

PHILLIPS, HAGER & NORTH FUNDS

2017 Interim Financial Statements

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FOR FINANCIAL REPORTING**

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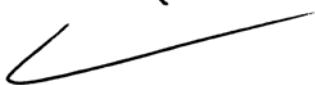
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The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC GAM Investment Funds (the "Funds") and approved by the Board of Directors of RBC GAM. We are responsible for the information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

We have maintained appropriate procedures and controls to ensure that timely 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.

August 10, 2017



Heidi Johnston, CPA, CA

Acting Chief Financial Officer

RBC GAM Funds

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, 2017

Par Value (000s)	Security	Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
56 257	Bank of Montreal	\$ 56 225	
71 750	Bank of Nova Scotia	71 546	
72 500	Canadian Imperial Bank of Commerce	72 493	
43 500	HSBC Bank Canada	43 440	
24 080	National Bank of Canada	24 108	
87 575	Toronto-Dominion Bank	87 464	
		<u>355 276</u>	<u>24.7</u>
COMMERCIAL PAPER			
69 825	Banner Trust	69 514	
69 800	Bay Street Funding Trust – Class A	69 575	
8 625	Caisse Centrale Desjardins	8 656	
56 425	Canadian Master Trust – Series A	56 130	
18 050	Canadian Utilities Ltd.	18 032	
12 725	Caterpillar Financial Services Ltd.	12 700	
60 950	Central 1 Credit Union	60 801	
19 925	Clarity Trust	19 821	
18 150	Enbridge Gas Distribution Inc.	18 138	
13 185	Enbridge Pipelines Inc.	13 171	
11 000	Fusion Trust	10 943	
41 000	Greater Toronto Airport Authority	40 960	
39 600	Husky Energy Inc.	39 525	
40 550	Inter Pipeline Corridor Inc.	40 470	
67 830	King Street Funding Trust	67 630	
68 600	Merit Trust – Senior Notes	68 443	
41 000	Nissan Canada Financial Services Inc.	40 980	
41 160	Nova Scotia Power Inc.	41 131	
70 000	Prime Trust - Senior Notes	69 742	
39 200	Ridge Trust	39 108	
71 325	SAFE Trust - Series 1996-1	71 041	
51 710	SOUND Trust	51 462	
57 140	SURE Trust	56 909	
31 050	TMX Group Ltd.	31 004	
67 450	Zeus Receivables Trust – Senior Notes	67 253	
		<u>1 083 139</u>	<u>75.3</u>
TOTAL INVESTMENTS		<u>1 438 415</u>	<u>100.0</u>
OTHER NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS		<u>107</u>	<u>–</u>
NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS		<u>\$1 438 522</u>	<u>100.0</u>

Investments, which are grouped by issuer, earn interest at rates ranging from 0.68% to 1.16% and mature between July 4, 2017 and June 14, 2018.

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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 1 438 415	\$ 1 247 705
Cash	26	9
Subscriptions receivable	8 875	13 196
Dividends receivable, interest accrued and other assets	2 165	2 137
TOTAL ASSETS	1 449 481	1 263 047
LIABILITIES		
Redemptions payable	10 738	1 864
Distributions payable	61	53
Accounts payable and accrued expenses	160	145
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	10 959	2 062
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 438 522	\$ 1 260 985
Investments at cost	\$ 1 438 415	\$ 1 247 705
NAV		
SERIES A	\$ 4 700	\$ 5 216
ADVISOR SERIES	\$ 1 094	\$ 1 433
SERIES D	\$ 312 913	\$ 248 646
SERIES F	\$ 1 959	\$ 2 706
SERIES O	\$ 1 117 856	\$ 1 002 984
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)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 6 374	\$ 6 566
TOTAL INCOME (LOSS)	6 374	6 566
EXPENSES (see notes – Fund Specific Information)		
Management fees	641	974
Administration fees	172	206
Independent Review Committee costs	1	2
GST/HST	71	95
TOTAL EXPENSES	885	1 277
INCREASE (DECREASE) IN NAV	\$ 5 489	\$ 5 289
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 11	\$ 13
ADVISOR SERIES	\$ 3	\$ 6
SERIES D	\$ 517	\$ 818
SERIES F	\$ 11	\$ 8
SERIES O	\$ 4 947	\$ 4 444
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.02	\$ 0.02
ADVISOR SERIES	\$ 0.02	\$ 0.02
SERIES D	\$ 0.02	\$ 0.02
SERIES F	\$ 0.02	\$ 0.02
SERIES O	\$ 0.05	\$ 0.04

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 5 489	\$ 5 289
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	(28)	112
Increase (decrease) in accrued payables	15	(115)
Cost of investments purchased	(3 353 437)	(5 139 269)
Proceeds on sales of investments	3 162 727	5 400 872
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(185 234)	266 889
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	852 290	702 275
Cash paid on redemption of redeemable units	(666 661)	(968 655)
Distributions paid to holders of redeemable units	(378)	(409)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 185 251	\$ (266 789)
Net increase (decrease) in cash for the period	17	100
Cash (bank overdraft), beginning of period	9	17
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 26	\$ 117
Interest received (paid)	\$ 6 346	\$ 6 678
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 5 216	\$ 6 575	\$ 1 433	\$ 3 576	\$ 248 646	\$ 519 426	\$ 2 706	\$ 3 806
INCREASE (DECREASE) IN NAV	11	13	3	6	517	818	11	8
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	5 757	2 913	119	267	164 080	164 506	5 068	418
Reinvestments of distributions to holders of redeemable units	11	12	2	6	512	808	10	8
Redemption of redeemable units	(6 284)	(3 902)	(460)	(1 142)	(100 325)	(393 867)	(5 826)	(735)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(516)	(977)	(339)	(869)	64 267	(228 553)	(748)	(309)
Distributions from net income	(11)	(12)	(3)	(6)	(517)	(818)	(10)	(8)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(11)	(12)	(3)	(6)	(517)	(818)	(10)	(8)
NET INCREASE (DECREASE) IN NAV	(516)	(976)	(339)	(869)	64 267	(228 553)	(747)	(309)
NAV AT END OF PERIOD	\$ 4 700	\$ 5 599	\$ 1 094	\$ 2 707	\$ 312 913	\$ 290 873	\$ 1 959	\$ 3 497

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 002 984	\$ 1 022 721	\$ 1 260 985	\$ 1 556 104
INCREASE (DECREASE) IN NAV	4 947	4 444	5 489	5 289
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	672 945	528 379	847 969	696 483
Reinvestments of distributions to holders of redeemable units	4 569	4 037	5 104	4 871
Redemption of redeemable units	(562 640)	(581 101)	(675 535)	(980 747)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	114 874	(48 685)	177 538	(279 393)
Distributions from net income	(4 949)	(4 445)	(5 490)	(5 289)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(4 949)	(4 445)	(5 490)	(5 289)
NET INCREASE (DECREASE) IN NAV	114 872	(48 686)	177 537	(279 393)
NAV AT END OF PERIOD	\$ 1 117 856	\$ 974 035	\$ 1 438 522	\$ 1 276 711

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Rating		
R-1 (H)	69.8	76.8
R-1 (M)	9.9	9.1
R-1 (L)	20.3	14.1
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:

	June 30 2017	December 31 2016
Investment mix		
Corporate Notes	100.0	98.9
Cash/Other	–	1.1
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:

	June 30 2017	December 31 2016
Term to maturity		
0 – 1 month	41.4	42.2
1 – 3 months	39.6	38.5
3 – 6 months	16.1	18.2
6 – 12 months	2.9	1.1
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 438 415	–	1 438 415
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	1 438 415	–	1 438 415
% of total portfolio	–	100.0	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 247 705	–	1 247 705
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	1 247 705	–	1 247 705
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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	0.65%	0.05%
Advisor Series	0.65%	0.05%
Series D	0.50% [†]	0.05%
Series F	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.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	46	46
Advisor Series	53	53
Series D	3 104	531
Series F	2	2
Series O	399	394
Value of all units	36	10

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	522	658
Issued number of units	54	291
Reinvested number of units	1	1
Redeemed number of units	(107)	(390)
Ending number of units	470	560
Advisor Series		
Opening units	143	358
Issued number of units	12	26
Reinvested number of units	–	1
Redeemed number of units	(46)	(114)
Ending number of units	109	271
Series D		
Opening units	24 865	51 943
Issued number of units	16 408	16 450
Reinvested number of units	51	81
Redeemed number of units	(10 033)	(39 387)
Ending number of units	31 291	29 087
Series F		
Opening units	271	381
Issued number of units	507	42
Reinvested number of units	1	1
Redeemed number of units	(583)	(74)
Ending number of units	196	350

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series O		
Opening units	100 298	102 272
Issued number of units	67 295	52 838
Reinvested number of units	457	404
Redeemed number of units	(56 264)	(58 110)
Ending number of units	111 786	97 404

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 2017	December 31 2016
BonaVista Balanced Fund	–	–
BonaVista Canadian Equity Fund	–	0.3
BonaVista Canadian Equity Value Fund	–	–
BonaVista Private Balanced Fund	–	–
Phillips, Hager & North Balanced Fund	0.9	0.3
Phillips, Hager & North Balanced Pension Trust	1.3	0.5
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	2.2	1.1

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in USD000s)

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

June 30, 2017

Par Value (000s)	Security	Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
2 600	Bank of Montreal	\$ 2 596	
4 000	Bank of Nova Scotia	3 996	
4 700	Canadian Imperial Bank of Commerce	4 695	
2 370	National Bank of Canada	2 368	
4 765	Toronto-Dominion Bank	4 739	
		<u>18 394</u>	<u>36.7</u>
COMMERCIAL PAPER			
2 000	Banner Trust	1 987	
2 100	Caisse Centrale Desjardins	2 094	
1 990	Canadian Master Trust – Series A	1 986	
1 990	Clarity Trust	1 974	
2 200	Fusion Trust	2 182	
1 250	Gaz Metro Inc.	1 247	
2 125	Merit Trust – Senior Notes	2 117	
2 105	OMERS Realty Corp.	2 099	
2 370	Prime Trust - Senior Notes	2 361	
2 350	Ridge Trust	2 334	
1 400	SAFE Trust – Series 1996-1	1 394	
2 150	SOUND Trust	2 135	
2 270	SURE Trust	2 254	
1 290	TMX Group Ltd.	1 289	
2 417	Zeus Receivables Trust – Senior Notes	2 408	
		<u>29 861</u>	<u>59.6</u>
PROVINCIAL OBLIGATIONS			
1 760	Hydro-Quebec	1 758	
		<u>1 758</u>	<u>3.5</u>
TOTAL INVESTMENTS		<u>50 013</u>	<u>99.8</u>
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>92</u>	<u>0.2</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 50 105</u>	<u>100.0</u>

Investments, which are grouped by issuer, earn interest at rates ranging from 1.10% to 1.61% and mature between July 5, 2017 and November 15, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 50 013	\$ 50 569
Cash	10	48
Subscriptions receivable	27	872
Dividends receivable, interest accrued and other assets	94	54
TOTAL ASSETS	50 144	51 543
LIABILITIES		
Redemptions payable	30	28
Distributions payable	4	4
Accounts payable and accrued expenses	5	5
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	39	37
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 50 105	\$ 51 506
Investments at cost	\$ 50 013	\$ 50 569
NAV		
SERIES A	\$ 1 193	\$ 1 089
ADVISOR SERIES	\$ 179	\$ 54
SERIES D	\$ 15 348	\$ 15 180
SERIES F	\$ 1 466	\$ 819
SERIES O	\$ 31 919	\$ 34 364
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)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 289	\$ 151
TOTAL INCOME (LOSS)	289	151
EXPENSES (see notes – Fund Specific Information)		
Management fees	17	12
Administration fees	12	12
Independent Review Committee costs	1	2
GST/HST	3	2
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	32	26
INCREASE (DECREASE) IN NAV	\$ 257	\$ 125
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 6	\$ 3
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 63	\$ 32
SERIES F	\$ 6	\$ 4
SERIES O	\$ 182	\$ 86
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.04	\$ 0.02
ADVISOR SERIES	\$ 0.04	\$ 0.02
SERIES D	\$ 0.04	\$ 0.02
SERIES F	\$ 0.04	\$ 0.02
SERIES O	\$ 0.05	\$ 0.03

PHILLIPS, HAGER & NORTH \$U.S. MONEY MARKET FUND
 (IN U.S. DOLLARS)

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

 For the periods ended June 30
 (see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 257	\$ 125
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	(40)	(33)
Increase (decrease) in accrued payables	—	5
Cost of investments purchased	(345 592)	(180 679)
Proceeds on sales of investments	346 148	188 612
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	773	8 030
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	28 811	18 602
Cash paid on redemption of redeemable units	(29 597)	(26 612)
Distributions paid to holders of redeemable units	(25)	(21)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (811)	\$ (8 031)
Net increase (decrease) in cash for the period	(38)	(1)
Cash (bank overdraft), beginning of period	48	5
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 10	\$ 4
Interest received (paid)	\$ 249	\$ 119
Dividends received, net of withholding taxes	\$ —	\$ —

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

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 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 089	\$ 1 469	\$ 54	\$ 69	\$ 15 180	\$ 13 985	\$ 819	\$ 2 735
INCREASE (DECREASE) IN NAV	6	3	—	—	63	32	6	4
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 290	303	125	—	3 500	6 606	1 346	587
Reinvestments of distributions to holders of redeemable units	4	2	—	—	60	31	6	5
Redemption of redeemable units	(1 191)	(424)	—	(12)	(3 392)	(6 626)	(705)	(2 077)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	103	(119)	125	(12)	168	11	647	(1 485)
Distributions from net income	(5)	(3)	—	—	(63)	(32)	(6)	(5)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(5)	(3)	—	—	(63)	(32)	(6)	(5)
NET INCREASE (DECREASE) IN NAV	104	(119)	125	(12)	168	11	647	(1 486)
NAV AT END OF PERIOD	\$ 1 193	\$ 1 350	\$ 179	\$ 57	\$ 15 348	\$ 13 996	\$ 1 466	\$ 1 249

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 34 364	\$ 33 533	\$ 51 506	\$ 51 791
INCREASE (DECREASE) IN NAV	182	86	257	125
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	21 705	10 994	27 966	18 490
Reinvestments of distributions to holders of redeemable units	160	67	230	105
Redemption of redeemable units	(24 311)	(17 086)	(29 599)	(26 225)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(2 446)	(6 025)	(1 403)	(7 630)
Distributions from net income	(181)	(86)	(255)	(126)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(181)	(86)	(255)	(126)
NET INCREASE (DECREASE) IN NAV	(2 445)	(6 025)	(1 401)	(7 631)
NAV AT END OF PERIOD	\$ 31 919	\$ 27 508	\$ 50 105	\$ 44 160

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

June 30, 2017

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 2017	December 31 2016
R-1 (H)	84.8	90.7
R-1 (M)	9.4	4.5
R-1 (L)	5.8	4.8
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 2017	December 31 2016
Corporate Notes	96.3	83.4
Government Notes	3.5	14.8
Cash/Other	0.2	1.8
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 2017	December 31 2016
0 – 1 month	36.7	35.8
1 – 3 months	53.7	52.9
3 – 6 months	9.6	11.3
6 – 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	—	—	—	—
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	50 013	—	50 013
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	50 013	—	50 013
% of total portfolio	—	100.0	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	—	—	—	—
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	50 569	—	50 569
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	50 569	—	50 569
% of total portfolio	—	100.0	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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	0.75%	0.05%
Advisor Series	0.75%	0.05%
Series D	0.50%	0.05%
Series F	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.

June 30, 2017

**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 2017	December 31 2016
Units held		
Advisor Series	37	37
Series D	1	1
Value of all units	–	–

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 non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	363
Non-capital losses	–

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	109	147
Issued number of units	20	30
Reinvested number of units	–	–
Redeemed number of units	(10)	(42)
Ending number of units	119	135
Advisor Series		
Opening units	5	7
Issued number of units	13	–
Reinvested number of units	–	–
Redeemed number of units	–	(1)
Ending number of units	18	6
Series D		
Opening units	1 518	1 399
Issued number of units	350	661
Reinvested number of units	6	3
Redeemed number of units	(339)	(663)
Ending number of units	1 535	1 400

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series F		
Opening units	82	273
Issued number of units	134	60
Reinvested number of units	1	–
Redeemed number of units	(70)	(208)
Ending number of units	147	125
Series O		
Opening units	3 436	3 353
Issued number of units	2 171	1 100
Reinvested number of units	16	7
Redeemed number of units	(2 431)	(1 709)
Ending number of units	3 192	2 751

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
AUSTRALIA BONDS						
9 733	Brookfield Infrastructure Finance Pty Ltd. CAD	3.455	10-Oct-2017	\$ 9 930	\$ 9 786	
TOTAL AUSTRALIA BONDS				9 930	9 786	0.2
CANADIAN BONDS						
CORPORATE						
40 620	407 International Inc.	3.870	24-Nov-2017	42 308	40 760	
2 752	Alectra Inc.	3.033	25-Jul-2022	2 882	2 870	
1 878	AltaGas Ltd.	4.600	15-Jan-2018	2 028	1 909	
2 534	AltaGas Ltd.	4.550	17-Jan-2019	2 698	2 636	
24 369	AltaLink Investments LP	3.674	05-Jun-2019	25 217	25 058	
3 902	AltaLink Investments LP	3.265	05-Jun-2020	4 080	4 021	
9 623	AltaLink Investments LP	2.244	07-Mar-2022	9 594	9 581	
11 626	AltaLink LP	5.243	29-May-2018	12 782	12 018	
1 575	AltaLink LP	3.621	17-Sep-2020	1 577	1 665	
10 000	AltaLink LP	2.978	28-Nov-2022	10 575	10 444	
2 800	AltaLink LP	3.668	06-Nov-2023	3 042	3 035	
19 899	Bank of Montreal	6.020	02-May-2018	22 148	20 662	
24 325	Bank of Montreal	3.210	13-Sep-2018	24 992	24 827	
1 475	Bank of Montreal	2.100	06-Oct-2020	1 511	1 488	
9 047	Bank of Nova Scotia	2.242	22-Mar-2018	9 228	9 108	
67 101	Bank of Nova Scotia	1.330	01-May-2018	66 964	67 120	
17 500	Bank of Nova Scotia	2.462	14-Mar-2019	17 986	17 759	
13 880	Bank of Nova Scotia	2.090	09-Sep-2020	14 195	13 981	
4 991	bcIMC Realty Corp.	2.100	03-Jun-2021	4 989	5 008	
2 540	Bell Canada	4.880	26-Apr-2018	2 719	2 609	
1 305	Bell Canada	3.500	10-Sep-2018	1 306	1 333	
29 505	Bell Canada	5.520	26-Feb-2019	33 035	31 304	
3 427	Bell Canada	3.540	12-Jun-2020	3 506	3 576	
7 665	Bell Canada	4.950	19-May-2021	8 818	8 447	
950	Bell Canada	3.150	29-Sep-2021	969	984	
8 032	Blackbird Infrastructure 407 GP	1.713	08-Oct-2021	7 969	7 941	
5 361	Brookfield Asset Management Inc.	3.950	09-Apr-2019	5 573	5 550	
5 740	Brookfield Asset Management Inc.	5.300	01-Mar-2021	6 406	6 309	
12 683	Brookfield Asset Management Inc.	4.540	31-Mar-2023	14 025	13 791	
3 558	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	3 563	3 677	
10 946	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	11 136	11 240	
22 080	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	22 305	22 209	
12 818	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	14 146	13 940	
9 887	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	10 898	10 794	
33 647	Bruce Power LP	2.844	23-Jun-2021	34 178	34 280	
2 340	Caisse Centrale Desjardins	2.443	17-Jul-2019	2 407	2 376	
6 042	Cameco Corp.	5.670	02-Sep-2019	6 741	6 385	
5 794	Cameco Corp.	3.750	14-Nov-2022	5 934	5 832	
18 182	Canadian Credit Card Trust II	1.829	24-Mar-2020	18 140	18 186	
52 173	Canadian Imperial Bank of Commerce	1.700	09-Oct-2018	52 335	52 328	
24 252	Choice Properties LP	3.600	20-Apr-2020	24 882	25 121	
8 845	CI Financial Corp.	2.645	07-Dec-2020	8 845	8 930	
5 810	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	5 827	5 792	
2 992	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	3 093	3 016	
8 004	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	8 471	8 187	
7 504	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	7 654	7 442	
11 237	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	11 285	11 034	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
6 726	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	\$ 6 762	\$ 6 836	
5 600	CU Inc.	6.145	22-Nov-2017	6 582	5 704	
16 600	Eagle Credit Card Trust	2.849	17-Oct-2018	16 822	16 880	
5 420	Eagle Credit Card Trust	2.147	17-Sep-2020	5 420	5 461	
35 143	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	35 415	35 182	
3 742	Emera Inc.	4.830	02-Dec-2019	4 099	3 992	
4 940	Emera Inc.	2.900	16-Jun-2023	4 940	5 007	
3 085	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	3 284	3 135	
10 664	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	11 573	11 421	
6 059	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	6 886	6 764	
31 622	Enbridge Inc.	4.770	02-Sep-2019	34 550	33 489	
5 397	Enbridge Inc.	4.260	01-Feb-2021	5 789	5 744	
19 040	Enbridge Inc.	3.160	11-Mar-2021	19 293	19 519	
1 285	Enbridge Income Fund	2.920	14-Dec-2017	1 297	1 294	
25 980	Enbridge Income Fund	4.100	22-Feb-2019	27 924	26 911	
50 930	Enbridge Pipelines Inc.	6.620	19-Nov-2018	57 735	54 370	
12 109	Enbridge Pipelines Inc.	4.490	12-Nov-2019	13 124	12 882	
2 237	Enbridge Pipelines Inc.	4.450	06-Apr-2020	2 477	2 389	
15 356	Enbridge Pipelines Inc.	2.930	30-Nov-2022	16 111	15 742	
14 689	Enbridge Pipelines Inc.	3.790	17-Aug-2023	15 971	15 668	
8 800	Enbridge Pipelines Inc.	6.350	17-Nov-2023	10 755	10 564	
9 301	Enmax Corp.	6.150	19-Jun-2018	10 611	9 673	
3 435	EPCOR Utilities Inc.	5.800	31-Jan-2018	3 950	3 523	
8 641	First Capital Realty Inc.	4.950	30-Nov-2018	9 309	9 004	
2 076	First Capital Realty Inc.	4.430	31-Jan-2022	2 290	2 228	
15 740	Fortis Inc.	2.850	12-Dec-2023	15 791	15 965	
1 035	Gaz Metro Inc.	4.930	18-Jun-2019	1 115	1 100	
1 568	Gaz Metro Inc.	1.520	25-May-2020	1 567	1 558	
1 135	Gaz Metro Inc.	5.450	12-Jul-2021	1 323	1 289	
28 133	Genesis Trust II	1.675	17-Sep-2018	28 136	28 194	
22 205	Genesis Trust II	2.433	15-May-2019	22 521	22 515	
12 000	Greater Toronto Airports Authority	1.510	16-Feb-2021	12 036	11 910	
3 600	H&R Real Estate Investment Trust	3.344	20-Jun-2018	3 674	3 651	
3 614	Hollis Receivables Term Trust II	2.434	26-Jun-2019	3 649	3 666	
23 476	Hydro One Inc.	2.780	09-Oct-2018	23 512	23 878	
39 988	Hydro One Inc.	1.480	18-Nov-2019	40 002	39 945	
26 220	Hydro One Inc.	1.840	24-Feb-2021	26 215	26 210	
16 255	Hydro One Inc.	3.200	13-Jan-2022	17 363	17 071	
3 165	Industrial Alliance Insurance & Financial Services Inc.	2.800	16-May-2024	3 143	3 200	
2 000	Inter Pipeline Ltd.	3.776	30-May-2022	2 163	2 108	
3 275	Loblaw Companies Ltd.	3.748	12-Mar-2019	3 277	3 383	
5 481	Lower Mattagami Energy LP	2.228	23-Oct-2017	5 492	5 499	
5 120	Manitoba Telecom Services Inc.	4.590	01-Oct-2018	5 528	5 301	
7 532	Master Credit Card Trust II	2.723	21-Nov-2018	7 781	7 658	
19 400	North West Redwater Partnership	2.100	23-Feb-2022	19 163	19 266	
2 501	Nova Scotia Power Inc.	9.750	02-Aug-2019	3 417	2 878	
17 827	OMERS Realty Corp.	2.498	05-Jun-2018	17 945	18 006	
3 740	OMERS Realty Corp.	2.473	12-Nov-2019	3 740	3 806	
6 820	OMERS Realty Corp.	2.971	05-Apr-2021	6 851	7 055	
12 657	Pembina Pipeline Corp.	4.890	29-Mar-2021	14 052	13 749	
3 310	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	3 368	3 340	
8 615	Rogers Communications Inc.	2.800	13-Mar-2019	8 613	8 773	
14 838	Royal Bank of Canada*	2.820	12-Jul-2018	15 247	15 047	
15 522	Royal Bank of Canada*	2.770	11-Dec-2018	15 952	15 794	
86 550	Royal Bank of Canada*	1.400	26-Apr-2019	86 687	86 357	
20 163	Royal Bank of Canada*	1.920	17-Jul-2020	20 378	20 226	
74 180	Royal Bank of Canada*	2.030	15-Mar-2021	75 008	74 333	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
29 627	Royal Bank of Canada*	1.650	15-Jul-2021	\$ 29 599	\$ 29 203	
3 289	Sun Life Financial Inc.	2.770	13-May-2024	3 329	3 334	
516	Sun Life Financial Inc.	3.050	19-Sep-2028	515	526	
26 348	TELUS Corp.	5.050	23-Jul-2020	29 313	28 686	
7 493	TELUS Corp.	3.200	05-Apr-2021	7 876	7 762	
23 047	Thomson Reuters Corp.	3.369	23-May-2019	23 146	23 679	
5 180	TMX Group Ltd.	3.253	03-Oct-2018	5 208	5 280	
35	Toronto Hydro Corp.	5.150	14-Nov-2017	39	35	
3 304	Toronto Hydro Corp.	4.490	12-Nov-2019	3 564	3 521	
9 577	Toronto-Dominion Bank	2.171	02-Apr-2018	9 722	9 641	
16 705	Toronto-Dominion Bank	2.447	02-Apr-2019	17 196	16 958	
117 414	Toronto-Dominion Bank	1.680	08-Jun-2021	118 006	116 361	
10 502	Toronto-Dominion Bank	1.909	18-Jul-2023	10 502	10 284	
4 812	TransCanada PipeLines Ltd.	9.450	20-Mar-2018	6 380	5 068	
3 619	TransCanada PipeLines Ltd.	11.800	20-Nov-2020	5 461	4 695	
1 930	TransCanada PipeLines Ltd.	3.650	15-Nov-2021	2 047	2 055	
3 404	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	3 676	3 641	
6 584	Union Gas Ltd.	9.700	06-Nov-2017	8 354	6 765	
10 000	Union Gas Ltd.	5.350	27-Apr-2018	10 995	10 310	
1 925	Union Gas Ltd.	8.750	03-Aug-2018	2 182	2 064	
6 895	Union Gas Ltd.	2.760	02-Jun-2021	6 893	7 100	
17 978	Union Gas Ltd.	4.850	25-Apr-2022	20 583	20 186	
676	Union Gas Ltd.	3.790	10-Jul-2023	731	732	
13 351	Westcoast Energy Inc.	5.600	16-Jan-2019	14 534	14 096	
3 094	Westcoast Energy Inc.	9.900	10-Jan-2020	4 081	3 651	
8 175	Westcoast Energy Inc.	4.570	02-Jul-2020	8 577	8 745	
4 000	Westcoast Energy Inc.	3.883	28-Oct-2021	4 212	4 249	
4 045	Westcoast Energy Inc.	3.120	05-Dec-2022	4 037	4 163	
				1 823 398	1 795 466	30.8
FEDERAL						
146 151	Canada Housing Trust No. 1	1.950	15-Jun-2019	149 671	148 161	
124 851	Canada Housing Trust No. 1	2.000	15-Dec-2019	127 436	126 843	
57 643	Canada Housing Trust No. 1	3.750	15-Mar-2020	61 555	61 240	
181 783	Canada Housing Trust No. 1	1.450	15-Jun-2020	183 657	181 891	
177 672	Canada Housing Trust No. 1	1.250	15-Dec-2020	177 701	176 004	
217 999	Canada Housing Trust No. 1	1.250	15-Jun-2021	218 551	214 825	
38 148	Canada Housing Trust No. 1	1.150	15-Dec-2021	37 499	37 248	
29 705	Canada Housing Trust No. 1	1.500	15-Dec-2021	29 859	29 449	
32 026	Canada Housing Trust No. 1	1.750	15-Jun-2022	32 311	32 020	
759 750	Government of Canada	0.750	01-Aug-2019	755 347	753 973	
41 380	Government of Canada	1.500	01-Mar-2020	41 944	41 734	
36 490	Government of Canada	0.750	01-Sep-2021	35 619	35 630	
30 775	Government of Canada	4.250	01-Dec-2021	36 513	36 352	
109 711	Government of Canada	0.500	01-Mar-2022	105 621	105 388	
1 160	Government of Canada	2.750	01-Jun-2022	1 235	1 234	
				1 994 519	1 981 992	34.0
PROVINCIAL/MUNICIPAL						
2 712	Ontrea Inc.	4.619	09-Apr-2018	2 714	2 772	
126 796	Province of Alberta	1.250	01-Jun-2020	126 286	125 779	
10 730	Province of Manitoba	5.500	15-Nov-2018	11 487	11 349	
44 379	Province of Manitoba	1.550	05-Sep-2021	44 348	43 962	
289 463	Province of Ontario	4.200	02-Jun-2020	318 605	311 487	
57 888	Province of Ontario	3.150	02-Jun-2022	61 736	61 261	
				565 176	556 610	9.6
TOTAL CANADIAN BONDS				4 383 093	4 334 068	74.4

