statements of Comprehensive Income.

Functional Currency The Funds, with the exceptions below, have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds. Phillips, Hager & North $U.S. Money Market Fund, RBC $U.S. Money Market Fund, RBC Premium $U.S. Money Market Fund, RBC $U.S. Investment Grade Corporate Bond Fund, RBC $U.S. High Yield Bond Fund, BlueBay Emerging Markets Corporate Bond Fund, BlueBay $U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

Valuation of Series A different net asset value is calculated for each series of units of a Fund. The net asset value of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative net asset value of each series. Expenses are accrued daily.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed-income and debt securities with the exception of zero coupon bonds.

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. "Other income (loss)" includes income from income trusts. Distributions received from income trusts are recognized based on the nature of the underlying components, such as income, capital gains and return of capital. "Other income received from underlying funds" includes income earned by a Fund from investments in underlying funds. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized on a straight line basis.

Increase (Decrease) in NAV per Redeemable Unit Increase (decrease) in NAV per redeemable unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series, divided by the average units outstanding per series during the period.

Early Redemption Fees Early redemption fees (short-term trading fees) are paid directly to a Fund and are designed to deter excessive trading and its associated costs. With the exception of money market funds, a Fund may apply a fee of 2% of the current value of units if the unitholder redeems or switches out units within seven days of purchasing or previously switching into a Fund. These amounts are included in the Statements of Changes in NAV.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

AUD – Australian dollar
CAD – Canadian dollar
CHF – Swiss franc
DKK – Danish krone
EUR – Euro
GBP – Pound sterling
HKD – Hong Kong dollar
INR – Indian rupee
JPY – Japanese yen
PHP – Philippine peso
SEK – Swedish krona
USD – United States dollar
ZAR – South African rand

4. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its net assets and consists primarily of its financial instruments.

A Fund's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio managers, daily monitoring of the Fund's holdings and market events, diversifying its investment portfolio within the constraints of its investment objectives and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, RBC GAM also 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.

Financial instrument risk, as applicable to a Fund, is disclosed in its "Notes to Financial Statements – Fund Specific Information."

Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 6). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

Concentration risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

5. Taxes

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 10 years, with the exception of non-capital losses realized in 2006 and later years, which may be carried forward up to 20 years.

6. Securities lending revenue

Certain of the Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of a Fund. Each such Fund will have entered into a securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of a Fund. The Fund receives collateral, with an approved credit rating of at least A, of at least 102% of the value of securities on loan. The Fund is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

7. Administrative and other related-party transactions

Manager and Portfolio Manager

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM is paid a management fee by the Funds as compensation for its services. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

The Funds pay a fixed administration fee to RBC GAM. RBC GAM in turn pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim reports, prospectuses, statements and investor communications.

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including the costs related to the Independent Review Committee of the Funds, and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but not limited to, GST/HST). Other fund costs will be allocated among each series of units of a Fund in accordance with the services used. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates ("underlying mutual funds"). The Fund's ownership interest in underlying mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

Affiliates of RBC GAM that provide services to the Funds in the course of their normal businesses are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc., a wholly owned subsidiary of Royal Bank, is the sub-advisor for the Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, the Phillips, Hager & North U.S. Equity Fund and the Phillips, Hager & North U.S. Growth Fund. RBC Global Asset Management (UK) Limited, a wholly owned subsidiary of Royal Bank, is the sub-advisor for the Phillips, Hager & North Overseas Equity Fund, the Phillips, Hager & North Global Equity Fund and the Phillips, Hager & North Community Values Global Equity Fund.

Trustee

RBC GAM is the trustee for the Funds governed by the laws of the Province of Ontario. RBC IS is the trustee for the Funds governed by the laws of the Province of British Columbia. The trustee holds title to the Funds' property on behalf of the unitholders.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and PH&N IF are principal distributors of, or distribute certain series of units of, the Funds. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H and Series D units.

Custodian

RBC IS is the custodian and holds the assets of the Funds.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Funds and keep records of who owns the units of the Funds. The registrars also process orders and issue account statements.

Brokerage

The Funds have established standard brokerage agreements at market rates with related-party brokerages.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Funds, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Funds. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

8. Future accounting changes

The following IFRS standard has been issued, but is not yet in effect:

In July 2014, the International Accounting Standards Board finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date.

The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Funds.

In December 2014, Disclosure Initiative was issued, which amends IAS 1 Presentation of Financial Statements. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying guidance on materiality, presentation and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016. The Funds will amend disclosures if required in the 2016 Financial Statements.

If you have questions regarding Phillips, Hager & North Funds, you can contact us using the following options:

By Phone

Investors: **1-800-661-6141**
Dealers: **1-800-662-0652**

On the Internet

Visit our website at: **www.rbcgam.com/funds**
Email us at: **info@phn.com**

By Mail

Head office:

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155 Wellington Street West
Suite 2200
Toronto, Ontario
M5V 3K7

For general mutual fund enquiries, write to:

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P.O. Box 7500, Station A
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