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
UNITED KINGDOM BONDS						
38 471	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	\$ 38 886	\$ 38 588	
3 231	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	3 349	3 312	
TOTAL UNITED KINGDOM BONDS				42 235	41 900	0.7
UNITED STATES BONDS						
7 480	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	7 928	7 792	
30 580	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	30 611	30 297	
14 389	AT&T Inc. CAD	3.825	25-Nov-2020	14 645	15 060	
15 050	AT&T Inc. CAD	2.850	25-May-2024	15 049	14 789	
21 425	Bank of America Corp. CAD	2.604	15-Mar-2023	21 425	21 411	
2 215	Citigroup Inc. CAD	4.650	11-Oct-2022	2 212	2 237	
9 781	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	9 629	9 709	
17 335	Molson Coors International LP CAD	2.250	18-Sep-2018	17 275	17 445	
14 040	Molson Coors International LP CAD	2.750	18-Sep-2020	14 001	14 253	
17 813	Molson Coors International LP CAD	2.840	15-Jul-2023	17 830	17 772	
13 025	United Parcel Service Inc. CAD	2.125	21-May-2024	13 001	12 841	
26 908	Wells Fargo & Co. CAD	2.222	15-Mar-2021	26 908	26 931	
45 413	Wells Fargo & Co. CAD	2.509	27-Oct-2023	45 452	44 890	
TOTAL UNITED STATES BONDS				235 966	235 427	4.0
TOTAL BONDS				4 671 224	4 621 181	79.3
MORTGAGE-BACKED SECURITIES						
2 041	Canadian Mortgage Pools	1.700	01-Aug-2017	2 007	2 042	
4 626	Canadian Mortgage Pools	1.500	01-Sep-2017	4 585	4 628	
10 401	Canadian Mortgage Pools	1.950	01-Sep-2017	10 570	10 411	
4 123	Canadian Mortgage Pools	1.500	01-Dec-2017	4 029	4 127	
71	Canadian Mortgage Pools	1.700	01-Dec-2017	71	71	
17 561	Canadian Mortgage Pools	1.650	01-Mar-2018	17 688	17 607	
19 265	Canadian Mortgage Pools	1.650	01-Apr-2018	19 093	19 321	
7 924	Canadian Mortgage Pools	1.670	01-May-2018	7 950	7 951	
10 935	Canadian Mortgage Pools	1.600	01-Mar-2019	10 823	10 973	
17 127	Canadian Mortgage Pools	1.750	01-Aug-2019	17 043	17 209	
13 271	Canadian Mortgage Pools	2.000	01-Sep-2019	13 221	13 381	
9 916	Canadian Mortgage Pools	1.900	01-Nov-2019	9 891	9 983	
7 500	Canadian Mortgage Pools	1.800	01-Dec-2019	7 496	7 532	
9 195	Canadian Mortgage Pools	1.200	01-Feb-2020	9 155	9 126	
15 960	Canadian Mortgage Pools	1.386	01-Sep-2020	15 772	15 854	
14 852	Canadian Mortgage Pools	1.250	01-Dec-2020	14 792	14 684	
36 166	Canadian Mortgage Pools	1.430	01-Jan-2021	36 176	35 907	
44 544	Canadian Mortgage Pools	1.400	01-May-2021	44 609	44 073	
18 566	Canadian Mortgage Pools	1.550	01-Jun-2021	18 651	18 431	
26 376	Canadian Mortgage Pools	1.270	01-Jul-2021	26 210	25 964	
27 695	Canadian Mortgage Pools	1.300	01-Aug-2021	27 503	27 265	
8 203	Canadian Mortgage Pools	1.350	01-Sep-2021	8 137	8 066	
47 276	Canadian Mortgage Pools	1.370	01-Nov-2021	46 756	46 573	
48 320	Canadian Mortgage Pools	1.450	01-Dec-2021	47 825	47 687	
37 068	Canadian Mortgage Pools	1.350	01-Mar-2022	36 868	36 320	
9 830	Canadian Mortgage Pools	1.620	01-Mar-2022	9 844	9 738	
54 738	Canadian Mortgage Pools	1.420	01-Jun-2022	54 590	53 685	
TOTAL MORTGAGE-BACKED SECURITIES				521 355	518 609	8.9
MORTGAGES (SCHEDULE A)				637 648	638 857	11.0
SHORT-TERM INVESTMENTS[†]				224 936	224 936	3.9
TOTAL INVESTMENTS				\$ 6 055 163	6 003 583	103.1
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(179 812)	(3.1)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 5 823 771	100.0

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2017

SCHEDULE A**Mortgages**

Number of Loans	Interest Rate (%)	Principal 2017	2018	2019	2020	2021	2022	2024	Cost	Fair Value	% of Net Assets
4	2.25-2.49	\$ —	\$ 35 564	\$ 11 592	\$ —	\$ —	\$ —	\$ —	\$ 47 254	\$ 47 116	
4	2.50-2.74	—	4 563	863	19 438	—	—	—	24 927	24 610	
25	2.75-2.99	—	60 546	837	38 087	3 958	38 534	—	142 181	141 245	
23	3.00-3.24	47 632	358	11 447	35 813	2 026	—	—	97 492	97 414	
21	3.25-3.49	7 437	34 685	19 363	31 574	—	2 148	—	95 468	95 774	
37	3.50-3.74	23 770	24 002	65 618	—	12 288	—	17 600	143 644	144 476	
32	3.75-3.99	—	16 229	17 730	2 475	9 384	—	—	45 897	46 451	
3	4.00-4.24	—	2 374	3 934	4 208	—	—	—	10 555	10 771	
4	4.25-4.49	3 474	2 622	—	—	—	—	—	6 104	6 143	
1	4.50-4.74	—	—	—	17 679	—	—	—	17 746	18 384	
2	4.75-4.99	—	5 059	—	—	—	—	—	5 088	5 160	
—	5.00-5.24	—	—	—	—	—	—	—	—	—	
1	5.25-5.49	—	1 286	—	—	—	—	—	1 292	1 313	
157		\$ 82 313	\$ 187 288	\$ 131 384	\$ 149 274	\$ 27 656	\$ 40 682	\$ 17 600	\$ 637 648	\$ 638 857	11.0

* 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 0.73% to 1.11% and mature between July 10, 2017 and December 22, 2017.

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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 6 003 583	\$ 5 719 969
Cash	2 038	3 241
Due from investment dealers	353 552	1 963
Subscriptions receivable	36 406	3 394
Dividends receivable, interest accrued and other assets	20 264	21 885
TOTAL ASSETS	6 415 843	5 750 452
LIABILITIES		
Due to investment dealers	588 152	—
Redemptions payable	3 383	9 684
Distributions payable	3	—
Accounts payable and accrued expenses	534	591
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	592 072	10 275
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 5 823 771	\$ 5 740 177
Investments at cost	\$ 6 055 163	\$ 5 743 423
NAV		
SERIES A	\$ 134 399	\$ 172 864
ADVISOR SERIES	\$ 16 139	\$ 20 873
SERIES H	\$ —	\$ —
SERIES D	\$ 211 075	\$ 214 040
SERIES F	\$ 131 100	\$ 145 710
SERIES I	\$ —	\$ —
SERIES O	\$ 5 331 058	\$ 5 186 690
NAV PER UNIT		
SERIES A	\$ 10.35	\$ 10.42
ADVISOR SERIES	\$ 10.35	\$ 10.42
SERIES H	\$ —	\$ —
SERIES D	\$ 10.31	\$ 10.38
SERIES F	\$ 10.29	\$ 10.36
SERIES I	\$ —	\$ —
SERIES O	\$ 10.02	\$ 10.09

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 66 076	\$ 69 491
Net realized gain (loss) on investments	(7 334)	6 744
Net gain (loss) on foreign currencies and other net assets	(4)	524
Change in unrealized gain (loss) on investments	(28 126)	8 599
TOTAL INCOME (LOSS)	30 612	85 358
EXPENSES (see notes – Fund Specific Information)		
Management fees	1 576	2 033
Administration fees	1 415	1 307
Independent Review Committee costs	1	2
GST/HST	290	334
TOTAL EXPENSES	3 282	3 676
INCREASE (DECREASE) IN NAV	\$ 27 330	\$ 81 682
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 245	\$ 1 436
ADVISOR SERIES	\$ 24	\$ 277
SERIES H	\$ —	\$ 702
SERIES D	\$ 550	\$ 2 919
SERIES F	\$ 521	\$ 1 461
SERIES I	\$ —	\$ 636
SERIES O	\$ 25 990	\$ 74 251
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.02	\$ 0.11
ADVISOR SERIES	\$ 0.01	\$ 0.11
SERIES H	\$ —	\$ 0.12
SERIES D	\$ 0.03	\$ 0.14
SERIES F	\$ 0.04	\$ 0.14
SERIES I	\$ —	\$ 0.14
SERIES O	\$ 0.05	\$ 0.16

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 27 330	\$ 81 682
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(8)	—
Net realized loss (gain) on investments	7 334	(6 744)
Change in unrealized loss (gain) on investments	28 126	(8 599)
(Increase) decrease in accrued receivables	1 621	(2 519)
Increase (decrease) in accrued payables	(57)	(11)
Cost of investments purchased	(7 531 387)	(6 911 619)
Proceeds on sales of investments	7 448 884	6 477 374
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(18 157)	(370 436)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	718 322	911 492
Cash paid on redemption of redeemable units	(695 567)	(535 199)
Distributions paid to holders of redeemable units	(5 801)	(5 715)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 16 954	\$ 370 578
Net increase (decrease) in cash for the period	(1 203)	142
Cash (bank overdraft), beginning of period	3 241	385
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 038	\$ 527
Interest received (paid)	\$ 67 689	\$ 66 972
Dividends received, net of withholding taxes	\$ —	\$ —

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND**Statements of Changes in NAV** (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series H		Series D	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 172 864	\$ 144 831	\$ 20 873	\$ 27 136	\$ —	\$ 72 809	\$ 214 040	\$ 220 901
INCREASE (DECREASE) IN NAV	245	1 436	24	277	—	702	550	2 919
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	4 639	73 058	983	6 260	—	11 154	19 476	29 870
Reinvestments of distributions to holders of redeemable units	871	1 008	108	185	—	302	1 783	2 216
Redemption of redeemable units	(43 194)	(21 031)	(5 730)	(7 276)	—	(84 470)	(22 841)	(28 717)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(37 684)	53 035	(4 639)	(831)	—	(73 014)	(1 582)	3 369
Distributions from net income	(1 026)	(1 098)	(119)	(211)	—	(497)	(1 933)	(2 379)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 026)	(1 098)	(119)	(211)	—	(497)	(1 933)	(2 379)
NET INCREASE (DECREASE) IN NAV	(38 465)	53 373	(4 734)	(765)	—	(72 809)	(2 965)	3 909
NAV AT END OF PERIOD	\$ 134 399	\$ 198 204	\$ 16 139	\$ 26 371	\$ —	\$ —	\$ 211 075	\$ 224 810

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series I		Series O		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 145 710	\$ 101 384	\$ —	\$ 47 885	\$ 5 186 690	\$ 4 507 824	\$ 5 740 177	\$ 5 122 770
INCREASE (DECREASE) IN NAV	521	1 461	—	636	25 990	74 251	27 330	81 682
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	14 733	83 910	—	6 111	711 503	818 699	751 334	1 029 062
Reinvestments of distributions to holders of redeemable units	893	809	—	379	57 173	58 808	60 828	63 707
Redemption of redeemable units	(29 423)	(24 519)	—	(54 485)	(588 078)	(422 791)	(689 266)	(643 289)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(13 797)	60 200	—	(47 995)	180 598	454 716	122 896	449 480
Distributions from net income	(1 334)	(1 189)	—	(526)	(62 220)	(63 564)	(66 632)	(69 464)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 334)	(1 189)	—	(526)	(62 220)	(63 564)	(66 632)	(69 464)
NET INCREASE (DECREASE) IN NAV	(14 610)	60 472	—	(47 885)	144 368	465 403	83 594	461 698
NAV AT END OF PERIOD	\$ 131 100	\$ 161 856	\$ —	\$ —	\$ 5 331 058	\$ 4 973 227	\$ 5 823 771	\$ 5 584 468

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

Effective July 4, 2016, units of the Fund are no longer available for purchase by new investors. Investors who held 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 2017	December 31 2016
AAA	48.6	41.2
AA	13.2	21.5
A	12.4	8.6
BBB	14.7	18.4
Unrated*	11.1	10.3
Total	100.0	100.0

* Mortgages represent 100% (December 31, 2016 – 100%) of the unrated above. 2.3% (December 31, 2016 – 3.8%) 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 97.7% (December 31, 2016 – 96.2%), 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, 2017 and December 31, 2016, 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 2017	December 31 2016
Corporate Bonds	35.7	41.1
Federal Bonds	34.0	25.8
Mortgages	11.0	10.2
Provincial Bonds	9.6	13.0
Mortgage-Backed Bonds	8.9	9.0
Cash/Other	0.8	0.9
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 2017	December 31 2016
Less than 1 year	12.0	10.5
1 – 5 years	82.6	76.5
5 – 10 years	5.4	13.0
> 10 years	–	–
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 2.9%). 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	5 139 790	638 857	5 778 647
Short-term investments	–	224 936	–	224 936
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	5 364 726	638 857	6 003 583
% of total portfolio	–	89.4	10.6	100.0

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	5 096 639	587 755	5 684 394
Short-term investments	–	35 575	–	35 575
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	5 132 214	587 755	5 719 969
% of total portfolio	–	89.7	10.3	100.0

During the periods ended June 30, 2017 and December 31, 2016, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2017	December 31 2016
Balance at beginning of period	587 755	–
Net purchases	162 830	117 124
Net sales	(109 383)	(182 461)
Net transfers in	–	660 459
Net transfers out	–	–
Realized gains (losses)	(155)	(318)
Unrealized gains (losses)	(2 190)	(7 049)
Balance at end of period	638 857	587 755

During the period ended December 31, 2016, investments in mortgages of \$660,459 were transferred into Level 3 from Level 2 following management's assessment of the significance of the unobservable inputs used to value those investments. The Level 3 assets are mortgages which are valued by a third-party vendor using industry-accepted methodologies which include unobservable inputs. Mortgages are valued by discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk spread premium. The spread premium is derived by the vendor from their risk rating program and a monthly spread matrix. This quantitative rules-based approach reviews seven risk factors to assess the market risk, credit risk and liquidity premiums to arrive at a total credit score for each mortgage. Among the inputs are the borrowers' financial statements, rent roll and operating statements, the most recent property inspection report and the terms of the mortgage itself.

As at June 30, 2017, a 10% increase or decrease in the weighted average spread premium, an unobservable input, would have increased or decreased the Fund's net assets respectively by approximately 0.0% (December 31, 2016 – 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	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 2017	December 31 2016
Units held		
Series A	53	53
Advisor Series	107	106
Series D	55	55
Series F	56	55
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, 2016 for the Fund were approximately:

Capital losses	14 523
Non-capital losses	–

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	16 593	13 808
Issued number of units	444	6 948
Reinvested number of units	84	96
Redeemed number of units	(4 134)	(2 002)
Ending number of units	12 987	18 850
Advisor Series		
Opening units	2 003	2 586
Issued number of units	95	595
Reinvested number of units	10	18
Redeemed number of units	(549)	(692)
Ending number of units	1 559	2 507
Series H		
Opening units	–	6 943
Issued number of units	–	1 061
Reinvested number of units	–	29
Redeemed number of units	–	(8 033)
Ending number of units	–	–
Series D		
Opening units	20 621	21 137
Issued number of units	1 870	2 851
Reinvested number of units	172	212
Redeemed number of units	(2 194)	(2 742)
Ending number of units	20 469	21 458
Series F		
Opening units	14 067	9 720
Issued number of units	1 418	8 028
Reinvested number of units	86	78
Redeemed number of units	(2 831)	(2 345)
Ending number of units	12 740	15 481
Series I		
Opening units	–	4 596
Issued number of units	–	585
Reinvested number of units	–	36
Redeemed number of units	–	(5 217)
Ending number of units	–	–
Series O		
Opening units	514 114	443 659
Issued number of units	70 235	80 348
Reinvested number of units	5 679	5 785
Redeemed number of units	(58 099)	(41 507)
Ending number of units	531 929	488 285

**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 2017	December 31 2016
Phillips, Hager & North PRisM Balanced Fund	16.6	14.3
RBC Monthly Income Bond Fund	8.6	8.3
RBC Select Choices Balanced Portfolio	0.5	0.5
RBC Select Choices Conservative Portfolio	0.4	0.4
RBC Select Conservative Portfolio	11.4	14.3
RBC Select Very Conservative Portfolio	13.2	13.7
RBC Target 2020 Education Fund	0.7	–
RBC Total Return Growth Fund	–	–
Total	51.4	51.5

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

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2017

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	\$ 10 697	
TOTAL AUSTRALIA BONDS				10 641	10 697	0.1
CANADIAN BONDS						
CORPORATE						
30 215	407 International Inc.	3.870	24-Nov-2017	31 657	30 319	
4 023	Access Justice Durham Ltd.	5.015	31-Aug-2039	4 428	4 664	
6 433	Access Prairies Partnership	4.232	01-Mar-2048	6 432	6 806	
2 372	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	2 663	2 860	
2 685	Access Roads Edmonton Ltd.	5.812	30-Sep-2037	3 131	3 289	
7 192	Aéroports de Montréal	6.950	16-Apr-2032	9 765	9 594	
4 890	Aéroports de Montréal	5.170	17-Sep-2035	6 329	6 345	
3 740	Aéroports de Montréal	5.670	16-Oct-2037	5 074	5 206	
1 725	Aéroports de Montréal	3.919	26-Sep-2042	1 842	1 976	
1 460	Aéroports de Montréal	3.918	12-Jun-2045	1 639	1 683	
16 975	Aéroports de Montréal	3.360	24-Apr-2047	17 347	17 870	
17 000	Alectra Inc.	4.521	29-Apr-2021	17 802	18 592	
11 033	Alectra Inc.	3.033	25-Jul-2022	11 024	11 507	
8 374	Alectra Inc.	3.239	21-Nov-2024	8 540	8 868	
13 905	Alectra Inc.	2.488	17-May-2027	13 905	13 701	
7 182	Alliance Pipeline LP	4.928	16-Dec-2019	7 845	7 527	
18 173	Alliance Pipeline LP	7.181	30-Jun-2023	21 812	20 864	
2 560	Alliance Pipeline LP	5.546	31-Dec-2023	2 839	2 727	
13 580	Alliance Pipeline LP	6.765	31-Dec-2025	16 271	15 783	
10 444	Alliance Pipeline LP	7.217	31-Dec-2025	12 956	12 351	
9 870	AltaLink Investments LP	3.674	05-Jun-2019	9 911	10 149	
20 357	AltaLink Investments LP	3.265	05-Jun-2020	20 332	20 975	
12 886	AltaLink Investments LP	2.244	07-Mar-2022	12 886	12 830	
1 895	Bank of Montreal	4.550	01-Aug-2017	2 049	1 900	
5 075	Bank of Montreal	6.020	02-May-2018	5 693	5 270	
1 225	Bank of Nova Scotia	2.370	11-Jan-2018	1 204	1 232	
12 197	Bank of Nova Scotia	1.330	01-May-2018	12 198	12 201	
1 017	BC Tel	9.650	08-Apr-2022	1 380	1 330	
630	Bell Canada	4.400	16-Mar-2018	668	643	
65	Bell Canada	4.880	26-Apr-2018	70	67	
3 700	Bell Canada	3.500	10-Sep-2018	3 849	3 780	
1 928	Blackbird Infrastructure 407 GP	3.760	30-Jun-2047	1 972	1 939	
8 378	Bow Centre Street LP	3.690	14-Jun-2021	8 373	8 353	
3 889	Bow Centre Street LP	3.693	14-Jun-2022	3 897	3 820	
25 925	Bow Centre Street LP	3.797	13-Jun-2023	25 479	25 024	
29 977	Brookfield Asset Management Inc.	5.040	08-Mar-2024	30 780	33 433	
32 192	Brookfield Asset Management Inc.	4.820	28-Jan-2026	33 192	35 631	
315	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	315	326	
20 352	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	20 389	20 898	
21 586	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	21 830	21 712	
9 135	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	10 105	9 934	
1 678	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	1 679	1 832	
11 240	Brookfield Renewable Energy Partners ULC	3.752	02-Jun-2025	11 704	11 636	
10 955	Bruce Power LP	2.844	23-Jun-2021	10 981	11 161	
8 365	Bruce Power LP	3.000	21-Jun-2024	8 364	8 435	
11 840	Bruce Power LP	3.969	23-Jun-2026	12 189	12 537	
20 580	Bruce Power LP	4.010	21-Jun-2029	20 674	21 497	

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PHILLIPS, HAGER & NORTH BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
12 185	Cameco Corp.	5.670	02-Sep-2019	\$ 13 674	\$ 12 877	
15 956	Cameco Corp.	3.750	14-Nov-2022	16 124	16 062	
21 915	Cameco Corp.	4.190	24-Jun-2024	21 934	22 262	
6 095	Canadian Utilities Ltd.	9.400	01-May-2023	9 040	8 327	
2 600	Centra Gas Ontario Inc.	8.650	19-Oct-2018	3 506	2 815	
5 624	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	5 799	5 668	
5 740	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	6 117	5 871	
5 751	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	5 765	5 704	
16 257	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	16 275	15 963	
9 265	Cominar Real Estate Investment Trust	4.247	23-May-2023	9 265	8 996	
8 525	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	8 525	8 664	
5 041	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	5 029	4 976	
7 834	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	7 812	7 899	
4 500	CU Inc.	6.145	22-Nov-2017	5 337	4 583	
5 390	CU Inc.	11.770	30-Nov-2020	8 209	7 075	
13 965	CU Inc.	9.920	01-Apr-2022	21 598	18 584	
14 712	CU Inc.	6.215	06-Mar-2024	17 709	18 096	
5 830	CU Inc.	5.563	26-May-2028	7 202	7 220	
1 339	CU Inc.	5.896	20-Nov-2034	1 825	1 798	
7 418	CU Inc.	5.556	30-Oct-2037	8 937	9 768	
799	CU Inc.	4.947	18-Nov-2050	923	1 022	
2 582	CU Inc.	3.857	14-Nov-2052	2 809	2 753	
12 575	CU Inc.	4.558	07-Nov-2053	13 572	15 180	
20 780	CU Inc.	4.094	19-Oct-2054	20 781	23 140	
10 535	CU Inc.	4.211	29-Oct-2055	10 543	12 088	
5 346	Dufferin Wind Power Inc.	4.317	30-Nov-2033	5 346	5 538	
14 936	Eagle Credit Card Trust	2.849	17-Oct-2018	14 936	15 188	
2 248	Edmonton Regional Airport Authority	7.214	01-Nov-2030	3 039	2 887	
19 456	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	19 678	19 478	
1 458	Emera Inc.	4.830	02-Dec-2019	1 597	1 556	
4 232	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	4 684	4 301	
5 505	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	5 835	5 896	
17 215	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	19 500	19 219	
4 375	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	4 397	4 624	
10 735	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	10 758	10 635	
1 305	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 758	1 756	
8 421	Enbridge Gas Distribution Inc.	5.210	25-Feb-2036	10 501	10 387	
9 650	Enbridge Gas Distribution Inc.	4.500	23-Nov-2043	11 005	11 304	
1 240	Enbridge Gas Distribution Inc.	4.000	22-Aug-2044	1 275	1 349	
1 855	Enbridge Gas Distribution Inc.	4.950	22-Nov-2050	2 255	2 354	
15 353	Enbridge Inc.	4.770	02-Sep-2019	16 459	16 259	
14 569	Enbridge Inc.	4.260	01-Feb-2021	15 061	15 507	
4 211	Enbridge Inc.	3.160	11-Mar-2021	4 272	4 317	
1 875	Enbridge Inc.	6.100	14-Jul-2028	2 093	2 168	
3 576	Enbridge Inc.	5.750	02-Sep-2039	4 027	4 245	
2 757	Enbridge Inc.	5.120	28-Sep-2040	2 993	3 033	
3 015	Enbridge Income Fund	2.920	14-Dec-2017	3 030	3 036	
3 285	Enbridge Income Fund	4.100	22-Feb-2019	3 434	3 403	
2 690	Enbridge Pipelines Inc.	6.620	19-Nov-2018	2 980	2 872	
5 006	Enbridge Pipelines Inc.	2.930	30-Nov-2022	5 046	5 132	
920	Enbridge Pipelines Inc.	3.790	17-Aug-2023	991	981	
3 140	Enbridge Pipelines Inc.	6.350	17-Nov-2023	3 739	3 769	
4 382	Enbridge Pipelines Inc.	8.200	15-Feb-2024	5 934	5 744	
18 870	Enbridge Pipelines Inc.	3.450	29-Sep-2025	19 146	19 727	
8 086	Enbridge Pipelines Inc.	3.000	10-Aug-2026	8 152	8 124	
18 354	Enbridge Pipelines Inc.	5.330	06-Apr-2040	21 201	22 334	
6 936	Enbridge Pipelines Inc.	4.550	17-Aug-2043	7 853	7 674	
11 473	Enbridge Pipelines Inc.	4.550	29-Sep-2045	11 737	12 722	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
9 213	Enbridge Pipelines Inc.	4.130	09-Aug-2046	\$ 9 232	\$ 9 591	
16 059	Enbridge Southern Lights LP	4.014	30-Jun-2040	16 054	16 172	
21 769	Enmax Corp.	6.150	19-Jun-2018	24 704	22 639	
15 960	Fortis Inc.	2.850	12-Dec-2023	15 978	16 188	
2 060	FortisAlberta Inc.	5.850	15-Apr-2038	2 622	2 780	
4 332	FortisAlberta Inc.	4.850	11-Sep-2043	5 342	5 351	
3 965	FortisAlberta Inc.	3.340	21-Sep-2046	3 958	3 854	
448	FortisAlberta Inc.	4.800	27-Oct-2050	513	560	
1 860	FortisBC Energy Inc.	5.550	25-Sep-2036	2 187	2 437	
5 332	FortisBC Energy Inc.	6.000	02-Oct-2037	7 098	7 372	
4 130	FortisBC Energy Inc.	5.200	06-Dec-2040	4 469	5 230	
9 985	Gaz Metro Inc.	4.930	18-Jun-2019	11 144	10 617	
6 035	Gaz Metro Inc.	5.450	12-Jul-2021	7 003	6 852	
2 500	Gaz Metro Inc.	9.000	16-May-2025	3 777	3 589	
55 005	Genesis Trust II	1.675	17-Sep-2018	55 010	55 125	
48 220	Genesis Trust II	2.433	15-May-2019	48 588	48 893	
7 399	Grand Renewable Solar LP	3.926	31-Jan-2035	7 399	7 397	
3 394	Great Lakes Power Ltd.	6.600	16-Jun-2023	3 909	3 880	
1 625	Great-West Lifeco Finance Delaware LP II	7.127	26-Jun-2068	1 769	1 710	
1 800	Greater Toronto Airports Authority	6.450	03-Dec-2027	2 490	2 433	
1 000	Greater Toronto Airports Authority	6.450	30-Jul-2029	1 269	1 237	
1 000	Greater Toronto Airports Authority	7.050	12-Jun-2030	1 474	1 447	
4 256	Greater Toronto Airports Authority	7.100	04-Jun-2031	6 300	6 270	
6 925	Greater Toronto Airports Authority	6.980	15-Oct-2032	9 869	10 268	
1 880	Greater Toronto Airports Authority	6.470	02-Feb-2034	2 646	2 737	
4 041	Greater Toronto Airports Authority	5.630	07-Jun-2040	5 311	5 724	
2 966	Greater Toronto Airports Authority	5.300	25-Feb-2041	3 826	4 063	
2 110	Greater Toronto Airports Authority	4.530	02-Dec-2041	2 548	2 636	
36 919	H2O Power LP	3.310	30-Nov-2029	36 919	37 602	
10 623	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	12 479	12 577	
21 655	Husky Energy Inc.	3.550	12-Mar-2025	20 984	21 902	
5 460	Hydro One Inc.	1.480	18-Nov-2019	5 460	5 454	
15 100	Hydro One Inc.	1.620	30-Apr-2020	15 157	15 072	
10 250	Hydro One Inc.	1.840	24-Feb-2021	10 294	10 246	
280	Hydro One Inc.	6.930	01-Jun-2032	413	400	
1 369	Hydro One Inc.	6.350	31-Jan-2034	1 825	1 892	
3 668	Hydro One Inc.	4.890	13-Mar-2037	4 286	4 430	
2 377	Hydro One Inc.	6.030	03-Mar-2039	3 132	3 300	
1 555	Hydro One Inc.	6.590	22-Apr-2043	2 321	2 378	
5 025	Hydro One Inc.	4.590	09-Oct-2043	6 146	5 994	
20 798	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	20 785	20 939	
1 710	Hydro Ottawa Holdings Inc.	3.639	02-Feb-2045	1 629	1 744	
780	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	864	837	
14 026	Kingston Solar LP	3.571	31-Jul-2035	14 026	13 758	
6 630	Lower Mattagami Energy LP	2.228	23-Oct-2017	6 628	6 651	
11 499	Lower Mattagami Energy LP	4.331	18-May-2021	12 739	12 517	
5 215	Lower Mattagami Energy LP	2.307	21-Oct-2026	5 215	5 093	
10 360	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	10 358	10 958	
709	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	709	720	
14 814	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	14 816	15 199	
8 350	Mountain View Partners GP	3.974	31-Mar-2051	8 350	8 449	
11 506	North Battleford Power LP	4.958	31-Dec-2032	11 561	12 937	
8 783	North West Redwater Partnership	3.200	24-Apr-2026	8 769	9 004	
10 750	North West Redwater Partnership	2.800	01-Jun-2027	10 722	10 554	
13 485	North West Redwater Partnership	4.250	01-Jun-2029	13 520	14 711	
16 290	North West Redwater Partnership	4.150	01-Jun-2033	16 265	17 558	
7 185	North West Redwater Partnership	3.650	01-Jun-2035	7 180	7 256	
6 529	North West Redwater Partnership	4.750	01-Jun-2037	6 649	7 483	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
5 015	North West Redwater Partnership	4.350	10-Jan-2039	\$ 5 010	\$ 5 434	
3 294	North West Redwater Partnership	4.050	22-Jul-2044	3 229	3 428	
4 306	Northland Power Solar Finance One LP	4.397	30-Jun-2032	4 307	4 574	
6 286	Nova Gas Transmission Ltd.	9.900	16-Dec-2024	9 442	9 081	
3 285	Nova Gas Transmission Ltd.	8.900	27-May-2025	4 969	4 577	
2 625	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 744	3 712	
8 500	Nova Scotia Power Inc.	9.750	02-Aug-2019	11 904	9 780	
9 597	Nova Scotia Power Inc.	8.850	19-May-2025	14 405	13 390	
1 268	Nova Scotia Power Inc.	5.670	14-Nov-2035	1 529	1 625	
4 875	Nova Scotia Power Inc.	5.950	27-Jul-2039	6 331	6 622	
4 125	Nova Scotia Power Inc.	5.610	15-Jun-2040	5 525	5 427	
1 448	OMERS Realty Corp.	2.498	05-Jun-2018	1 447	1 463	
7 705	OMERS Realty Corp.	2.473	12-Nov-2019	7 705	7 841	
1 456	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	1 976	1 937	
7 382	Pembina Pipeline Corp.	3.770	24-Oct-2022	7 673	7 752	
21 482	Pembina Pipeline Corp.	3.540	03-Feb-2025	21 421	21 965	
11 450	Pembina Pipeline Corp.	3.710	11-Aug-2026	11 445	11 705	
6 663	Plenary Health Hamilton LP	5.796	31-May-2043	8 574	8 460	
10 346	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	11 193	11 244	
5 425	Power Corp of Canada	4.810	31-Jan-2047	5 459	6 081	
8 465	PSS Generating Station LP	4.795	24-Oct-2067	8 465	9 291	
13 850	Ridley Grain Ltd.	5.227	01-Aug-2024	13 850	14 764	
61	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	62	62	
22 530	Royal Bank of Canada*	2.820	12-Jul-2018	23 113	22 847	
14 759	Royal Bank of Canada*	2.770	11-Dec-2018	15 168	15 018	
222 391	Royal Bank of Canada*	1.400	26-Apr-2019	222 801	221 894	
9 980	SEC LP and Arci Ltd.	5.188	29-Aug-2033	10 002	10 481	
9 075	SGTP Highway Bypass LP	4.105	31-Jan-2045	9 076	9 680	
5 235	Sun Life Financial Inc.	2.770	13-May-2024	5 296	5 306	
2 630	TELUS Corp.	5.050	23-Jul-2020	2 925	2 863	
8 928	TELUS Corp.	4.850	05-Apr-2044	8 919	9 652	
8 497	TELUS Corp.	4.750	17-Jan-2045	8 480	9 055	
12 682	Teranet Holdings LP	5.754	17-Dec-2040	13 870	14 071	
12 960	TMX Group Ltd.	3.253	03-Oct-2018	12 993	13 209	
5 525	Toromont Industries Ltd.	3.710	30-Sep-2025	5 525	5 624	
6 042	Toronto Hydro Corp.	5.150	14-Nov-2017	6 831	6 128	
3 619	Toronto Hydro Corp.	4.490	12-Nov-2019	3 984	3 857	
8 595	Toronto Hydro Corp.	3.540	18-Nov-2021	9 294	9 156	
8 453	TransCanada Pipelines Ltd.	4.550	15-Nov-2041	8 905	9 394	
16 837	TransCanada Pipelines Ltd.	4.350	06-Jun-2046	16 952	18 370	
8 694	TransCanada Trust	4.650	18-May-2077	8 694	8 743	
21 990	TransEd Partners GP	3.951	30-Sep-2050	20 339	21 572	
31 125	Union Gas Ltd.	5.350	27-Apr-2018	35 965	32 090	
14 896	Union Gas Ltd.	8.750	03-Aug-2018	19 119	15 971	
9 682	Union Gas Ltd.	8.650	10-Nov-2025	13 643	13 799	
5 009	Union Gas Ltd.	2.810	01-Jun-2026	5 050	5 093	
2 000	Union Gas Ltd.	6.050	02-Sep-2038	2 651	2 769	
1 768	Union Gas Ltd.	5.200	23-Jul-2040	2 143	2 255	
5 000	Union Gas Ltd.	4.880	21-Jun-2041	5 826	6 134	
4 059	Union Gas Ltd.	4.200	02-Jun-2044	4 555	4 581	
4 325	Union Gas Ltd.	3.800	01-Jun-2046	4 425	4 588	
6 009	Vancouver Fraser Port Authority	4.630	20-Apr-2020	6 815	6 400	
3 910	Westcoast Energy Inc.	5.600	16-Jan-2019	4 311	4 128	
9 898	Westcoast Energy Inc.	3.883	28-Oct-2021	10 544	10 515	
1 476	Westcoast Energy Inc.	3.120	05-Dec-2022	1 375	1 519	
14 604	Westcoast Energy Inc.	3.770	08-Dec-2025	14 847	15 377	
3 692	Westcoast Energy Inc.	6.750	15-Dec-2027	4 754	4 724	
1 465	Westcoast Energy Inc.	7.150	20-Mar-2031	1 931	1 944	

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PHILLIPS, HAGER & NORTH BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
4 091	Westcoast Energy Inc.	4.791	28-Oct-2041	\$ 4 389	\$ 4 523	
4 850	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	4 851	5 011	
5 376	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	5 557	6 932	
				2 290 759	2 306 142	23.4
FEDERAL						
114 944	Canada Housing Trust No. 1	1.250	15-Dec-2020	114 701	113 865	
125 248	Canada Housing Trust No. 1	3.350	15-Dec-2020	136 836	132 858	
289 997	Canada Housing Trust No. 1	1.250	15-Jun-2021	289 895	285 773	
85 257	Canada Housing Trust No. 1	1.150	15-Dec-2021	83 576	83 244	
78 461	Canada Housing Trust No. 1	1.500	15-Dec-2021	78 869	77 783	
80 689	Canada Housing Trust No. 1	2.650	15-Mar-2022	86 029	84 012	
240 243	Canada Housing Trust No. 1	1.750	15-Jun-2022	241 802	240 195	
30 892	Canada Housing Trust No. 1	2.350	15-Jun-2027	31 507	31 247	
3 531	CBC Monetization Trust	4.688	15-May-2027	3 568	3 949	
386 551	Government of Canada	0.750	01-Aug-2019	384 248	383 612	
1 205	Government of Canada	1.750	01-Sep-2019	1 226	1 221	
138 266	Government of Canada	1.500	01-Mar-2020	140 765	139 450	
106 867	Government of Canada	3.500	01-Jun-2020	116 431	113 904	
500 707	Government of Canada	0.750	01-Sep-2020	499 472	493 414	
182 908	Government of Canada	0.750	01-Mar-2021	182 697	179 394	
216 683	Government of Canada	3.250	01-Jun-2021	236 313	232 677	
12 670	Government of Canada	0.750	01-Sep-2021	12 552	12 372	
309 760	Government of Canada	0.500	01-Mar-2022	298 879	297 556	
120 767	Government of Canada	2.750	01-Jun-2022	132 581	128 471	
144 630	Government of Canada	1.500	01-Jun-2023	146 710	144 712	
14 756	Government of Canada	2.500	01-Jun-2024	15 852	15 664	
10 345	Government of Canada	2.250	01-Jun-2025	11 166	10 821	
19 920	Government of Canada	1.500	01-Jun-2026	19 969	19 602	
4 815	Government of Canada	1.000	01-Jun-2027	4 588	4 488	
875	Government of Canada	5.000	01-Jun-2037	1 314	1 289	
2 614	Government of Canada	3.500	01-Dec-2045	3 316	3 358	
39 085	Government of Canada	1.250	01-Dec-2047	45 990	46 449	
77 152	Government of Canada	2.750	01-Dec-2048	89 183	88 083	
				3 410 035	3 369 463	34.2
PROVINCIAL/MUNICIPAL						
5 855	City of Montreal	3.150	01-Dec-2036	5 842	5 853	
1 514	City of Ottawa	4.462	18-Jul-2025	1 667	1 644	
1 193	City of Ottawa	4.990	28-Aug-2026	1 353	1 333	
3 890	City of Ottawa	4.600	14-Jul-2042	4 623	4 820	
1 126	City of Ottawa	3.100	27-Jul-2048	1 112	1 088	
2 945	City of Toronto	3.900	29-Sep-2023	3 292	3 223	
1 670	City of Toronto	3.400	21-May-2024	1 788	1 779	
5 555	City of Toronto	2.450	06-Feb-2025	5 540	5 559	
4 175	City of Vancouver	2.900	20-Nov-2025	4 257	4 285	
10 910	City of Vancouver	2.700	15-Dec-2026	10 895	10 968	
8 322	Hospital for Sick Children	5.217	16-Dec-2049	8 344	10 921	
391	Hydro-Quebec	11.000	15-Aug-2020	627	502	
5 060	McGill University	6.150	22-Sep-2042	7 020	7 337	
33 717	Ontario Electricity Financial Corp.	8.500	26-May-2025	48 025	48 271	
1 576	Ontario Electricity Financial Corp.	9.000	26-May-2025	2 415	2 314	
57 493	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	79 547	83 619	
18 961	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	22 369	22 082	
6 998	Ontrea Inc.	4.619	09-Apr-2018	7 034	7 152	
11 295	OPB Finance Trust	2.950	02-Feb-2026	11 293	11 627	
32 510	OPB Finance Trust	2.980	25-Jan-2027	32 513	33 340	
94 081	Province of Alberta	2.350	01-Jun-2025	95 845	94 060	
7 736	Province of Alberta	3.900	01-Dec-2033	8 452	8 724	

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PROVINCIAL/MUNICIPAL (cont.)						
29 955	Province of Alberta	3.450	01-Dec-2043	\$ 33 305	\$ 31 997	
78 688	Province of Alberta	3.300	01-Dec-2046	82 210	82 103	
7 778	Province of Manitoba	4.050	05-Sep-2045	8 498	9 175	
91 522	Province of Manitoba	2.850	05-Sep-2046	84 277	87 296	
16 350	Province of New Brunswick	3.650	03-Jun-2024	18 142	17 799	
19 710	Province of New Brunswick	4.800	26-Sep-2039	25 638	25 030	
7 865	Province of New Brunswick	4.800	03-Jun-2041	9 525	10 072	
14 909	Province of New Brunswick	3.550	03-Jun-2043	14 436	15 999	
39 492	Province of New Brunswick	3.800	14-Aug-2045	42 141	44 309	
31 031	Province of Newfoundland and Labrador	3.300	17-Oct-2046	29 066	31 215	
110 184	Province of Ontario	2.850	02-Jun-2023	117 636	114 991	
115 862	Province of Ontario	8.100	08-Sep-2023	163 449	155 761	
8 275	Province of Ontario	7.500	07-Feb-2024	11 518	10 970	
252 479	Province of Ontario	3.500	02-Jun-2024	279 687	273 641	
12 803	Province of Ontario	2.600	02-Jun-2025	13 313	13 081	
91 874	Province of Ontario	8.500	02-Dec-2025	137 018	134 085	
113 432	Province of Ontario	7.600	02-Jun-2027	165 453	164 852	
163 762	Province of Ontario	6.200	02-Jun-2031	230 825	229 621	
162 855	Province of Ontario	5.600	02-Jun-2035	226 323	226 046	
37 008	Province of Ontario	4.700	02-Jun-2037	46 895	47 148	
177 982	Province of Ontario	4.600	02-Jun-2039	231 245	226 124	
7 263	Province of Ontario	4.650	02-Jun-2041	9 791	9 380	
253 612	Province of Ontario	3.500	02-Jun-2043	268 807	278 489	
73 725	Province of Ontario	2.900	02-Dec-2046	71 621	72 862	
88 218	Province of Ontario	2.800	02-Jun-2048	85 077	85 817	
50 077	Province of Quebec	9.375	16-Jan-2023	75 782	69 172	
12 770	Province of Quebec	2.750	01-Sep-2025	13 465	13 196	
105 615	Province of Quebec	8.500	01-Apr-2026	162 939	155 594	
9 384	Province of Quebec	2.750	01-Sep-2027	9 638	9 634	
68 563	Province of Quebec	6.000	01-Oct-2029	90 182	92 643	
2 580	Province of Quebec	5.750	01-Dec-2036	3 716	3 687	
9 071	Province of Quebec	5.000	01-Dec-2041	11 755	12 316	
12 775	Province of Quebec	3.500	01-Dec-2045	13 996	14 120	
27 541	Province of Quebec	3.500	01-Dec-2048	30 114	30 801	
16 187	Province of Saskatchewan	2.550	02-Jun-2026	16 267	16 358	
7 761	Province of Saskatchewan	6.400	05-Sep-2031	11 432	11 013	
22 439	Province of Saskatchewan	3.900	02-Jun-2045	27 375	26 132	
28 328	Province of Saskatchewan	2.750	02-Dec-2046	27 577	26 803	
22 138	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	22 572	23 565	
6 510	South Coast British Columbia Transportation Authority	4.450	09-Jun-2044	7 583	7 821	
7 829	University of British Columbia	6.650	01-Dec-2031	10 481	10 930	
4 400	University of Toronto	4.937	16-Nov-2045	5 820	5 497	
				3 310 443	3 297 646	33.4
TOTAL CANADIAN BONDS				9 011 237	8 973 251	91.0
UNITED KINGDOM BONDS						
56 576	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	57 034	56 748	
TOTAL UNITED KINGDOM BONDS				57 034	56 748	0.6
UNITED STATES BONDS						
19 075	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	19 087	18 898	
13 430	Anheuser-Busch InBev Finance Inc. CAD	4.320	15-May-2047	13 469	13 966	
24 605	AT&T Inc. CAD	3.825	25-Nov-2020	25 100	25 752	
4 275	AT&T Inc. CAD	2.850	25-May-2024	4 270	4 201	
10 295	AT&T Inc. CAD	4.850	25-May-2047	10 229	10 555	
23 860	Bank of America Corp. CAD	3.228	22-Jun-2022	24 605	24 607	
22 615	Bank of America Corp. CAD	2.604	15-Mar-2023	22 615	22 600	
4 995	Citigroup Inc. CAD	4.650	11-Oct-2022	4 990	5 045	
18 036	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	17 532	17 903	

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
UNITED STATES BONDS (cont.)						
5 000	Molson Coors International LP CAD	3.950	06-Oct-2017	\$ 5 154	\$ 5 034	
12 940	Molson Coors International LP CAD	2.250	18-Sep-2018	12 910	13 022	
26 850	Molson Coors International LP CAD	2.750	18-Sep-2020	26 695	27 258	
8 606	Molson Coors International LP CAD	2.840	15-Jul-2023	8 622	8 586	
19 695	Molson Coors International LP CAD	3.440	15-Jul-2026	19 741	19 595	
29 135	United Parcel Service Inc. CAD	2.125	21-May-2024	29 084	28 723	
76 395	United States Treasury	3.000	15-Feb-2047	105 361	102 396	
5 565	Wells Fargo & Co. CAD	2.222	15-Mar-2021	5 565	5 570	
48 960	Wells Fargo & Co. CAD	2.509	27-Oct-2023	49 013	48 396	
27 575	Wells Fargo & Co. CAD	2.975	19-May-2026	27 686	27 210	
TOTAL UNITED STATES BONDS				431 728	429 317	4.4
TOTAL BONDS				9 510 640	9 470 013	96.1
MORTGAGE-BACKED SECURITIES						
7 452	Equitable Bank	4.350	01-Jan-2018	7 745	7 549	
3 828	Peoples Trust	4.200	01-Oct-2019	3 857	4 024	
TOTAL MORTGAGE-BACKED SECURITIES				11 602	11 573	0.1
MORTGAGES						
CMHC Insured						
21 047	4.980% Jan 01, 2018			21 047	21 426	
23 047	5.040% Jan 01, 2019			23 195	24 093	
512	2.980% Jul 01, 2019			512	519	
1 950	4.860% Jun 05, 2020			1 977	2 094	
3 741	4.260% Nov 01, 2022			3 741	4 051	
TOTAL MORTGAGES				50 472	52 183	0.5
SHORT-TERM INVESTMENTS†						
37 325	Banner Trust			37 206	37 206	
26 500	Bay Street Funding Trust – Class A			26 410	26 410	
17 059	Caisse Centrale Desjardins			17 052	17 052	
41 913	Canadian Master Trust – Series A			41 695	41 695	
12 550	Caterpillar Financial Services Ltd.			12 542	12 542	
3 750	Central 1 Credit Union			3 743	3 743	
12 500	Enbridge Gas Distribution Inc.			12 491	12 491	
35 100	Enbridge Pipelines Inc.			35 080	35 080	
7 495	Greater Toronto Airport Authority			7 480	7 480	
5 000	Honda Canada Finance Inc.			4 997	4 997	
68 370	HSBC Bank Canada			68 320	68 320	
70 430	Inter Pipeline Corridor Inc.			70 278	70 278	
51 655	King Street Funding Trust			51 452	51 452	
145 460	Merit Trust – Senior Notes			145 190	145 190	
2 000	National Bank of Canada			1 999	1 999	
23 000	Nissan Canada Financial Services Inc.			22 993	22 993	
62 375	Prime Trust – Senior Notes			62 247	62 247	
15 800	Ridge Trust			15 736	15 736	
2 000	SAFE Trust – Series 1996-1			1 998	1 998	
10 000	SOUND Trust			9 977	9 977	
15 500	SURE Trust			15 417	15 417	
10 000	TransCanada PipeLines Ltd.			9 990	9 990	
32 500	Union Gas Ltd.			32 480	32 480	
45 020	Zeus Receivables Trust – Senior Notes			44 845	44 845	
TOTAL SHORT-TERM INVESTMENTS				751 618	751 618	7.6
TOTAL INVESTMENTS				10 324 332	10 285 387	104.3
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)					2 036	–
TOTAL PORTFOLIO				\$10 324 332	10 287 423	104.3
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(426 540)	(4.3)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 9 860 883	100.0

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2017

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 102 675 Sold USD 77 700 @ 1.3214	15-Sep-2017	\$ 2 036
TOTAL FOREIGN EXCHANGE		\$ 2 036

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 0.65% to 1.11% and mature between July 4, 2017 and December 22, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 10 285 387	\$ 10 319 580
Cash	6 380	11 142
Due from investment dealers	238 055	55 390
Subscriptions receivable	18 346	10 542
Unrealized gain on foreign exchange contracts	2 036	—
Dividends receivable, interest accrued and other assets	46 140	51 839
TOTAL ASSETS	10 596 344	10 448 493
LIABILITIES		
Due to investment dealers	713 380	8 882
Redemptions payable	21 416	54 040
Distributions payable	44	—
Accounts payable and accrued expenses	621	664
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	735 461	63 586
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 9 860 883	\$ 10 384 907
Investments at cost	\$ 10 324 332	\$ 10 448 262
NAV		
SERIES A	\$ 90 914	\$ 101 217
ADVISOR SERIES	\$ 41 195	\$ 46 859
SERIES D	\$ 582 192	\$ 600 761
SERIES F	\$ 104 431	\$ 104 591
SERIES O	\$ 9 042 151	\$ 9 531 479
NAV PER UNIT		
SERIES A	\$ 10.40	\$ 10.32
ADVISOR SERIES	\$ 10.40	\$ 10.32
SERIES D	\$ 10.31	\$ 10.23
SERIES F	\$ 10.36	\$ 10.28
SERIES O	\$ 10.32	\$ 10.24

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 153 413	\$ 149 177
Net realized gain (loss) on investments	(5 672)	67 845
Net gain (loss) on foreign currencies and other net assets	3 646	1 384
Change in unrealized gain (loss) on investments	91 773	199 448
TOTAL INCOME (LOSS)	243 160	417 854
EXPENSES (see notes – Fund Specific Information)		
Management fees	2 299	2 597
Administration fees	1 130	1 038
Independent Review Committee costs	1	2
GST/HST	351	367
TOTAL EXPENSES	3 781	4 004
INCREASE (DECREASE) IN NAV	\$ 239 379	\$ 413 850
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 1 836	\$ 4 272
ADVISOR SERIES	\$ 836	\$ 1 931
SERIES D	\$ 12 377	\$ 26 260
SERIES F	\$ 2 217	\$ 4 246
SERIES O	\$ 222 113	\$ 377 141
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.20	\$ 0.42
ADVISOR SERIES	\$ 0.20	\$ 0.42
SERIES D	\$ 0.22	\$ 0.45
SERIES F	\$ 0.22	\$ 0.45
SERIES O	\$ 0.25	\$ 0.48

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 239 379	\$ 413 850
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(309)	(576)
Net realized loss (gain) on investments	5 672	(67 845)
Change in unrealized loss (gain) on investments	(91 773)	(199 448)
(Increase) decrease in accrued receivables	5 699	(1 322)
Increase (decrease) in accrued payables	(43)	15
Cost of investments purchased	(8 916 822)	(11 306 476)
Proceeds on sales of investments	9 557 222	10 606 938
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	799 025	(554 864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	815 984	1 270 381
Cash paid on redemption of redeemable units	(1 615 715)	(709 932)
Distributions paid to holders of redeemable units	(4 056)	(5 147)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (803 787)	\$ 555 302
Net increase (decrease) in cash for the period	(4 762)	438
Cash (bank overdraft), beginning of period	11 142	321
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 6 380	\$ 759
Interest received (paid)	\$ 158 803	\$ 147 279
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 101 217	\$ 112 560	\$ 46 859	\$ 44 408	\$ 600 761	\$ 616 099	\$ 104 591	\$ 94 082
INCREASE (DECREASE) IN NAV	1 836	4 272	836	1 931	12 377	26 260	2 217	4 246
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	2 174	7 446	2 966	13 788	13 529	38 338	11 482	27 921
Reinvestments of distributions to holders of redeemable units	993	1 165	431	506	7 401	8 391	1 176	1 194
Redemption of redeemable units	(14 257)	(13 657)	(9 422)	(6 704)	(44 023)	(36 393)	(13 575)	(12 601)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(11 090)	(5 046)	(6 025)	7 590	(23 093)	10 336	(917)	16 514
Distributions from net income	(1 049)	(1 231)	(475)	(559)	(7 853)	(8 865)	(1 460)	(1 450)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 049)	(1 231)	(475)	(559)	(7 853)	(8 865)	(1 460)	(1 450)
NET INCREASE (DECREASE) IN NAV	(10 303)	(2 005)	(5 664)	8 962	(18 569)	27 731	(160)	19 310
NAV AT END OF PERIOD	\$ 90 914	\$ 110 555	\$ 41 195	\$ 53 370	\$ 582 192	\$ 643 830	\$ 104 431	\$ 113 392

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 9 531 479	\$ 8 009 643	\$ 10 384 907	\$ 8 876 792
INCREASE (DECREASE) IN NAV	222 113	377 141	239 379	413 850
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	793 637	1 236 824	823 788	1 324 317
Reinvestments of distributions to holders of redeemable units	145 632	138 114	155 633	149 370
Redemption of redeemable units	(1 501 814)	(644 627)	(1 583 091)	(713 982)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(562 545)	730 311	(603 670)	759 705
Distributions from net income	(148 896)	(142 419)	(159 733)	(154 524)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(148 896)	(142 419)	(159 733)	(154 524)
NET INCREASE (DECREASE) IN NAV	(489 328)	965 033	(524 024)	1 019 031
NAV AT END OF PERIOD	\$ 9 042 151	\$ 8 974 676	\$ 9 860 883	\$ 9 895 823

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

June 30, 2017

Effective July 4, 2016, units of the Fund are no longer available for purchase by new investors. Investors who held 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 2017	December 31 2016
AAA	40.3	33.9
AA	33.4	33.7
A	13.2	15.9
BBB	12.4	15.8
Unrated*	0.7	0.7
Total	100.0	100.0

* Mortgages, which represent 77.5% (December 31, 2016 – 78.1%) 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, 2017 and December 31, 2016, 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 2017	December 31 2016
Federal Bonds	34.2	26.4
Provincial Bonds	32.4	33.8
Corporate Bonds	28.5	34.3
Municipal Bonds	1.0	0.7
Mortgages	0.5	0.5
Mortgage-Backed Bonds	0.1	0.1
Cash/Other	3.3	4.2
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 2017	December 31 2016
Less than 1 year	3.2	3.9
1 – 5 years	42.0	30.9
5 – 10 years	25.8	31.6
> 10 years	29.0	33.6
Total	100.0	100.0

As at June 30, 2017, 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 7.2% (December 31, 2016 – 7.5%). 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	9 481 586	52 183	9 533 769
Short-term investments	–	751 618	–	751 618
Derivatives – assets	–	2 036	–	2 036
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	10 235 240	52 183	10 287 423
% of total portfolio	–	99.5	0.5	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	9 889 595	53 788	9 943 383
Short-term investments	–	376 197	–	376 197
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	10 265 792	53 788	10 319 580
% of total portfolio	–	99.5	0.5	100.0

June 30, 2017

During the periods ended June 30, 2017 and December 31, 2016, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2017	December 31 2016
Balance at beginning of period	53 788	–
Net purchases	2	16
Net sales	(692)	(1 347)
Net transfers in	–	56 975
Net transfers out	–	–
Realized gains (losses)	(2)	(5)
Unrealized gains (losses)	(913)	(1 851)
Balance at end of period	52 183	53 788

During the period ended December 31, 2016, investments in mortgages of \$56,975 were transferred into Level 3 from Level 2 following management's assessment of the significance of the unobservable inputs used to value those investments. The Level 3 assets are mortgages which are valued by a third-party vendor using industry-accepted methodologies which include unobservable inputs. Mortgages are valued by discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk spread premium. The spread premium is derived by the vendor from their risk rating program and a monthly spread matrix. This quantitative rules-based approach reviews seven risk factors to assess the market risk, credit risk and liquidity premiums to arrive at a total credit score for each mortgage. Among the inputs are the borrowers' financial statements, rent roll and operating statements, the most recent property inspection report and the terms of the mortgage itself.

As at June 30, 2017, a 10% increase or decrease in the weighted average spread premium, an unobservable input, would have increased or decreased the Fund's net assets respectively by approximately 0.0% (December 31, 2016 – 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	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 2017	December 31 2016
Units held		
Series A	60	59
Advisor Series	119	117
Series D	11	11
Series F	62	61
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, 2016.

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	9 809	10 707
Issued number of units	208	702
Reinvested number of units	96	109
Redeemed number of units	(1 368)	(1 288)
Ending number of units	8 745	10 230
Advisor Series		
Opening units	4 539	4 222
Issued number of units	284	1 297
Reinvested number of units	41	47
Redeemed number of units	(903)	(630)
Ending number of units	3 961	4 936
Series D		
Opening units	58 716	59 095
Issued number of units	1 308	3 641
Reinvested number of units	719	793
Redeemed number of units	(4 266)	(3 455)
Ending number of units	56 477	60 074
Series F		
Opening units	10 172	8 981
Issued number of units	1 103	2 627
Reinvested number of units	114	112
Redeemed number of units	(1 308)	(1 191)
Ending number of units	10 081	10 529
Series O		
Opening units	930 497	767 022
Issued number of units	76 839	117 184
Reinvested number of units	14 130	13 033
Redeemed number of units	(145 270)	(61 140)
Ending number of units	876 196	836 099

**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 2017	December 31 2016
BonaVista Balanced Fund	0.1	0.1
BonaVista Global Balanced Fund	—	—
BonaVista Private Balanced Fund	0.1	0.1
Phillips, Hager & North Balanced Fund	3.3	3.0
Phillips, Hager & North Balanced Pension Trust	4.4	4.1
Phillips, Hager & North LifeTime 2015 Fund	—	—
RBC Select Conservative Portfolio	0.8	5.8
RBC Select Very Conservative Portfolio	18.4	16.1
Total	27.1	29.2

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, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
142 691	Phillips, Hager & North High Yield Bond Fund*	\$ 1 565	\$ 1 650	
TOTAL MUTUAL FUND UNITS		1 565	1 650	—

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	\$ 9 013	
TOTAL AUSTRALIA BONDS				9 077	9 013	0.1

CANADIAN BONDS**CORPORATE**

17 833	407 International Inc.	3.870	24-Nov-2017	18 746	17 895	
8 611	Access Justice Durham Ltd.	5.015	31-Aug-2039	9 548	9 985	
5 340	Access Prairies Partnership	4.232	01-Mar-2048	5 340	5 650	
5 610	Aéroports de Montréal	6.950	16-Apr-2032	7 584	7 484	
649	Aéroports de Montréal	6.611	11-Apr-2033	673	860	
2 570	Aéroports de Montréal	5.170	17-Sep-2035	3 371	3 335	
2 765	Aéroports de Montréal	3.918	12-Jun-2045	3 124	3 188	
10 645	Aéroports de Montréal	3.360	24-Apr-2047	10 755	11 206	
9 355	Alectra Inc.	4.521	29-Apr-2021	9 892	10 231	
7 806	Alectra Inc.	3.033	25-Jul-2022	7 808	8 141	
5 370	Alectra Inc.	3.239	21-Nov-2024	5 453	5 686	
11 220	Alectra Inc.	2.488	17-May-2027	11 220	11 055	
2 050	Alliance Pipeline LP	4.928	16-Dec-2019	2 213	2 149	
15 676	Alliance Pipeline LP	7.181	30-Jun-2023	18 857	17 998	
2 050	Alliance Pipeline LP	5.546	31-Dec-2023	2 282	2 185	
15 531	Alliance Pipeline LP	6.765	31-Dec-2025	18 060	18 051	
10 598	Alliance Pipeline LP	7.217	31-Dec-2025	12 715	12 534	
6 157	AltaGas Ltd.	4.070	01-Jun-2020	6 566	6 478	
17 207	AltaLink Investments LP	3.674	05-Jun-2019	17 909	17 694	
14 695	AltaLink Investments LP	3.265	05-Jun-2020	14 968	15 141	
17 887	AltaLink Investments LP	2.244	07-Mar-2022	17 908	17 809	
6 480	AltaLink LP	5.381	26-Mar-2040	8 116	8 437	
8 802	AltaLink LP	4.462	08-Nov-2041	9 644	10 375	
13 000	Bank of Montreal	5.450	17-Jul-2017	13 853	13 021	
13 080	Bank of Montreal	4.550	01-Aug-2017	13 901	13 116	
9 173	Bank of Montreal	2.240	11-Dec-2017	9 379	9 217	
3 195	Bank of Montreal	6.020	02-May-2018	3 584	3 318	
2 720	Bank of Montreal	3.210	13-Sep-2018	2 820	2 776	
23 252	Bank of Nova Scotia	1.330	01-May-2018	23 250	23 259	
4 220	BC Tel	9.650	08-Apr-2022	5 700	5 519	
4 623	Bell Canada	3.500	10-Sep-2018	4 814	4 723	
15 000	Bell Canada	5.520	26-Feb-2019	16 552	15 915	
5 000	Bell Canada	3.540	12-Jun-2020	5 267	5 218	
4 080	Bell Canada	3.550	02-Mar-2026	4 069	4 252	
5 725	Bow Centre Street LP	3.690	14-Jun-2021	5 731	5 708	
4 064	Bow Centre Street LP	3.693	14-Jun-2022	4 068	3 991	
17 010	Bow Centre Street LP	3.797	13-Jun-2023	16 874	16 419	
8 189	Brookfield Asset Management Inc.	4.540	31-Mar-2023	8 771	8 904	
11 610	Brookfield Asset Management Inc.	5.040	08-Mar-2024	12 236	12 948	
42 380	Brookfield Asset Management Inc.	4.820	28-Jan-2026	44 406	46 908	
4 275	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	4 280	4 418	

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
22 150	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	\$ 21 971	\$ 22 744	
14 340	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	14 514	14 424	
8 565	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	9 475	9 314	
5 504	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	5 902	6 009	
5 000	Brookfield Renewable Energy Partners ULC	3.752	02-Jun-2025	5 204	5 176	
10 065	Bruce Power LP	2.844	23-Jun-2021	10 244	10 254	
6 500	Bruce Power LP	3.000	21-Jun-2024	6 499	6 555	
13 675	Bruce Power LP	3.969	23-Jun-2026	13 920	14 480	
7 995	Bruce Power LP	4.010	21-Jun-2029	7 995	8 351	
7 649	Cameco Corp.	5.670	02-Sep-2019	8 642	8 084	
9 778	Cameco Corp.	3.750	14-Nov-2022	9 886	9 843	
22 160	Cameco Corp.	4.190	24-Jun-2024	22 531	22 511	
11 138	Canadian Imperial Bank of Commerce	2.220	07-Mar-2018	11 251	11 208	
1 000	Centra Gas Ontario Inc.	8.650	19-Oct-2018	1 243	1 083	
14 588	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	14 701	14 544	
5 449	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	5 556	5 492	
13 829	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	14 610	14 144	
1 559	Cominar Real Estate Investment Trust	4.000	02-Nov-2020	1 578	1 549	
5 109	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	5 194	5 067	
10 310	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	10 310	10 124	
7 955	Cominar Real Estate Investment Trust	4.247	23-May-2023	7 999	7 724	
12 811	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	13 186	13 020	
202	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	201	199	
5 285	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	5 091	5 329	
1 645	CU Inc.	6.145	22-Nov-2017	1 843	1 675	
2 370	CU Inc.	11.770	30-Nov-2020	3 527	3 111	
4 315	CU Inc.	9.920	01-Apr-2022	6 292	5 742	
9 310	CU Inc.	6.215	06-Mar-2024	11 575	11 452	
2 170	CU Inc.	5.563	26-May-2028	2 641	2 687	
2 390	CU Inc.	5.896	20-Nov-2034	3 096	3 209	
2 085	CU Inc.	5.032	20-Nov-2036	2 423	2 588	
203	CU Inc.	5.556	30-Oct-2037	255	267	
2 335	CU Inc.	5.580	26-May-2038	3 081	3 092	
5 710	CU Inc.	4.947	18-Nov-2050	6 534	7 302	
9 600	CU Inc.	4.558	07-Nov-2053	10 554	11 589	
13 110	CU Inc.	4.094	19-Oct-2054	13 110	14 599	
8 815	CU Inc.	4.211	29-Oct-2055	8 815	10 114	
4 502	Dufferin Wind Power Inc.	4.317	30-Nov-2033	4 502	4 664	
5 661	Eagle Credit Card Trust	2.849	17-Oct-2018	5 730	5 757	
14 945	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	15 116	14 962	
3 015	Enbridge Gas Distribution Inc.	5.160	04-Dec-2017	3 335	3 064	
6 355	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	6 857	6 806	
286	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	324	319	
8 535	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	8 532	9 021	
5 795	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	5 788	5 741	
7 287	Enbridge Gas Distribution Inc.	6.900	15-Nov-2032	9 929	10 314	
1 095	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 476	1 473	
185	Enbridge Gas Distribution Inc.	5.210	25-Feb-2036	220	228	
3 370	Enbridge Gas Distribution Inc.	4.500	23-Nov-2043	4 000	3 948	
5 795	Enbridge Gas Distribution Inc.	4.000	22-Aug-2044	5 960	6 306	
13 957	Enbridge Inc.	4.770	02-Sep-2019	14 979	14 781	
15 123	Enbridge Inc.	4.260	01-Feb-2021	15 805	16 096	
990	Enbridge Inc.	7.220	24-Jul-2030	1 205	1 287	
800	Enbridge Inc.	5.570	14-Nov-2035	945	922	
2 558	Enbridge Inc.	5.750	02-Sep-2039	2 860	3 037	
273	Enbridge Inc.	5.120	28-Sep-2040	278	300	
420	Enbridge Inc.	4.570	11-Mar-2044	438	430	
660	Enbridge Inc.	4.560	28-Mar-2064	557	655	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
10 135	Enbridge Income Fund	4.100	22-Feb-2019	\$ 10 895	\$ 10 498	
4 192	Enbridge Pipelines Inc.	2.930	30-Nov-2022	4 283	4 297	
83	Enbridge Pipelines Inc.	3.790	17-Aug-2023	89	89	
1 445	Enbridge Pipelines Inc.	6.350	17-Nov-2023	1 732	1 735	
22 000	Enbridge Pipelines Inc.	8.200	15-Feb-2024	30 969	28 836	
39 894	Enbridge Pipelines Inc.	3.450	29-Sep-2025	40 602	41 706	
4 435	Enbridge Pipelines Inc.	6.050	12-Feb-2029	5 733	5 478	
1 200	Enbridge Pipelines Inc.	6.500	11-Jun-2029	1 619	1 540	
11 110	Enbridge Pipelines Inc.	5.350	10-Nov-2039	13 498	13 552	
10 280	Enbridge Pipelines Inc.	5.330	06-Apr-2040	12 053	12 509	
16 857	Enbridge Southern Lights LP	4.014	30-Jun-2040	16 894	16 975	
16 220	Enmax Corp.	6.150	19-Jun-2018	18 241	16 869	
15 840	Fortis Inc.	2.850	12-Dec-2023	15 859	16 066	
2 348	Fortis Inc.	6.510	04-Jul-2039	3 132	3 227	
1 060	FortisAlberta Inc.	4.540	18-Oct-2041	1 126	1 250	
6 415	FortisAlberta Inc.	4.850	11-Sep-2043	8 034	7 925	
3 275	FortisAlberta Inc.	3.340	21-Sep-2046	3 269	3 183	
3 209	FortisAlberta Inc.	4.800	27-Oct-2050	3 805	4 014	
1 422	FortisBC Energy Inc.	6.000	02-Oct-2037	1 855	1 966	
7 579	FortisBC Energy Inc.	5.800	13-May-2038	9 946	10 279	
3 945	FortisBC Energy Inc.	5.200	06-Dec-2040	4 686	4 996	
2 481	FortisBC Inc.	5.900	04-Jul-2047	3 264	3 572	
5 379	FortisBC Inc.	5.000	24-Nov-2050	6 621	6 886	
5 205	Gaz Metro Inc.	4.930	18-Jun-2019	5 852	5 534	
38 540	Genesis Trust II	1.675	17-Sep-2018	38 540	38 624	
62 480	Genesis Trust II	2.433	15-May-2019	63 195	63 352	
6 281	Grand Renewable Solar LP	3.926	31-Jan-2035	6 281	6 280	
1 375	Great-West Lifeco Finance Delaware LP II	7.127	26-Jun-2068	1 497	1 447	
1 000	Greater Toronto Airports Authority	7.050	12-Jun-2030	1 474	1 447	
6 250	Greater Toronto Airports Authority	7.100	04-Jun-2031	9 248	9 207	
4 275	Greater Toronto Airports Authority	6.980	15-Oct-2032	6 027	6 339	
4 090	Greater Toronto Airports Authority	5.630	07-Jun-2040	5 460	5 794	
1 285	Greater Toronto Airports Authority	5.300	25-Feb-2041	1 645	1 760	
4 145	Greater Toronto Airports Authority	4.530	02-Dec-2041	5 018	5 177	
29 047	H2O Power LP	3.310	30-Nov-2029	29 047	29 585	
3 428	Hollis Receivables Term Trust II	2.434	26-Jun-2019	3 471	3 478	
963	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	1 129	1 140	
14 479	Husky Energy Inc.	3.550	12-Mar-2025	13 911	14 644	
9 967	Hydro One Inc.	1.480	18-Nov-2019	9 967	9 956	
8 925	Hydro One Inc.	6.930	01-Jun-2032	12 818	12 746	
3 765	Hydro One Inc.	6.350	31-Jan-2034	4 997	5 202	
2 937	Hydro One Inc.	6.030	03-Mar-2039	4 058	4 078	
2 510	Hydro One Inc.	6.590	22-Apr-2043	3 614	3 839	
48	Hydro One Inc.	5.000	19-Oct-2046	56	62	
10 588	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	10 588	10 660	
2 395	Hydro Ottawa Holdings Inc.	3.639	02-Feb-2045	2 316	2 443	
1 100	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	1 219	1 180	
11 379	Kingston Solar LP	3.571	31-Jul-2035	11 379	11 161	
8 675	Lower Mattagami Energy LP	2.228	23-Oct-2017	8 733	8 703	
4 240	Lower Mattagami Energy LP	2.307	21-Oct-2026	4 240	4 141	
3 425	Lower Mattagami Energy LP	5.139	18-May-2041	4 496	4 356	
3 390	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	3 389	3 586	
445	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	445	452	
12 323	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	12 324	12 644	
6 855	Mountain View Partners GP	3.974	31-Mar-2051	6 855	6 937	
8 031	North Battleford Power LP	4.958	31-Dec-2032	8 380	9 029	
13 132	North West Redwater Partnership	2.100	23-Feb-2022	13 039	13 042	
8 690	North West Redwater Partnership	2.800	01-Jun-2027	8 667	8 532	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
15 980	North West Redwater Partnership	4.250	01-Jun-2029	\$ 15 999	\$ 17 433	
13 840	North West Redwater Partnership	4.150	01-Jun-2033	13 822	14 917	
5 825	North West Redwater Partnership	3.650	01-Jun-2035	5 821	5 882	
19 963	North West Redwater Partnership	4.750	01-Jun-2037	20 487	22 880	
7 610	North West Redwater Partnership	4.350	10-Jan-2039	7 631	8 247	
3 917	Northland Power Solar Finance One LP	4.397	30-Jun-2032	3 918	4 161	
2 375	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 388	3 359	
3 030	Nova Scotia Power Inc.	9.750	02-Aug-2019	4 014	3 486	
9 812	Nova Scotia Power Inc.	8.850	19-May-2025	14 356	13 690	
3 645	Nova Scotia Power Inc.	5.950	27-Jul-2039	4 761	4 951	
3 315	Nova Scotia Power Inc.	5.610	15-Jun-2040	4 440	4 361	
2 010	OMERS Realty Corp.	2.473	12-Nov-2019	2 010	2 046	
6 036	Pembina Pipeline Corp.	3.770	24-Oct-2022	6 239	6 338	
24 667	Pembina Pipeline Corp.	3.540	03-Feb-2025	24 713	25 222	
7 535	Pembina Pipeline Corp.	3.710	11-Aug-2026	7 820	7 703	
1 843	Plenary Health Hamilton LP	5.796	31-May-2043	2 214	2 340	
8 738	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	9 453	9 496	
3 628	Plenary Properties LTAP LP	6.288	31-Jan-2044	4 650	4 887	
4 515	Power Corp of Canada	4.810	31-Jan-2047	4 543	5 061	
7 120	PSS Generating Station LP	4.795	24-Oct-2067	7 120	7 815	
3 680	Ridley Grain Ltd.	5.227	01-Aug-2024	3 680	3 923	
3 910	RioCan Real Estate Investment Trust	2.870	05-Mar-2018	3 999	3 945	
16 205	Royal Bank of Canada*	2.820	12-Jul-2018	16 624	16 433	
6 980	Royal Bank of Canada*	2.890	11-Oct-2018	7 211	7 103	
2 789	Royal Bank of Canada*	2.770	11-Dec-2018	2 866	2 838	
86 150	Royal Bank of Canada*	1.400	26-Apr-2019	86 176	85 958	
14 465	Royal Bank of Canada*	1.590	23-Mar-2020	14 572	14 426	
4 095	Royal Bank of Canada*	1.920	17-Jul-2020	4 089	4 108	
8 673	Royal Bank of Canada*	1.650	15-Jul-2021	8 626	8 549	
7 206	SEC LP and Arci Ltd.	5.188	29-Aug-2033	7 521	7 568	
7 435	SGTP Highway Bypass LP	4.105	31-Jan-2045	7 435	7 930	
4 150	Sun Life Financial Inc.	2.770	13-May-2024	4 198	4 206	
4 845	TELUS Corp.	5.150	26-Nov-2043	5 123	5 456	
7 714	TELUS Corp.	4.850	05-Apr-2044	7 730	8 339	
28 605	Teranet Holdings LP	4.807	16-Dec-2020	31 083	30 568	
1 935	Teranet Holdings LP	5.754	17-Dec-2040	2 067	2 147	
1 443	Teranet Holdings LP	6.100	17-Jun-2041	1 664	1 666	
15 640	TMX Group Ltd.	3.253	03-Oct-2018	16 043	15 941	
4 730	Toromont Industries Ltd.	3.710	30-Sep-2025	4 730	4 814	
2 450	TransCanada PipeLines Ltd.	8.200	15-Aug-2031	3 718	3 575	
6 292	TransCanada PipeLines Ltd.	4.550	15-Nov-2041	6 628	6 992	
9 493	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	9 518	10 357	
6 940	TransCanada Trust	4.650	18-May-2077	6 940	6 979	
18 760	TransEd Partners GP	3.951	30-Sep-2050	17 351	18 403	
6 402	Trillium Windpower LP	5.803	15-Feb-2033	7 467	7 396	
1 000	Union Gas Ltd.	5.350	27-Apr-2018	1 162	1 031	
6 405	Union Gas Ltd.	8.750	03-Aug-2018	7 959	6 867	
3 940	Union Gas Ltd.	8.650	10-Nov-2025	5 548	5 616	
6 410	Union Gas Ltd.	2.810	01-Jun-2026	6 410	6 518	
5 065	Union Gas Ltd.	5.460	11-Sep-2036	6 446	6 492	
8 315	Union Gas Ltd.	4.880	21-Jun-2041	9 867	10 201	
6 062	Union Gas Ltd.	4.200	02-Jun-2044	6 632	6 842	
405	Union Gas Ltd.	3.800	01-Jun-2046	425	430	
1 530	Vancouver Fraser Port Authority	4.630	20-Apr-2020	1 703	1 630	
3 400	Vancouver International Airport Authority	7.425	07-Dec-2026	4 739	4 801	
3 059	Westcoast Energy Inc.	5.600	16-Jan-2019	3 376	3 230	
2 767	Westcoast Energy Inc.	9.900	10-Jan-2020	4 019	3 265	
1 000	Westcoast Energy Inc.	3.883	28-Oct-2021	1 020	1 062	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
25 519	Westcoast Energy Inc.	3.770	08-Dec-2025	\$ 26 520	\$ 26 870	
2 975	Westcoast Energy Inc.	6.750	15-Dec-2027	3 831	3 806	
3 295	Westcoast Energy Inc.	4.791	28-Oct-2041	3 535	3 643	
2 855	Winnipeg Airport Authority Inc.	4.569	20-Nov-2019	3 169	3 033	
1 740	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	1 737	1 798	
4 747	Winnipeg Airport Authority Inc.	5.205	28-Sep-2040	5 678	5 627	
6 784	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	7 616	8 747	
				1 940 022	1 957 372	23.8
FEDERAL						
84 451	Canada Housing Trust No. 1	1.250	15-Dec-2020	84 235	83 658	
210 211	Canada Housing Trust No. 1	1.250	15-Jun-2021	210 059	207 149	
57 767	Canada Housing Trust No. 1	1.150	15-Dec-2021	56 634	56 403	
53 164	Canada Housing Trust No. 1	1.500	15-Dec-2021	53 440	52 704	
81 635	Canada Housing Trust No. 1	2.650	15-Mar-2022	87 037	84 997	
219 147	Canada Housing Trust No. 1	1.750	15-Jun-2022	220 465	219 103	
25 746	Canada Housing Trust No. 1	2.350	15-Jun-2027	26 258	26 042	
1 372	CBC Monetization Trust	4.688	15-May-2027	1 372	1 534	
333 573	Government of Canada	0.750	01-Aug-2019	331 493	331 037	
1 005	Government of Canada	1.750	01-Sep-2019	1 021	1 018	
190 965	Government of Canada	1.500	01-Mar-2020	194 967	192 600	
211 414	Government of Canada	3.500	01-Jun-2020	231 962	225 337	
434 493	Government of Canada	0.750	01-Sep-2020	433 607	428 165	
151 591	Government of Canada	0.750	01-Mar-2021	151 578	148 679	
158 643	Government of Canada	3.250	01-Jun-2021	173 439	170 352	
27 286	Government of Canada	0.750	01-Sep-2021	27 113	26 643	
285 997	Government of Canada	0.500	01-Mar-2022	276 535	274 729	
101 343	Government of Canada	2.750	01-Jun-2022	111 684	107 807	
30 433	Government of Canada	1.500	01-Jun-2023	30 731	30 450	
31 818	Government of Canada	2.500	01-Jun-2024	34 181	33 776	
2 777	Government of Canada	2.250	01-Jun-2025	2 977	2 905	
2 149	Government of Canada	1.500	01-Jun-2026	2 157	2 115	
5 490	Government of Canada	1.000	01-Jun-2027	5 230	5 117	
715	Government of Canada	5.000	01-Jun-2037	1 074	1 054	
6 863	Government of Canada	3.500	01-Dec-2045	8 722	8 816	
31 661	Government of Canada	1.250	01-Dec-2047	37 329	37 626	
119 785	Government of Canada	2.750	01-Dec-2048	138 122	136 756	
				2 933 422	2 896 572	35.2
PROVINCIAL/MUNICIPAL						
4 745	City of Montreal	3.150	01-Dec-2036	4 735	4 743	
3 110	City of Ottawa	4.600	14-Jul-2042	3 696	3 854	
1 333	City of Ottawa	3.100	27-Jul-2048	1 319	1 288	
2 410	City of Toronto	3.900	29-Sep-2023	2 694	2 637	
1 280	City of Toronto	3.400	21-May-2024	1 371	1 363	
4 445	City of Toronto	2.450	06-Feb-2025	4 433	4 449	
5 000	City of Vancouver	3.750	24-Oct-2023	5 552	5 433	
8 855	City of Vancouver	2.700	15-Dec-2026	8 843	8 902	
7 023	Hospital for Sick Children	5.217	16-Dec-2049	7 265	9 217	
3 980	McGill University	6.150	22-Sep-2042	5 523	5 771	
36 027	Ontario Electricity Financial Corp.	8.500	26-May-2025	55 102	51 578	
7 007	Ontario Electricity Financial Corp.	9.000	26-May-2025	10 759	10 286	
40 915	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	60 023	59 507	
15 053	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	17 758	17 530	
4 761	Ontrea Inc.	4.619	09-Apr-2018	4 901	4 867	
4 245	OPB Finance Trust	2.950	02-Feb-2026	4 244	4 370	
25 115	OPB Finance Trust	2.980	25-Jan-2027	25 117	25 756	
81 131	Province of Alberta	2.350	01-Jun-2025	82 654	81 113	
7 789	Province of Alberta	3.900	01-Dec-2033	8 505	8 784	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
19 936	Province of Alberta	3.450	01-Dec-2043	\$ 22 153	\$ 21 295	
65 480	Province of Alberta	3.300	01-Dec-2046	68 598	68 322	
8 000	Province of Manitoba	2.550	02-Jun-2026	7 973	8 064	
5 157	Province of Manitoba	4.050	05-Sep-2045	5 634	6 084	
78 366	Province of Manitoba	2.850	05-Sep-2046	71 727	74 747	
11 984	Province of New Brunswick	3.650	03-Jun-2024	13 257	13 046	
14 500	Province of New Brunswick	4.800	26-Sep-2039	18 915	18 414	
5 474	Province of New Brunswick	4.800	03-Jun-2041	6 605	7 010	
13 076	Province of New Brunswick	3.550	03-Jun-2043	13 365	14 032	
35 663	Province of New Brunswick	3.800	14-Aug-2045	37 990	40 013	
25 867	Province of Newfoundland and Labrador	3.300	17-Oct-2046	24 212	26 020	
115 903	Province of Ontario	2.850	02-Jun-2023	124 089	120 960	
92 994	Province of Ontario	8.100	08-Sep-2023	131 386	125 018	
6 824	Province of Ontario	7.500	07-Feb-2024	9 498	9 046	
237 670	Province of Ontario	3.500	02-Jun-2024	261 287	257 591	
7 822	Province of Ontario	2.600	02-Jun-2025	8 133	7 992	
56 110	Province of Ontario	8.500	02-Dec-2025	85 326	81 889	
116 641	Province of Ontario	7.600	02-Jun-2027	172 500	169 515	
144 990	Province of Ontario	6.200	02-Jun-2031	205 196	203 300	
100 883	Province of Ontario	5.600	02-Jun-2035	139 462	140 027	
32 890	Province of Ontario	4.700	02-Jun-2037	41 291	41 902	
154 224	Province of Ontario	4.600	02-Jun-2039	200 060	195 940	
5 962	Province of Ontario	4.650	02-Jun-2041	8 037	7 700	
198 037	Province of Ontario	3.500	02-Jun-2043	210 353	217 463	
97 254	Province of Ontario	2.900	02-Dec-2046	93 904	96 116	
60 765	Province of Ontario	2.800	02-Jun-2048	59 067	59 111	
2 475	Province of Quebec	4.250	01-Dec-2021	2 772	2 729	
42 542	Province of Quebec	9.375	16-Jan-2023	63 952	58 764	
96 239	Province of Quebec	8.500	01-Apr-2026	147 407	141 781	
7 180	Province of Quebec	2.750	01-Sep-2027	7 375	7 371	
54 174	Province of Quebec	6.000	01-Oct-2029	72 019	73 200	
2 115	Province of Quebec	5.750	01-Dec-2036	3 047	3 022	
7 645	Province of Quebec	5.000	01-Dec-2041	9 910	10 380	
5 405	Province of Quebec	3.500	01-Dec-2045	5 846	5 974	
29 209	Province of Quebec	3.500	01-Dec-2048	31 815	32 666	
12 982	Province of Saskatchewan	2.550	02-Jun-2026	13 046	13 119	
3 592	Province of Saskatchewan	5.750	05-Mar-2029	5 020	4 698	
3 500	Province of Saskatchewan	6.400	05-Sep-2031	5 331	4 967	
16 993	Province of Saskatchewan	3.900	02-Jun-2045	20 586	19 790	
23 292	Province of Saskatchewan	2.750	02-Dec-2046	22 639	22 038	
14 968	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	15 448	15 933	
5 130	South Coast British Columbia Transportation Authority	4.450	09-Jun-2044	5 979	6 163	
5 968	University of British Columbia	6.650	01-Dec-2031	7 989	8 332	
3 600	University of Toronto	4.937	16-Nov-2045	4 762	4 497	
				2 799 455	2 777 489	33.8
TOTAL CANADIAN BONDS				7 672 899	7 631 433	92.8
UNITED KINGDOM BONDS						
38 380	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	39 005	38 497	
TOTAL UNITED KINGDOM BONDS				39 005	38 497	0.5
UNITED STATES BONDS						
14 455	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	14 463	14 321	
12 230	Anheuser-Busch InBev Finance Inc. CAD	4.320	15-May-2047	12 313	12 718	
22 951	AT&T Inc. CAD	3.825	25-Nov-2020	23 994	24 021	
3 465	AT&T Inc. CAD	2.850	25-May-2024	3 461	3 405	
8 320	AT&T Inc. CAD	4.850	25-May-2047	8 267	8 530	
3 611	Bank of America Corp. CAD	3.228	22-Jun-2022	3 708	3 724	
22 185	Bank of America Corp. CAD	2.604	15-Mar-2023	22 185	22 170	

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
UNITED STATES BONDS (cont.)						
1 240	Citigroup Inc. CAD	4.650	11-Oct-2022	\$ 1 240	\$ 1 252	
14 115	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	14 013	14 011	
7 745	Molson Coors International LP CAD	2.250	18-Sep-2018	7 732	7 794	
24 452	Molson Coors International LP CAD	2.750	18-Sep-2020	24 306	24 824	
5 477	Molson Coors International LP CAD	2.840	15-Jul-2023	5 476	5 464	
16 212	Molson Coors International LP CAD	3.440	15-Jul-2026	16 276	16 130	
23 510	United Parcel Service Inc. CAD	2.125	21-May-2024	23 472	23 178	
29 995	Wells Fargo & Co. CAD	2.222	15-Mar-2021	29 995	30 020	
40 020	Wells Fargo & Co. CAD	2.509	27-Oct-2023	40 003	39 559	
12 530	Wells Fargo & Co. CAD	2.975	19-May-2026	12 465	12 364	
TOTAL UNITED STATES BONDS				263 369	263 485	3.2
TOTAL BONDS				7 984 350	7 942 428	96.6
MORTGAGE-BACKED SECURITIES						
3 805	Equitable Bank	4.350	01-Jan-2018	3 935	3 854	
1 947	Peoples Trust	4.200	01-Oct-2019	1 946	2 047	
TOTAL MORTGAGE-BACKED SECURITIES				5 881	5 901	0.1
MORTGAGES						
CMHC Insured						
2 030	4.930% Nov 01, 2019			2 069	2 145	
1 868	4.930% Dec 01, 2019			1 881	1 989	
1 738	4.850% Jan 01, 2020			1 754	1 839	
1 603	4.260% Nov 01, 2022			1 603	1 736	
TOTAL MORTGAGES				7 307	7 709	0.1
SHORT-TERM INVESTMENTS[†]						
19 550	Banner Trust			19 486	19 486	
14 960	Bay Street Funding Trust – Class A			14 914	14 914	
51 497	Caisse Centrale Desjardins			51 457	51 457	
77 710	Canadian Master Trust – Series A			77 305	77 305	
30 225	Enbridge Pipelines Inc.			30 197	30 197	
2 760	Government of Canada Treasury Bills			2 753	2 753	
11 000	Greater Toronto Airport Authority			10 978	10 978	
86 043	HSBC Bank Canada			85 978	85 978	
55 350	Inter Pipeline Corridor Inc.			55 232	55 232	
36 800	King Street Funding Trust			36 656	36 656	
91 500	Merit Trust – Senior Notes			91 367	91 367	
10 900	National Bank of Canada			10 893	10 893	
28 000	Nissan Canada Financial Services Inc.			27 993	27 993	
8 475	Nova Scotia Power Inc.			8 469	8 469	
37 800	Prime Trust – Senior Notes			37 690	37 690	
13 700	Ridge Trust			13 629	13 629	
10 000	SOUND Trust			9 977	9 977	
14 000	SURE Trust			13 924	13 924	
3 200	Union Gas Ltd.			3 198	3 198	
27 650	Zeus Receivables Trust – Senior Notes			27 562	27 562	
TOTAL SHORT-TERM INVESTMENTS				629 658	629 658	7.7
TOTAL INVESTMENTS				8 628 761	8 587 346	104.5
UNREALIZED GAIN ON FUTURES CONTRACTS (SCHEDULE A)					2 649	–
UNREALIZED LOSS ON FUTURES CONTRACTS (SCHEDULE A)					(341)	–
TOTAL PORTFOLIO				\$ 8 628 761	8 589 654	104.5
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(366 441)	(4.5)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 8 223 213	100.0

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

June 30, 2017

SCHEDULE A**Futures Contracts**

Number of Contracts		Contracted Value	Unrealized Gain
(699)	Canadian 10-Year Bond Future, September 2017 Contracts at CAD 144.34 per contract	\$ (100 894)	\$ 2 649
		<u>\$ (100 894)</u>	<u>\$ 2 649</u>
Number of Contracts		Contracted Value	Unrealized Loss
(801)	United States 10-Year Note Future, September 2017 Contracts at USD 125.86 per contract	\$ 135 886	\$ (341)
		<u>\$ 135 886</u>	<u>\$ (341)</u>
TOTAL FUTURES		<u>\$ 34 992</u>	<u>\$ 2 308</u>

\$2 760 Government of Canada Treasury Bills are held as collateral by counterparties with respect to the above futures contracts.

* 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 1.11% and mature between July 4, 2017 and December 22, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 8 587 346	\$ 7 920 393
Cash	5 140	9 422
Due from investment dealers	248 677	77
Subscriptions receivable	18 528	6 931
Unrealized gain on futures contracts	2 649	—
Futures contracts margin receivable	12 719	10 163
Dividends receivable, interest accrued and other assets	38 843	41 633
TOTAL ASSETS	8 913 902	7 988 619
LIABILITIES		
Due to investment dealers	683 921	—
Redemptions payable	5 351	4 839
Unrealized loss on futures contracts	341	—
Distributions payable	49	—
Accounts payable and accrued expenses	1 027	998
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	690 689	5 837
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 8 223 213	\$ 7 982 782
Investments at cost	\$ 8 628 761	\$ 8 032 076
NAV		
SERIES A	\$ 161 599	\$ 169 245
ADVISOR SERIES	\$ 114 395	\$ 111 224
SERIES H	\$ —	\$ —
SERIES D	\$ 590 457	\$ 583 467
SERIES F	\$ 926 758	\$ 801 893
SERIES I	\$ —	\$ —
SERIES O	\$ 6 430 004	\$ 6 316 953
NAV PER UNIT		
SERIES A	\$ 11.44	\$ 11.34
ADVISOR SERIES	\$ 11.45	\$ 11.35
SERIES H	\$ —	\$ —
SERIES D	\$ 11.44	\$ 11.34
SERIES F	\$ 11.45	\$ 11.36
SERIES I	\$ —	\$ —
SERIES O	\$ 11.38	\$ 11.29

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 122 210	\$ 124 639
Net gain (loss) from futures contracts	5 022	(4 201)
Other income received from underlying funds	1 289	5 859
Net realized gain (loss) on investments	(2 791)	48 445
Net gain (loss) on foreign currencies and other net assets	167	984
Change in unrealized gain (loss) on investments	70 268	189 608
TOTAL INCOME (LOSS)	196 165	365 334
EXPENSES (see notes – Fund Specific Information)		
Management fees	4 400	4 231
Administration fees	1 027	966
Independent Review Committee costs	1	2
GST/HST	546	519
TOTAL EXPENSES	5 974	5 718
INCREASE (DECREASE) IN NAV	\$ 190 191	\$ 359 616
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 3 268	\$ 6 158
ADVISOR SERIES	\$ 2 187	\$ 3 991
SERIES H	\$ —	\$ 944
SERIES D	\$ 12 848	\$ 24 415
SERIES F	\$ 18 368	\$ 22 850
SERIES I	\$ —	\$ 4 739
SERIES O	\$ 153 520	\$ 296 519
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.23	\$ 0.47
ADVISOR SERIES	\$ 0.22	\$ 0.47
SERIES H	\$ —	\$ 0.48
SERIES D	\$ 0.25	\$ 0.51
SERIES F	\$ 0.25	\$ 0.50
SERIES I	\$ —	\$ 0.51
SERIES O	\$ 0.28	\$ 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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 190 191	\$ 359 616
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(249)	(334)
Net realized loss (gain) on investments	2 791	(48 445)
Change in unrealized loss (gain) on investments	(70 268)	(189 608)
(Increase) decrease in accrued receivables	141	(4 010)
Increase (decrease) in accrued payables	370	6 293
Cost of investments purchased	(6 923 339)	(9 431 858)
Proceeds on sales of investments	6 759 433	8 882 299
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(40 930)	(426 047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 075 008	958 420
Cash paid on redemption of redeemable units	(1 006 140)	(493 851)
Distributions paid to holders of redeemable units	(29 664)	(26 932)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 39 204	\$ 437 637
Net increase (decrease) in cash for the period	(1 726)	11 590
Cash (bank overdraft), beginning of period	19 585	324
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 17 859	\$ 11 914
Interest received (paid)	\$ 124 751	\$ 125 040
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series H		Series D	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 169 245	\$ 153 976	\$ 111 224	\$ 94 165	\$ —	\$ 23 200	\$ 583 467	\$ 543 855
INCREASE (DECREASE) IN NAV	3 268	6 158	2 187	3 991	—	944	12 848	24 415
Early redemption fees	—	—	—	—	—	—	2	—
Proceeds from redeemable units issued	16 055	34 633	21 261	21 259	—	2 567	34 488	44 728
Reinvestments of distributions to holders of redeemable units	1 678	1 496	1 074	866	—	221	7 245	7 026
Redemption of redeemable units	(26 792)	(17 688)	(20 061)	(13 986)	—	(26 676)	(39 520)	(28 565)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(9 059)	18 441	2 274	8 139	—	(23 888)	2 215	23 189
Distributions from net income	(1 855)	(1 644)	(1 290)	(1 071)	—	(256)	(8 073)	(7 763)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 855)	(1 644)	(1 290)	(1 071)	—	(256)	(8 073)	(7 763)
NET INCREASE (DECREASE) IN NAV	(7 646)	22 955	3 171	11 059	—	(23 200)	6 990	39 841
NAV AT END OF PERIOD	\$ 161 599	\$ 176 931	\$ 114 395	\$ 105 224	\$ —	\$ —	\$ 590 457	\$ 583 696

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series I		Series O		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 801 893	\$ 462 345	\$ —	\$ 82 908	\$ 6 316 953	\$ 6 103 380	\$ 7 982 782	\$ 7 463 829
INCREASE (DECREASE) IN NAV	18 368	22 850	—	4 739	153 520	296 519	190 191	359 616
Early redemption fees	8	(4)	—	—	—	—	10	(4)
Proceeds from redeemable units issued	248 599	278 002	—	46 081	766 202	670 858	1 086 605	1 098 128
Reinvestments of distributions to holders of redeemable units	7 581	4 073	—	1 270	81 027	84 910	98 605	99 862
Redemption of redeemable units	(137 146)	(62 714)	—	(133 393)	(783 143)	(356 663)	(1 006 662)	(639 685)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	119 042	219 357	—	(86 042)	64 086	399 105	178 558	558 301
Distributions from net income	(12 545)	(7 286)	—	(1 605)	(104 555)	(107 222)	(128 318)	(126 847)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(12 545)	(7 286)	—	(1 605)	(104 555)	(107 222)	(128 318)	(126 847)
NET INCREASE (DECREASE) IN NAV	124 865	234 921	—	(82 908)	113 051	588 402	240 431	791 070
NAV AT END OF PERIOD	\$ 926 758	\$ 697 266	\$ —	\$ —	\$ 6 430 004	\$ 6 691 782	\$ 8 223 213	\$ 8 254 899

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

June 30, 2017

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 2017	December 31 2016
AAA	39.4	32.2
AA	34.0	33.2
A	12.4	15.8
BBB	14.0	17.3
BB	–	0.5
B	–	0.6
CCC	–	0.2
Unrated*	0.2	0.2
Total	100.0	100.0

* Mortgages, which represent 44.8% (December 31, 2016 – 46.1%) 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, 2017 and December 31, 2016, 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 2017	December 31 2016
Federal Bonds	35.2	26.3
Provincial Bonds	32.9	34.2
Corporate Bonds	27.6	35.9
Municipal Bonds	0.9	0.6
Mortgage-Backed Bonds	0.1	0.1
Mortgages	0.1	0.1
Cash/Other	3.2	2.8
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:

	June 30 2017	December 31 2016
Term to maturity		
Less than 1 year	2.8	3.4
1 – 5 years	43.0	30.9
5 – 10 years	25.5	31.8
> 10 years	28.7	33.9
Total	100.0	100.0

As at June 30, 2017, 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 7.2% (December 31, 2016 – 7.5%). 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	1 650	–	–	1 650
Fixed-income				
and debt securities	–	7 948 329	7 709	7 956 038
Short-term investments	–	629 658	–	629 658
Derivatives – assets	2 649	–	–	2 649
Derivatives – liabilities	(341)	–	–	(341)
Total financial instruments	3 958	8 577 987	7 709	8 589 654
% of total portfolio	–	99.9	0.1	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	126 022	–	–	126 022
Fixed-income				
and debt securities	–	7 627 604	8 042	7 635 646
Short-term investments	–	158 725	–	158 725
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	126 022	7 786 329	8 042	7 920 393
% of total portfolio	1.6	98.3	0.1	100.0

June 30, 2017

During the periods ended June 30, 2017 and December 31, 2016, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2017	December 31 2016
Balance at beginning of period	8 042	—
Net purchases	—	4
Net sales	(203)	(395)
Net transfers in	—	8 721
Net transfers out	—	—
Realized gains (losses)	(2)	(5)
Unrealized gains (losses)	(128)	(283)
Balance at end of period	7 709	8 042

During the period ended December 31, 2016, investments in mortgages of \$8,721 were transferred into Level 3 from Level 2 following management's assessment of the significance of the unobservable inputs used to value those investments. The Level 3 assets are mortgages which are valued by a third-party vendor using industry-accepted methodologies which include unobservable inputs. Mortgages are valued by discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk spread premium. The spread premium is derived by the vendor from their risk rating program and a monthly spread matrix. This quantitative rules-based approach reviews seven risk factors to assess the market risk, credit risk and liquidity premiums to arrive at a total credit score for each mortgage. Among the inputs are the borrowers' financial statements, rent roll and operating statements, the most recent property inspection report and the terms of the mortgage itself.

As at June 30, 2017, a 10% increase or decrease in the weighted average spread premium, an unobservable input, would have increased or decreased the Fund's net assets respectively by approximately 0.0% (December 31, 2016 – 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	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 2017	December 31 2016
Units held		
Series A	55	54
Advisor Series	109	108
Series D	56	56
Series F	57	56
Value of all units	3	3

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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
High Yield Bond Fund	—	—	1.0	1.9
RBC High Yield Bond Fund	—	—	0.6	2.3

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

The Fund had no capital or non-capital losses as at December 31, 2016.

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	14 922	13 367
Issued number of units	1 402	2 937
Reinvested number of units	147	128
Redeemed number of units	(2 339)	(1 520)
Ending number of units	14 132	14 912
Advisor Series		
Opening units	9 796	8 167
Issued number of units	1 851	1 821
Reinvested number of units	94	74
Redeemed number of units	(1 749)	(1 201)
Ending number of units	9 992	8 861
Series H		
Opening units	–	2 009
Issued number of units	–	220
Reinvested number of units	–	19
Redeemed number of units	–	(2 248)
Ending number of units	–	–
Series D		
Opening units	51 440	47 207
Issued number of units	3 010	3 840
Reinvested number of units	635	601
Redeemed number of units	(3 455)	(2 454)
Ending number of units	51 630	49 194
Series F		
Opening units	70 615	40 085
Issued number of units	21 628	23 643
Reinvested number of units	663	348
Redeemed number of units	(11 965)	(5 380)
Ending number of units	80 941	58 696
Series I		
Opening units	–	7 176
Issued number of units	–	3 957
Reinvested number of units	–	108
Redeemed number of units	–	(11 241)
Ending number of units	–	–
Series O		
Opening units	559 740	532 024
Issued number of units	67 323	57 943
Reinvested number of units	7 132	7 287
Redeemed number of units	(69 086)	(30 852)
Ending number of units	565 109	566 402

**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 2017	December 31 2016
RBC Balanced Growth & Income Class	0.2	0.2
RBC Balanced Growth & Income Fund	2.1	1.6
RBC Conservative Growth & Income Fund	0.4	0.3
RBC Monthly Income Bond Fund	3.2	3.1
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	–	–
RBC Retirement 2030 Portfolio	–	–
RBC Retirement 2035 Portfolio	–	–
RBC Retirement 2040 Portfolio	–	–
RBC Retirement 2045 Portfolio	–	–
RBC Retirement 2050 Portfolio	–	–
RBC Retirement Income Solution	–	–
RBC Select Balanced Portfolio	2.4	9.0
RBC Select Choices Balanced Portfolio	0.5	0.5
RBC Select Choices Conservative Portfolio	0.3	0.3
RBC Select Choices Growth Portfolio	0.1	0.1
RBC Select Conservative Portfolio	26.5	24.1
RBC Select Growth Portfolio	1.0	1.8
RBC Select Very Conservative Portfolio	14.8	13.3
RBC Target 2020 Education Fund	0.3	0.5
RBC Target 2025 Education Fund	1.3	0.9
RBC Target 2030 Education Fund	0.3	–
Total	53.4	55.7

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

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

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CORPORATE						
557	Teranet Holdings LP	3.270	01-Dec-2031	\$ 554	\$ 614	
				554	614	0.7
FEDERAL						
11 865	Government of Canada	4.250	01-Dec-2021	13 688	14 015	
47	Government of Canada	1.500	01-Jun-2026	48	46	
19 467	Government of Canada	4.000	01-Dec-2031	22 248	29 159	
3 148	Government of Canada	3.000	01-Dec-2036	–	4 579	
7 093	Government of Canada	2.000	01-Dec-2041	3 613	9 372	
7 658	Government of Canada	1.500	01-Dec-2044	7 024	9 433	
2 492	Government of Canada	1.250	01-Dec-2047	2 257	2 962	
8 332	Government of Canada	0.500	01-Dec-2050	8 244	8 139	
				57 122	77 705	88.6
PROVINCIAL/MUNICIPAL						
3 371	Province of Ontario	2.000	01-Dec-2036	3 452	3 789	
638	Province of Quebec	4.500	01-Dec-2021	790	745	
1 572	Province of Quebec	4.500	01-Dec-2026	1 996	2 051	
1 774	Province of Quebec	4.250	01-Dec-2031	2 394	2 483	
				8 632	9 068	10.3
TOTAL BONDS				66 308	87 387	99.6
SHORT-TERM INVESTMENTS*				2 849	2 849	3.3
TOTAL INVESTMENTS				<u>\$ 69 157</u>	90 236	102.9
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(2 574)	(2.9)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 87 662</u>	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 0.77% and mature on July 12, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 90 236	\$ 83 109
Cash	107	166
Due from investment dealers	105 494	—
Subscriptions receivable	175	93
Dividends receivable, interest accrued and other assets	153	155
TOTAL ASSETS	196 165	83 523
LIABILITIES		
Due to investment dealers	108 343	—
Redemptions payable	136	16
Distributions payable	3	—
Accounts payable and accrued expenses	21	23
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	108 503	39
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 87 662	\$ 83 484
Investments at cost	\$ 69 157	\$ 51 209
NAV		
SERIES A	\$ 12 972	\$ 13 503
ADVISOR SERIES	\$ 2 160	\$ 2 043
SERIES D	\$ 14 457	\$ 15 645
SERIES F	\$ 9 332	\$ 8 423
SERIES O	\$ 48 741	\$ 43 870
NAV PER UNIT		
SERIES A	\$ 10.68	\$ 11.27
ADVISOR SERIES	\$ 10.68	\$ 11.28
SERIES D	\$ 10.73	\$ 11.33
SERIES F	\$ 10.71	\$ 11.31
SERIES O	\$ 10.80	\$ 11.41

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 15 163	\$ 526
Net realized gain (loss) on investments	(3 944)	(2 443)
Change in unrealized gain (loss) on investments	(10 821)	6 788
TOTAL INCOME (LOSS)	398	4 871
EXPENSES (see notes – Fund Specific Information)		
Management fees	107	111
Administration fees	14	9
Independent Review Committee costs	1	2
GST/HST	11	12
TOTAL EXPENSES	133	134
INCREASE (DECREASE) IN NAV	\$ 265	\$ 4 737
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (3)	\$ 801
ADVISOR SERIES	\$ 6	\$ 105
SERIES D	\$ 25	\$ 884
SERIES F	\$ 37	\$ 534
SERIES O	\$ 200	\$ 2 413
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ —	\$ 0.45
ADVISOR SERIES	\$ 0.03	\$ 0.45
SERIES D	\$ 0.02	\$ 0.47
SERIES F	\$ 0.05	\$ 0.48
SERIES O	\$ 0.05	\$ 0.51

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 265	\$ 4 737
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(14 215)	298
Net realized loss (gain) on investments	3 944	2 443
Change in unrealized loss (gain) on investments	10 821	(6 788)
(Increase) decrease in accrued receivables	2	(18)
Increase (decrease) in accrued payables	(2)	1
Cost of investments purchased	(2 522 199)	(2 157 184)
Proceeds on sales of investments	2 517 371	2 151 378
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4 013)	(5 133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	11 634	12 340
Cash paid on redemption of redeemable units	(7 097)	(7 168)
Distributions paid to holders of redeemable units	(583)	(54)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 3 954	\$ 5 118
Net increase (decrease) in cash for the period	(59)	(15)
Cash (bank overdraft), beginning of period	166	102
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 107	\$ 87
Interest received (paid)	\$ 950	\$ 806
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 13 503	\$ 14 992	\$ 2 043	\$ 1 927	\$ 15 645	\$ 14 665	\$ 8 423	\$ 8 174
INCREASE (DECREASE) IN NAV	(3)	801	6	105	25	884	37	534
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	586	172	556	41	1 002	1 440	1 455	1 938
Reinvestments of distributions to holders of redeemable units	647	46	109	6	779	62	269	12
Redemption of redeemable units	(1 071)	(1 552)	(438)	(145)	(2 189)	(1 262)	(327)	(628)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	162	(1 334)	227	(98)	(408)	240	1 397	1 322
Distributions from net income	(690)	(48)	(116)	(6)	(805)	(65)	(525)	(40)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(690)	(48)	(116)	(6)	(805)	(65)	(525)	(40)
NET INCREASE (DECREASE) IN NAV	(531)	(581)	117	1	(1 188)	1 059	909	1 816
NAV AT END OF PERIOD	\$ 12 972	\$ 14 411	\$ 2 160	\$ 1 928	\$ 14 457	\$ 15 724	\$ 9 332	\$ 9 990

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 43 870	\$ 35 289	\$ 83 484	\$ 75 047
INCREASE (DECREASE) IN NAV	200	2 413	265	4 737
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	8 117	8 807	11 716	12 398
Reinvestments of distributions to holders of redeemable units	2 539	205	4 343	331
Redemption of redeemable units	(3 192)	(3 685)	(7 217)	(7 272)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	7 464	5 327	8 842	5 457
Distributions from net income	(2 793)	(226)	(4 929)	(385)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(2 793)	(226)	(4 929)	(385)
NET INCREASE (DECREASE) IN NAV	4 871	7 514	4 178	9 809
NAV AT END OF PERIOD	\$ 48 741	\$ 42 803	\$ 87 662	\$ 84 856

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

June 30, 2017

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 2017	December 31 2016
AAA	88.9	88.3
AA	10.4	4.6
A	–	6.4
BBB	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 2017	December 31 2016
Federal Bonds	88.6	87.9
Provincial Bonds	10.3	10.9
Corporate Bonds	0.7	0.7
Cash/Other	0.4	0.5
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 2017	December 31 2016
Less than 1 year	–	–
1 – 5 years	16.9	11.9
5 – 10 years	2.4	16.4
> 10 years	80.7	71.7
Total	100.0	100.0

As at June 30, 2017, 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 14.9% (December 31, 2016 – 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	87 387	–	87 387
Short-term investments	–	2 849	–	2 849
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	90 236	–	90 236
% of total portfolio	–	100.0	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	83 059	–	83 059
Short-term investments	–	50	–	50
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	83 109	–	83 109
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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.

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	58	55
Advisor Series	115	109
Series D	59	56
Series F	60	57
Series O	61	58
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, 2016 for the Fund were approximately:

Capital losses	24 526
Non-capital losses	–

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	1 198	1 347
Issued number of units	52	15
Reinvested number of units	60	4
Redeemed number of units	(96)	(138)
Ending number of units	1 214	1 228
Advisor Series		
Opening units	181	173
Issued number of units	50	3
Reinvested number of units	10	1
Redeemed number of units	(39)	(13)
Ending number of units	202	164
Series D		
Opening units	1 381	1 312
Issued number of units	90	128
Reinvested number of units	72	5
Redeemed number of units	(196)	(111)
Ending number of units	1 347	1 334
Series F		
Opening units	745	733
Issued number of units	130	170
Reinvested number of units	25	1
Redeemed number of units	(29)	(55)
Ending number of units	871	849

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series O		
Opening units	3 846	3 139
Issued number of units	715	772
Reinvested number of units	234	18
Redeemed number of units	(284)	(325)
Ending number of units	4 511	3 604

**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 2017	December 31 2016
Phillips, Hager & North LifeTime 2015 Fund	3.2	4.0
Phillips, Hager & North LifeTime 2020 Fund	18.9	18.1
Phillips, Hager & North LifeTime 2025 Fund	9.3	7.4
Phillips, Hager & North LifeTime 2030 Fund	0.4	–
Total	31.8	29.5

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, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
79 326	Atlantic Power LP	5.950	23-Jun-2036	\$ 57 791	\$ 64 658	
51 849	AutoCanada Inc.	5.625	25-May-2021	51 831	52 767	
79 778	Baytex Energy Corp. USD	6.750	17-Feb-2021	94 276	97 766	
47 000	Baytex Energy Corp. USD	5.125	01-Jun-2021	45 305	54 398	
168 450	Baytex Energy Corp.	6.625	19-Jul-2022	166 207	158 870	
69 858	Baytex Energy Corp. USD	5.625	01-Jun-2024	77 547	77 908	
15 000	Brookfield Residential Properties Inc. USD	6.125	01-Jul-2022	20 668	20 229	
5 000	Brookfield Residential Properties Inc.	6.125	15-May-2023	5 064	5 164	
98 988	Canadian Energy Services & Technology Corp.	7.375	17-Apr-2020	99 492	102 864	
20 150	Canexus Corp.	7.875	20-Sep-2023	20 150	21 887	
6 202	Cogeco Cable Inc. USD	4.875	01-May-2020	8 522	8 263	
25 000	Cogeco Inc.	6.000	05-Mar-2020	25 052	24 932	
53 900	Crew Energy Inc.	6.500	14-Mar-2024	53 829	52 474	
20 607	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	21 047	20 943	
20 000	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	19 850	19 744	
60 500	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	61 702	61 273	
67 235	Gibson Energy Inc. USD	6.750	15-Jul-2021	92 639	90 460	
40 336	Gibson Energy Inc.	5.375	15-Jul-2022	39 032	40 941	
12 000	Granite Real Estate Investment Trust Holdings LP	3.873	30-Nov-2023	12 000	12 131	
49 972	Great Canadian Gaming Corp.	6.625	25-Jul-2022	51 406	51 938	
48 243	Iron Mountain Canada Operations ULC	6.125	15-Aug-2021	49 813	50 133	
10 000	Island Timberlands LP USD	6.160	30-Aug-2025	12 122	15 667	
20 000	Morguard Corp.	4.013	18-Nov-2020	20 000	20 329	
100 660	Newalta Corp.	7.750	14-Nov-2019	97 684	96 059	
32 167	Noralta Lodge Ltd.	7.500	24-Sep-2019	28 732	29 988	
100 204	Northern Blizzard Resources Inc. USD	7.250	01-Feb-2022	112 451	130 351	
3 278	Parkland Fuel Corp.	5.500	28-May-2021	3 397	3 387	
53 485	Parkland Fuel Corp.	6.000	21-Nov-2022	53 548	55 714	
28 000	Parkland Fuel Corp.	5.750	16-Sep-2024	28 000	28 817	
69 000	Parkland Fuel Corp.	5.625	09-May-2025	69 061	69 704	
51 433	Precision Drilling Corp. USD	6.625	15-Nov-2020	60 575	65 698	
18 000	Precision Drilling Corp. USD	6.500	15-Dec-2021	19 452	22 963	
23 000	Precision Drilling Corp. USD	7.750	15-Dec-2023	30 816	29 528	
213 053	Quebecor Media Inc.	6.625	15-Jan-2023	215 817	231 873	
190 720	Seven Generations Energy Ltd. USD	8.250	15-May-2020	266 306	259 074	
74 000	Sherritt International Corp.	7.875	11-Oct-2022	67 298	45 086	
22 000	Sobeys Inc.	3.520	08-Aug-2018	22 224	22 373	
75 100	Superior Plus LP	6.500	09-Dec-2021	75 367	79 747	
40 000	Superior Plus LP	5.250	27-Feb-2024	40 000	41 100	
81 967	Teine Energy Ltd. USD	6.875	30-Sep-2022	112 404	108 288	
152 190	Trilogy Energy Corp.	7.250	13-Dec-2019	150 614	154 171	
40 130	Wajax Corp.	6.125	23-Oct-2020	40 303	41 459	
99 014	Western Energy Services Corp.	7.875	30-Jan-2019	96 050	98 362	
TOTAL CANADIAN BONDS				2 695 444	2 739 481	66.5
FRANCE BONDS						
25 000	Numericable-SFR S.A. USD	7.375	01-May-2026	32 252	35 297	
TOTAL FRANCE BONDS				32 252	35 297	0.9

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

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
UNITED STATES BONDS						
10 445	DCP Midstream Operating LP	2.500	01-Dec-2017	\$ 13 988	\$ 13 562	
32 915	DCP Midstream Operating LP	9.750	15-Mar-2019	49 250	47 913	
37 000	DCP Midstream Operating LP	2.700	01-Apr-2019	48 358	47 802	
40 100	Dollar Tree Inc.	5.250	01-Mar-2020	55 311	53 464	
17 000	Icahn Enterprises LP	4.875	15-Mar-2019	23 379	22 376	
5 000	Icahn Enterprises LP	6.250	01-Feb-2022	6 567	6 776	
19 000	Icahn Enterprises LP	6.750	01-Feb-2024	24 924	25 750	
51 250	Iron Mountain Canada Operations ULC CAD	5.375	15-Sep-2023	51 386	53 326	
28 647	Level 3 Financing Inc.	6.125	15-Jan-2021	39 681	38 357	
12 000	NGL Energy Partners LP	6.125	01-Mar-2025	15 695	14 317	
250 894	NGPL PipeCo LLC	7.119	15-Dec-2017	344 013	333 087	
46 058	PDC Energy Inc.	7.750	15-Oct-2022	65 101	62 266	
26 610	Rockies Express Pipeline LLC	6.000	15-Jan-2019	36 984	36 147	
2 000	Salem Media Group Inc.	6.750	01-Jun-2024	2 738	2 665	
15 000	Targa Resources Partners LP	5.000	15-Jan-2018	20 302	19 610	
29 980	Targa Resources Partners LP	4.125	15-Nov-2019	40 117	39 510	
7 972	Tesoro Logistics LP	5.875	01-Oct-2020	11 051	10 584	
22 906	Tesoro Logistics LP	6.125	15-Oct-2021	31 987	30 967	
10 000	Trilogy International Partners LLC	8.875	01-May-2022	13 438	13 535	
25 560	Western Refining Logistics LP	7.500	15-Feb-2023	37 511	35 881	
TOTAL UNITED STATES BONDS				931 781	907 895	22.0
TOTAL BONDS				3 659 477	3 682 673	89.4
SHORT-TERM INVESTMENTS*				170 609	170 609	4.1
TOTAL INVESTMENTS				3 830 086	3 853 282	93.5
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	85 717	2.1
TOTAL PORTFOLIO				<u>\$ 3 830 086</u>	3 938 999	95.6
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					179 918	4.4
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 4 118 917</u>	100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 53 080 Sold USD 40 000 @ 1.3270	18-Jul-2017	\$ 1 224
Bought CAD 113 400 Sold USD 85 000 @ 1.3341	18-Jul-2017	3 206
Bought CAD 67 300 Sold USD 50 000 @ 1.3460	21-Jul-2017	2 485
Bought CAD 87 603 Sold USD 65 000 @ 1.3477	21-Jul-2017	3 343
Bought CAD 330 563 Sold USD 245 000 @ 1.3492	24-Jul-2017	12 992
Bought CAD 143 247 Sold USD 105 000 @ 1.3643	31-Jul-2017	7 167
Bought CAD 334 376 Sold USD 245 000 @ 1.3648	02-Aug-2017	16 864
Bought CAD 324 044 Sold USD 240 000 @ 1.3502	08-Aug-2017	13 037
Bought CAD 82 200 Sold USD 60 000 @ 1.3700	15-Aug-2017	4 455
Bought CAD 309 718 Sold USD 230 000 @ 1.3466	24-Aug-2017	11 732
Bought CAD 67 218 Sold USD 50 000 @ 1.3444	28-Aug-2017	2 441
Bought CAD 53 808 Sold USD 40 000 @ 1.3452	07-Sep-2017	1 994
Bought CAD 134 302 Sold USD 100 000 @ 1.3430	13-Sep-2017	4 777
TOTAL FOREIGN EXCHANGE		<u>\$ 85 717</u>

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 0.67% to 1.10% and mature between July 4, 2017 and December 19, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 3 853 282	\$ 4 075 648
Cash	109 922	25 476
Due from investment dealers	20 279	–
Subscriptions receivable	8 406	3 491
Unrealized gain on foreign exchange contracts	85 717	–
Dividends receivable, interest accrued and other assets	51 542	54 251
TOTAL ASSETS	4 129 148	4 158 866
LIABILITIES		
Due to investment dealers	3 791	1 510
Redemptions payable	5 034	2 135
Unrealized loss on foreign exchange contracts	–	11 369
Distributions payable	18	–
Accounts payable and accrued expenses	1 388	1 441
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	10 231	16 455
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 4 118 917	\$ 4 142 411
Investments at cost	\$ 3 830 086	\$ 3 940 649
NAV		
SERIES A	\$ 263 652	\$ 276 968
ADVISOR SERIES	\$ 80 099	\$ 86 418
SERIES D	\$ 672 578	\$ 666 947
SERIES F	\$ 580 233	\$ 584 954
SERIES O	\$ 2 522 355	\$ 2 527 124
NAV PER UNIT		
SERIES A	\$ 12.13	\$ 12.16
ADVISOR SERIES	\$ 12.13	\$ 12.16
SERIES D	\$ 11.99	\$ 12.02
SERIES F	\$ 12.06	\$ 12.09
SERIES O	\$ 11.56	\$ 11.59

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 125 496	\$ 114 894
Net realized gain (loss) on investments	59 339	1 304
Net gain (loss) on foreign currencies and other net assets	(46 193)	45 805
Change in unrealized gain (loss) on investments	(14 717)	157 302
TOTAL INCOME (LOSS)	123 925	319 305
EXPENSES (see notes – Fund Specific Information)		
Management fees	6 933	6 006
Administration fees	790	668
Independent Review Committee costs	1	2
GST/HST	733	656
TOTAL EXPENSES	8 457	7 332
INCREASE (DECREASE) IN NAV	\$ 115 468	\$ 311 973
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 6 162	\$ 20 382
ADVISOR SERIES	\$ 1 938	\$ 5 620
SERIES D	\$ 17 014	\$ 46 712
SERIES F	\$ 14 843	\$ 39 105
SERIES O	\$ 75 511	\$ 200 154
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.28	\$ 0.92
ADVISOR SERIES	\$ 0.28	\$ 0.91
SERIES D	\$ 0.31	\$ 0.94
SERIES F	\$ 0.31	\$ 0.92
SERIES O	\$ 0.34	\$ 0.95

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 115 468	\$ 311 973
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(59 339)	(1 304)
Change in unrealized loss (gain) on investments	14 717	(157 302)
(Increase) decrease in accrued receivables	2 709	(7 339)
Increase (decrease) in accrued payables	(53)	82
Cost of investments purchased	(4 014 754)	(6 488 165)
Proceeds on sales of investments	4 166 658	5 837 747
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	225 406	(504 308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	492 127	870 487
Cash paid on redemption of redeemable units	(580 299)	(321 495)
Distributions paid to holders of redeemable units	(52 788)	(44 610)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (140 960)	\$ 504 382
Net increase (decrease) in cash for the period	84 446	74
Cash (bank overdraft), beginning of period	25 476	73 761
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 109 922	\$ 73 835
Interest received (paid)	\$ 128 205	\$ 107 555
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 276 968	\$ 281 732	\$ 86 418	\$ 56 717	\$ 666 947	\$ 610 061	\$ 584 954	\$ 385 236
INCREASE (DECREASE) IN NAV	6 162	20 382	1 938	5 620	17 014	46 712	14 843	39 105
Early redemption fees	—	2	—	—	—	—	—	—
Proceeds from redeemable units issued	13 760	31 309	3 550	29 454	33 030	50 933	69 390	165 244
Reinvestments of distributions to holders of redeemable units	5 359	5 690	1 451	1 402	16 942	15 429	9 557	8 499
Redemption of redeemable units	(31 953)	(47 026)	(11 212)	(7 216)	(42 801)	(78 577)	(82 304)	(46 155)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(12 834)	(10 025)	(6 211)	23 640	7 171	(12 215)	(3 357)	127 588
Distributions from net income	(6 644)	(7 021)	(2 046)	(1 824)	(18 554)	(16 957)	(16 207)	(13 842)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(6 644)	(7 021)	(2 046)	(1 824)	(18 554)	(16 957)	(16 207)	(13 842)
NET INCREASE (DECREASE) IN NAV	(13 316)	3 336	(6 319)	27 436	5 631	17 540	(4 721)	152 851
NAV AT END OF PERIOD	\$ 263 652	\$ 285 068	\$ 80 099	\$ 84 153	\$ 672 578	\$ 627 601	\$ 580 233	\$ 538 087

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 2 527 124	\$ 1 864 376	\$ 4 142 411	\$ 3 198 122
INCREASE (DECREASE) IN NAV	75 511	200 154	115 468	311 973
Early redemption fees	—	—	—	2
Proceeds from redeemable units issued	377 312	593 872	497 042	870 812
Reinvestments of distributions to holders of redeemable units	39 303	39 074	72 612	70 094
Redemption of redeemable units	(414 928)	(146 298)	(583 198)	(325 272)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1 687	486 648	(13 544)	615 636
Distributions from net income	(81 967)	(75 098)	(125 418)	(114 742)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(81 967)	(75 098)	(125 418)	(114 742)
NET INCREASE (DECREASE) IN NAV	(4 769)	611 704	(23 494)	812 867
NAV AT END OF PERIOD	\$ 2 522 355	\$ 2 476 080	\$ 4 118 917	\$ 4 010 989

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

June 30, 2017

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 2017	December 31 2016
AAA	–	4.9
A	2.3	1.8
BBB	4.0	17.7
BB	37.9	23.4
B	39.2	36.8
CCC	15.4	13.8
Unrated*	1.2	1.6
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 2017	December 31 2016
Corporate Bonds	89.4	91.3
Federal Bonds	–	4.8
Cash/Other	10.6	3.9
Total	100.0	100.0

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

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 2017	December 31 2016
Less than 1 year	9.9	–
1 – 5 years	53.1	56.7
5 – 10 years	35.2	41.4
> 10 years	1.8	1.9
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 3.3%). 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	3 682 673	–	3 682 673
Short-term investments	–	170 609	–	170 609
Derivatives – assets	–	85 717	–	85 717
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	3 938 999	–	3 938 999
% of total portfolio	–	100.0	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	3 980 320	–	3 980 320
Short-term investments	–	95 328	–	95 328
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(11 369)	–	(11 369)
Total financial instruments	–	4 064 279	–	4 064 279
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	59	58
Advisor Series	118	115
Series D	62	60
Series F	62	60
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, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	22 771	25 678
Issued number of units	1 117	2 844
Reinvested number of units	440	508
Redeemed number of units	(2 595)	(4 312)
Ending number of units	21 733	24 718
Advisor Series		
Opening units	7 106	5 169
Issued number of units	288	2 661
Reinvested number of units	119	125
Redeemed number of units	(910)	(659)
Ending number of units	6 603	7 296

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series D		
Opening units	55 478	56 237
Issued number of units	2 715	4 698
Reinvested number of units	1 408	1 394
Redeemed number of units	(3 510)	(7 285)
Ending number of units	56 091	55 044

Series F		
Opening units	48 394	35 317
Issued number of units	5 668	15 066
Reinvested number of units	790	763
Redeemed number of units	(6 725)	(4 210)
Ending number of units	48 127	46 936

Series O		
Opening units	217 973	178 093
Issued number of units	32 074	57 239
Reinvested number of units	3 387	3 655
Redeemed number of units	(35 289)	(13 912)
Ending number of units	218 145	225 075

**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 2017	December 31 2016
Phillips, Hager & North Core Plus Bond Fund	—	0.1
Phillips, Hager & North Enhanced Long Bond Pension Trust	0.1	0.1
Phillips, Hager & North Enhanced Total Return Bond Fund	—	0.5
Phillips, Hager & North LifeTime 2020 Fund	—	—
Phillips, Hager & North LifeTime 2025 Fund	—	—
Phillips, Hager & North LifeTime 2030 Fund	—	—
Phillips, Hager & North LifeTime 2035 Fund	0.1	—
Phillips, Hager & North LifeTime 2040 Fund	0.1	—
Phillips, Hager & North LifeTime 2045 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2050 Fund	—	—
Phillips, Hager & North Long Core Plus Bond Fund	0.1	0.1
Phillips, Hager & North Monthly Income Fund	2.3	2.4
Phillips, Hager & North PRiSM Balanced Fund	2.1	2.2
Phillips, Hager & North Total Return Bond Fund	—	1.9
RBC Select Choices Balanced Portfolio	0.3	0.3
RBC Select Choices Growth Portfolio	0.3	0.3
Total	5.5	8.0

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

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

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
FEDERAL						
65 514	Government of Canada	1.250	01-Dec-2047	\$ 78 069	\$ 77 865	
602	Government of Canada	0.500	01-Dec-2050	601	596	
TOTAL CANADIAN BONDS				<u>\$ 78 670</u>	<u>78 461</u>	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>116</u>	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 78 577</u>	100.0

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 78 461	\$ 72 208
Cash	52	64
Subscriptions receivable	—	50
Dividends receivable, interest accrued and other assets	68	60
TOTAL ASSETS	78 581	72 382
LIABILITIES		
Due to investment dealers	—	1 746
Accounts payable and accrued expenses	4	1
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	4	1 747
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 78 577	\$ 70 635
Investments at cost	\$ 78 670	\$ 71 312
NAV SERIES 0	\$ 78 577	\$ 70 635
NAV PER UNIT SERIES 0	\$ 11.70	\$ 11.75

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 1 074	\$ 289
Net realized gain (loss) on investments	(15)	34
Change in unrealized gain (loss) on investments	(1 105)	5 149
TOTAL INCOME (LOSS)	(46)	5 472
EXPENSES (see notes – Fund Specific Information)		
Administration fees	7	5
Independent Review Committee costs	1	2
GST/HST	1	1
Expenses reimbursed by manager	—	(2)
TOTAL EXPENSES	9	6
INCREASE (DECREASE) IN NAV	\$ (55)	\$ 5 466
INCREASE (DECREASE) IN NAV SERIES 0	\$ (55)	\$ 5 466
INCREASE (DECREASE) IN NAV PER UNIT SERIES 0	\$ (0.01)	\$ 1.24

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)	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (55)	\$ 5 466
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(686)	(12)
Net realized loss (gain) on investments	15	(34)
Change in unrealized loss (gain) on investments	1 105	(5 149)
(Increase) decrease in accrued receivables	(8)	(6)
Increase (decrease) in accrued payables	3	2
Cost of investments purchased	(15 466)	(13 442)
Proceeds on sales of investments	7 033	7 131
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(8 059)	(6 044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	12 525	12 038
Cash paid on redemption of redeemable units	(4 478)	(6 022)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 8 047	\$ 6 016
Net increase (decrease) in cash for the period	(12)	(28)
Cash (bank overdraft), beginning of period	64	59
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 52	\$ 31
Interest received (paid)	\$ 380	\$ 273
Dividends received, net of withholding taxes	\$ —	\$ —

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

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 0	
	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 70 635	\$ 49 142
INCREASE (DECREASE) IN NAV	(55)	5 466
Early redemption fees	—	—
Proceeds from redeemable units issued	12 475	11 440
Reinvestments of distributions to holders of redeemable units	—	24
Redemption of redeemable units	(4 478)	(6 302)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	7 997	5 162
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	7 942	10 628
NAV AT END OF PERIOD	\$ 78 577	\$ 59 770

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND

June 30, 2017

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 2017	December 31 2016
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 2017	December 31 2016
Federal Bonds	99.9	99.7
Cash/Other	0.1	0.3
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 2017	December 31 2016
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, 2017, 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 25.6% (December 31, 2016 – 26.0%). 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	—	—	—	—
Fixed-income and debt securities	—	78 461	—	78 461
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	78 461	—	78 461
% of total portfolio	—	100.0	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	—	—	—	—
Fixed-income and debt securities	—	70 410	—	70 410
Short-term investments	—	1 798	—	1 798
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	72 208	—	72 208
% of total portfolio	—	100.0	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND

June 30, 2017

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series 0		
Opening units	6 007	4 330
Issued number of units	1 092	972
Reinvested number of units	–	2
Redeemed number of units	(383)	(540)
Ending number of units	6 716	4 764

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 2017	December 31 2016
Phillips, Hager & North LifeTime 2020 Fund	–	2.5
Phillips, Hager & North LifeTime 2025 Fund	10.6	13.1
Phillips, Hager & North LifeTime 2030 Fund	19.5	20.0
Phillips, Hager & North LifeTime 2035 Fund	21.8	21.2
Phillips, Hager & North LifeTime 2040 Fund	18.1	17.9
Phillips, Hager & North LifeTime 2045 Fund	26.3	22.5
Phillips, Hager & North LifeTime 2050 Fund	3.7	2.8
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 MONTHLY INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES				
33 000	Bank of Montreal, Preferred Series 29, 3.900%	\$ 722	\$ 713	
111 300	Bank of Montreal, Preferred Series 31, 3.800%	1 952	2 390	
94 800	Bank of Montreal, Preferred Series 38, 4.850%	2 435	2 492	
30 500	Bank of Montreal, Preferred Series 40, 4.500%	763	785	
119 800	Bank of Nova Scotia, Preferred Series 20, 5.000%	3 035	2 957	
40 000	Brookfield Asset Management Inc., Preferred Series 2, 2.100%	701	520	
12 800	Brookfield Asset Management Inc., Preferred Series 26, 4.500%	229	259	
52 200	Brookfield Asset Management Inc., Preferred Series 32, 4.500%	1 313	1 260	
48 300	Brookfield Asset Management Inc., Preferred Series 37, 4.900%	912	1 134	
34 600	Brookfield Asset Management Inc., Preferred Series 40, 4.500%	865	826	
91 400	Brookfield Asset Management Inc., Preferred Series 42, 4.500%	2 285	2 205	
15 300	Brookfield Asset Management Inc., Preferred Series 44, 5.000%	402	403	
186 500	Brookfield Asset Management Inc., Preferred Series 46, 4.800%	4 738	4 875	
103 225	Canadian Utilities Ltd., Preferred Series CC, 4.500%	2 298	2 322	
169 900	Canadian Utilities Ltd., Preferred Series DD, 4.500%	3 790	3 828	
33 000	Canadian Utilities Ltd., Preferred Series FF, 4.500%	825	892	
15 600	CU Inc., Preferred Series 4, 3.800%	338	249	
219 300	Enbridge Inc., Preferred Series 3, 4.000%	5 340	4 355	
20 900	Enbridge Inc., Preferred Series 11, 4.400%	523	443	
42 900	Enbridge Inc., Preferred Series 17, 5.150%	1 103	1 126	
102 800	Enbridge Inc., Preferred Series B, 4.000%	2 383	1 947	
79 400	Enbridge Inc., Preferred Series D, 4.000%	1 968	1 537	
92 900	Enbridge Inc., Preferred Series F, 4.000%	2 318	1 883	
132 500	Enbridge Inc., Preferred Series H, 4.000%	3 167	2 437	
28 900	Enbridge Inc., Preferred Series P, 4.000%	687	584	
153 700	Enbridge Inc., Preferred Series R, 4.000%	3 734	3 112	

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES (cont.)				
64 325	Fortis Inc., Preferred Series J, 4.750%	\$ 1 554	\$ 1 512	
35 300	Fortis Inc., Preferred Series M, 4.100%	883	826	
123 700	Great-West Lifeco Inc., Preferred Series G, 5.200%	2 837	3 105	
96 800	Great-West Lifeco Inc., Preferred Series M, 5.800%	2 443	2 509	
169 700	Great-West Lifeco Inc., Preferred Series N, 3.650%	3 643	2 851	
72 600	Great-West Lifeco Inc., Preferred Series P, 5.400%	1 815	1 840	
21 700	Great-West Lifeco Inc., Preferred Series Q, 5.150%	537	543	
31 200	Great-West Lifeco Inc., Preferred Series S, 5.250%	780	790	
24 300	Great-West Lifeco Inc., Preferred Series T, 5.150%	608	611	
25 000	Husky Energy Inc., Preferred Series 3, 4.500%	559	587	
31 200	Manulife Financial Corporation, Preferred Series 2, 4.650%	732	730	
113 100	Manulife Financial Corporation, Preferred Series 19, 3.800%	2 828	2 493	
45 800	Manulife Financial Corporation, Preferred Series 21, 5.600%	1 230	1 236	
91 600	Manulife Financial Corporation, Preferred Series 23, 4.850%	2 359	2 365	
104 900	National Bank of Canada, Preferred Series 32, 3.900%	2 624	2 276	
54 100	National Bank of Canada, Preferred Series 36, 5.400%	1 361	1 454	
19 000	Power Financial Corp., Preferred Series T, 4.200%	475	439	
50 800	Royal Bank of Canada, Preferred Series AA, 4.450%*	1 257	1 284	
25 000	Royal Bank of Canada, Preferred Series AB, 4.700%*	622	634	
130 600	Royal Bank of Canada, Preferred Series AC, 4.600%*	3 183	3 303	
36 000	Royal Bank of Canada, Preferred Series AD, 4.500%*	864	909	
40 000	Royal Bank of Canada, Preferred Series AG, 4.500%*	1 010	1 011	
120 400	Royal Bank of Canada, Preferred Series AJ, 5.000%*	2 914	2 979	
160 600	Royal Bank of Canada, Preferred Series BD, 3.600%*	3 957	3 793	
48 880	Royal Bank of Canada, Preferred Series BF, 3.600%*	1 103	1 131	
13 800	Royal Bank of Canada, Preferred Series BM, 5.500%*	373	373	
40 400	Sun Life Financial Inc., Preferred Series 1, 4.750%	901	957	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

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Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES (cont.)				
92 300	Sun Life Financial Inc., Preferred Series 3, 4.450%	\$ 1 953	\$ 2 056	
58 900	Sun Life Financial Inc., Preferred Series 4, 4.450%	1 253	1 311	
51 100	Sun Life Financial Inc., Preferred Series 5, 4.500%	1 077	1 143	
30 000	Sun Life Financial Inc., Preferred Series 8R, 4.350%	647	518	
163 800	Toronto-Dominion Bank, Preferred Series 3, 3.800%	3 920	3 566	
32 400	Toronto-Dominion Bank, Preferred Series 7, 3.600%	752	769	
145 400	Toronto-Dominion Bank, Preferred Series 12, 5.500%	3 949	3 939	
75 200	Toronto-Dominion Bank, Preferred Series 14, 4.850%	1 908	1 980	
134 400	Toronto-Dominion Bank, Preferred Series S, 5.000%	3 360	3 368	
91 100	Toronto-Dominion Bank, Preferred Series Y, 5.100%	2 294	2 283	
68 800	TransCanada Corp., Preferred Series 1, 4.600%	1 563	1 341	
89 300	TransCanada Corp., Preferred Series 3, 4.000%	1 774	1 336	
43 200	TransCanada Corp., Preferred Series 5, 4.400%	969	694	
56 300	TransCanada Corp., Preferred Series 7, 4.000%	1 292	1 248	
90 500	TransCanada Corp., Preferred Series 11, 3.800%	2 252	2 210	
113 100	TransCanada Corp., Preferred Series 13, 5.500%	3 016	3 053	
159 600	TransCanada Corp., Preferred Series 15, 4.900%	4 086	4 183	
87 050	Westcoast Energy Inc., Preferred Series 12, 5.200%	2 253	2 296	
TOTAL PREFERRED EQUITIES		130 596	125 369	5.5
COMMON EQUITIES				
Consumer Discretionary				
139 600	Cineplex Inc.	6 090	7 379	
142 500	Dollarama Inc.	12 003	17 657	
350 300	Gildan Activewear Inc., Class A	13 218	13 959	
751 200	Quebecor Inc., Class B	27 220	32 242	
72 700	Restaurant Brands International Inc.	5 910	5 899	
293 500	Shaw Communications Inc., Class B	8 830	8 303	
		73 271	85 439	3.7
Consumer Staples				
581 300	Alimentation Couche-Tard Inc.	33 484	36 134	
		33 484	36 134	1.6
Energy				
1 026 550	ARC Resources Ltd.	19 537	17 410	
526 300	Canadian Natural Resources Ltd.	21 034	19 694	
2 268 700	Cenovus Energy Inc.	40 235	21 689	
1 788 557	Crescent Point Energy Corp.	31 914	17 742	
1 545 080	Enbridge Inc.	80 429	79 819	

Holdings	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
687 400	Keyera Corp.	\$ 26 392	\$ 28 060	
185 132	Parkland Fuel Corp., Restricted September 10, 2017	5 128	5 393	
76 065	Parkland Fuel Corp., Subscription Receipts	1 864	2 352	
224 000	Pembina Pipeline Corp.	7 198	9 621	
447 796	PrairieSky Royalty Ltd.	11 840	13 223	
500 200	Seven Generations Energy Ltd.	14 957	11 109	
432 578	Tourmaline Oil Corp.	13 971	12 060	
211 286	TransCanada Corp.	12 360	13 062	
		286 859	251 234	11.0
Financials				
251 300	Bank of Montreal	23 349	23 929	
974 800	Bank of Nova Scotia	69 755	76 044	
894 800	Brookfield Asset Management Inc., Class A	38 511	45 536	
393 500	Canadian Imperial Bank of Commerce	41 032	41 471	
25 000	CI Financial Corp.	724	691	
1 316 600	Element Fleet Management Corp.	15 816	11 718	
31 000	Fairfax Financial Holdings Ltd.	18 128	17 422	
66 000	Intact Financial Corp.	6 285	6 465	
42 366	Intact Financial Corp., Subscription Receipts	3 891	4 085	
1 423 400	Manulife Financial Corporation	29 521	34 603	
1 034 010	Royal Bank of Canada*	80 428	97 362	
483 600	Sun Life Financial Inc.	21 985	22 420	
164 600	Thomson Corp.	9 634	9 883	
1 559 900	Toronto-Dominion Bank	87 326	101 939	
		446 385	493 568	21.6
Industrials				
167 400	Canadian National Railway Co.	14 489	17 614	
106 200	Canadian Pacific Railway Ltd.	20 394	22 159	
657 500	Finning International Inc.	16 019	16 714	
154 800	Ritchie Bros. Auctioneers Inc.	6 567	5 768	
736 900	Stantec Inc.	23 339	24 060	
339 900	Waste Connections Inc.	22 705	28 392	
		103 513	114 707	5.0
Information Technology				
149 800	CGI Group Inc., Class A	9 377	9 926	
10 900	Constellation Software Inc.	5 923	7 395	
		15 300	17 321	0.8
Materials				
149 500	Agnico Eagle Mines Ltd.	8 393	8 743	
76 600	Agrium Inc.	9 176	9 003	
280 000	CCL Industries, Class B	13 582	18 371	
724 500	First Quantum Minerals Ltd.	10 393	7 948	
86 400	Franco-Nevada Corp.	7 428	8 084	
308 300	Goldcorp Inc.	5 810	5 155	
267 500	Teck Resources Ltd., Class B	7 703	6 013	
		62 485	63 317	2.8
Real Estate				
593 000	Brookfield Property Partners LP	17 135	18 193	
120 600	Canadian Real Estate Investment Trust	5 622	5 532	
586 900	First Capital Realty Inc.	11 749	11 597	
		34 506	35 322	1.5

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
95 780	Rogers Communications Inc., Class B	\$ 4 909	\$ 5 867	
128 000	TELUS Corp.	5 399	5 731	
		10 308	11 598	0.5
Utilities				
260 664	Boralex Inc., Class A	4 340	5 724	
310 550	Brookfield Infrastructure Partners LP	12 427	16 472	
531 300	Fortis Inc.	22 031	24 217	
		38 798	46 413	2.0
TOTAL COMMON EQUITIES		1 104 909	1 155 053	50.5

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
8 307 910	Phillips, Hager & North High Yield Bond Fund*	\$ 95 873	\$ 96 062	
11 729 783	RBC High Yield Bond Fund*	125 187	128 698	
TOTAL MUTUAL FUND UNITS		221 060	224 760	9.8

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	\$ 1 629	
TOTAL AUSTRALIA BONDS				1 620	1 629	0.1
CANADIAN BONDS						
CORPORATE						
391	Access Justice Durham Ltd.	5.015	31-Aug-2039	430	453	
685	Access Prairies Partnership	4.232	01-Mar-2048	685	725	
511	Aéroports de Montréal	6.950	16-Apr-2032	693	682	
205	Aéroports de Montréal	5.170	17-Sep-2035	269	266	
455	Aéroports de Montréal	5.670	16-Oct-2037	644	633	
225	Aéroports de Montréal	3.919	26-Sep-2042	240	258	
360	Aéroports de Montréal	3.918	12-Jun-2045	408	415	
1 440	Aéroports de Montréal	3.360	24-Apr-2047	1 479	1 516	
836	Alectra Inc.	3.033	25-Jul-2022	832	872	
1 030	Alectra Inc.	2.488	17-May-2027	1 030	1 015	
665	Alliance Pipeline LP	4.928	16-Dec-2019	718	697	
2 277	Alliance Pipeline LP	7.181	30-Jun-2023	2 724	2 614	
550	Alliance Pipeline LP	5.546	31-Dec-2023	610	586	
2 164	Alliance Pipeline LP	6.765	31-Dec-2025	2 573	2 515	
1 390	Alliance Pipeline LP	7.217	31-Dec-2025	1 688	1 644	
1 380	AltaLink Investments LP	3.265	05-Jun-2020	1 383	1 422	
1 709	AltaLink Investments LP	2.244	07-Mar-2022	1 709	1 702	
530	AltaLink LP	5.381	26-Mar-2040	635	690	
7 625	Bank of Montreal	4.550	01-Aug-2017	8 143	7 646	
1 867	Bank of Montreal	2.240	11-Dec-2017	1 883	1 876	
545	Bank of Montreal	6.020	02-May-2018	611	566	
3 450	Baytex Energy Corp. USD	5.125	01-Jun-2021	3 664	3 993	
345	Bell Canada	4.400	16-Mar-2018	364	352	
475	Bell Canada	4.880	26-Apr-2018	508	488	
1 005	Bow Centre Street LP	3.690	14-Jun-2021	1 001	1 002	
405	Bow Centre Street LP	3.693	14-Jun-2022	402	397	
1 750	Bow Centre Street LP	3.797	13-Jun-2023	1 750	1 689	
802	Brookfield Asset Management Inc.	4.540	31-Mar-2023	847	872	
1 314	Brookfield Asset Management Inc.	5.040	08-Mar-2024	1 334	1 465	
4 865	Brookfield Asset Management Inc.	4.820	28-Jan-2026	4 974	5 385	
2 225	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	2 229	2 285	
1 420	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	1 437	1 428	
600	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	664	653	
1 320	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	1 420	1 441	
510	Bruce Power LP	2.844	23-Jun-2021	510	520	

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PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
645	Bruce Power LP	3.000	21-Jun-2024	\$ 645	\$ 650	
2 470	Bruce Power LP	4.010	21-Jun-2029	2 483	2 580	
1 340	Cameco Corp.	5.670	02-Sep-2019	1 504	1 416	
980	Cameco Corp.	3.750	14-Nov-2022	986	986	
1 835	Cameco Corp.	4.190	24-Jun-2024	1 838	1 864	
235	Canadian Utilities Ltd.	9.400	01-May-2023	343	321	
3 220	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	3 346	3 293	
1 086	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	1 089	1 077	
815	Cominar Real Estate Investment Trust	4.247	23-May-2023	815	791	
955	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	955	971	
555	Crosslinx Transit Solutions GP	4.555	30-Jun-2051	535	560	
1 065	CU Inc.	6.145	22-Nov-2017	1 211	1 085	
555	CU Inc.	9.920	01-Apr-2022	806	739	
1 150	CU Inc.	6.215	06-Mar-2024	1 362	1 415	
500	CU Inc.	5.556	30-Oct-2037	607	658	
855	CU Inc.	4.558	07-Nov-2053	869	1 032	
2 915	CU Inc.	4.094	19-Oct-2054	2 915	3 246	
1 415	CU Inc.	4.211	29-Oct-2055	1 434	1 624	
577	Dufferin Wind Power Inc.	4.317	30-Nov-2033	577	598	
2 578	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	2 607	2 581	
5 500	Emera Inc.	4.830	02-Dec-2019	6 037	5 868	
1 147	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	1 299	1 281	
1 285	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	1 285	1 358	
565	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	565	560	
565	Enbridge Gas Distribution Inc.	5.210	25-Feb-2036	692	697	
305	Enbridge Gas Distribution Inc.	4.500	23-Nov-2043	362	357	
730	Enbridge Inc.	4.770	02-Sep-2019	793	773	
2 000	Enbridge Inc.	4.260	01-Feb-2021	2 056	2 129	
1 615	Enbridge Inc.	3.160	11-Mar-2021	1 646	1 656	
1 350	Enbridge Inc.	5.120	28-Sep-2040	1 394	1 485	
1 990	Enbridge Income Fund	2.920	14-Dec-2017	2 000	2 004	
265	Enbridge Income Fund	4.100	22-Feb-2019	277	274	
1 240	Enbridge Pipelines Inc.	3.790	17-Aug-2023	1 309	1 323	
3 915	Enbridge Pipelines Inc.	3.450	29-Sep-2025	3 948	4 093	
1 480	Enbridge Pipelines Inc.	6.050	12-Feb-2029	1 882	1 828	
185	Enbridge Pipelines Inc.	5.330	06-Apr-2040	235	225	
1 950	Enbridge Pipelines Inc.	4.130	09-Aug-2046	1 953	2 030	
2 100	Enbridge Southern Lights LP	4.014	30-Jun-2040	2 100	2 114	
1 560	Fortis Inc.	2.850	12-Dec-2023	1 562	1 582	
295	FortisAlberta Inc.	5.850	15-Apr-2038	375	398	
310	FortisAlberta Inc.	3.340	21-Sep-2046	309	301	
361	FortisBC Energy Inc.	6.500	01-May-2034	461	503	
600	FortisBC Energy Inc.	5.550	25-Sep-2036	685	786	
740	FortisBC Inc.	5.900	04-Jul-2047	973	1 065	
643	Grand Renewable Solar LP	3.926	31-Jan-2035	643	643	
640	Greater Toronto Airports Authority	3.040	21-Sep-2022	681	673	
140	Greater Toronto Airports Authority	7.100	04-Jun-2031	207	206	
425	Greater Toronto Airports Authority	6.980	15-Oct-2032	600	630	
240	Greater Toronto Airports Authority	6.470	02-Feb-2034	338	349	
310	Greater Toronto Airports Authority	5.630	07-Jun-2040	409	439	
290	Greater Toronto Airports Authority	4.530	02-Dec-2041	350	362	
2 879	H2O Power LP	3.310	30-Nov-2029	2 879	2 932	
1 657	Husky Energy Inc.	3.550	12-Mar-2025	1 613	1 676	
944	Hydro One Inc.	1.480	18-Nov-2019	944	943	
530	Hydro One Inc.	6.930	01-Jun-2032	781	757	
1 345	Hydro One Inc.	6.350	31-Jan-2034	1 751	1 858	
470	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	478	473	

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PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
1 096	Kingston Solar LP	3.571	31-Jul-2035	\$ 1 096	\$ 1 075	
410	Lower Mattagami Energy LP	2.307	21-Oct-2026	410	400	
340	Lower Mattagami Energy LP	5.139	18-May-2041	446	432	
1 225	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	1 225	1 296	
1 556	Maritimes & Northeast Pipeline LP	6.900	30-Nov-2019	1 753	1 648	
8 250	MEG Energy Corp. USD	6.500	15-Jan-2025	10 874	9 776	
1 587	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	1 587	1 629	
665	Mountain View Partners GP	3.974	31-Mar-2051	665	673	
2 191	North Battleford Power LP	4.958	31-Dec-2032	2 276	2 463	
845	North West Redwater Partnership	2.800	01-Jun-2027	843	830	
2 470	North West Redwater Partnership	4.250	01-Jun-2029	2 461	2 695	
275	North West Redwater Partnership	4.150	01-Jun-2033	275	296	
565	North West Redwater Partnership	3.650	01-Jun-2035	565	571	
595	North West Redwater Partnership	4.750	01-Jun-2037	591	682	
400	Northland Power Solar Finance One LP	4.397	30-Jun-2032	400	424	
430	Nova Scotia Power Inc.	8.850	19-May-2025	619	600	
400	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	543	532	
3 293	Pembina Pipeline Corp.	3.540	03-Feb-2025	3 303	3 367	
884	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	956	961	
427	Power Corp of Canada	4.810	31-Jan-2047	429	479	
598	Precision Drilling Corp. USD	6.625	15-Nov-2020	671	764	
910	PSS Generating Station LP	4.795	24-Oct-2067	910	999	
1 545	Ridley Grain Ltd.	5.227	01-Aug-2024	1 545	1 647	
3 287	Royal Bank of Canada*	2.820	12-Jul-2018	3 368	3 333	
1 900	Royal Bank of Canada*	2.890	11-Oct-2018	1 956	1 933	
1 451	SEC LP and Arci Ltd.	5.188	29-Aug-2033	1 451	1 524	
3 786	Seven Generations Energy Ltd. USD	8.250	15-May-2020	5 011	5 143	
1 010	SGTP Highway Bypass LP	4.105	31-Jan-2045	1 010	1 077	
405	Sun Life Financial Inc.	2.770	13-May-2024	410	411	
1 455	TELUS Corp.	4.750	17-Jan-2045	1 473	1 551	
3 875	Teranet Holdings LP	4.807	16-Dec-2020	4 128	4 141	
401	Teranet Holdings LP	5.754	17-Dec-2040	391	445	
750	Toromont Industries Ltd.	3.710	30-Sep-2025	750	763	
1 195	TransCanada Pipelines Ltd.	4.350	06-Jun-2046	1 199	1 304	
789	Transcanada Trust	4.650	18-May-2077	789	793	
2 085	TransEd Partners GP	3.951	30-Sep-2050	1 928	2 045	
185	Union Gas Ltd.	9.700	06-Nov-2017	229	190	
600	Union Gas Ltd.	8.750	03-Aug-2018	745	643	
433	Union Gas Ltd.	3.790	10-Jul-2023	449	469	
660	Union Gas Ltd.	2.810	01-Jun-2026	660	671	
717	Union Gas Ltd.	4.200	02-Jun-2044	761	809	
620	Union Gas Ltd.	3.800	01-Jun-2046	641	658	
390	Westcoast Energy Inc.	5.600	16-Jan-2019	430	412	
725	Westcoast Energy Inc.	3.883	28-Oct-2021	748	770	
285	Westcoast Energy Inc.	6.750	15-Dec-2027	367	365	
315	Westcoast Energy Inc.	4.791	28-Oct-2041	338	348	
540	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	530	558	
376	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	468	485	
				187 963	189 961	8.3
FEDERAL						
10 469	Canada Housing Trust No. 1	1.250	15-Dec-2020	10 435	10 371	
3 433	Canada Housing Trust No. 1	3.350	15-Dec-2020	3 771	3 642	
30 090	Canada Housing Trust No. 1	1.250	15-Jun-2021	30 106	29 652	
5 658	Canada Housing Trust No. 1	1.150	15-Dec-2021	5 545	5 524	
5 208	Canada Housing Trust No. 1	1.500	15-Dec-2021	5 235	5 163	
8 626	Canada Housing Trust No. 1	2.650	15-Mar-2022	9 197	8 981	
18 266	Canada Housing Trust No. 1	1.750	15-Jun-2022	18 396	18 262	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
2 397	Canada Housing Trust No. 1	2.350	15-Jun-2027	\$ 2 445	\$ 2 425	
33 121	Government of Canada	0.750	01-Aug-2019	32 947	32 869	
14 795	Government of Canada	1.500	01-Mar-2020	15 043	14 922	
17 431	Government of Canada	3.500	01-Jun-2020	19 229	18 579	
29 888	Government of Canada	0.750	01-Sep-2020	29 821	29 452	
13 121	Government of Canada	0.750	01-Mar-2021	13 156	12 869	
23 520	Government of Canada	3.250	01-Jun-2021	26 007	25 256	
10 114	Government of Canada	0.750	01-Sep-2021	10 033	9 876	
15 224	Government of Canada	0.500	01-Mar-2022	14 638	14 624	
4 783	Government of Canada	2.750	01-Jun-2022	5 271	5 088	
7 555	Government of Canada	1.500	01-Jun-2023	7 601	7 559	
3 366	Government of Canada	2.500	01-Jun-2024	3 625	3 573	
268	Government of Canada	2.250	01-Jun-2025	286	280	
915	Government of Canada	1.500	01-Jun-2026	919	900	
595	Government of Canada	1.000	01-Jun-2027	568	555	
1 095	Government of Canada	3.500	01-Dec-2045	1 389	1 407	
3 046	Government of Canada	1.250	01-Dec-2047	3 587	3 619	
4 084	Government of Canada	2.750	01-Dec-2048	4 711	4 663	
				273 961	270 111	11.8
PROVINCIAL/MUNICIPAL						
525	City of Montreal	3.150	01-Dec-2036	524	525	
191	City of Ottawa	3.100	27-Jul-2048	189	185	
125	City of Toronto	3.400	21-May-2024	134	133	
840	City of Vancouver	2.700	15-Dec-2026	839	844	
10	Hospital for Sick Children	5.217	16-Dec-2049	10	13	
3 536	Ontario Electricity Financial Corp.	8.500	26-May-2025	5 118	5 062	
6 908	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	10 267	10 047	
622	Ontrea Inc.	4.619	09-Apr-2018	622	636	
980	OPB Finance Trust	2.950	02-Feb-2026	1 006	1 009	
3 940	OPB Finance Trust	2.980	25-Jan-2027	3 951	4 041	
7 531	Province of Alberta	2.350	01-Jun-2025	7 694	7 529	
417	Province of Alberta	3.900	01-Dec-2033	455	470	
2 546	Province of Alberta	3.450	01-Dec-2043	2 840	2 720	
6 498	Province of Alberta	3.300	01-Dec-2046	6 868	6 780	
834	Province of Manitoba	4.050	05-Sep-2045	911	984	
7 600	Province of Manitoba	2.850	05-Sep-2046	6 968	7 249	
1 669	Province of New Brunswick	3.650	03-Jun-2024	1 846	1 817	
1 284	Province of New Brunswick	4.800	03-Jun-2041	1 498	1 644	
1 836	Province of New Brunswick	3.550	03-Jun-2043	1 780	1 970	
3 458	Province of New Brunswick	3.800	14-Aug-2045	3 669	3 880	
2 694	Province of Newfoundland and Labrador	3.300	17-Oct-2046	2 522	2 710	
7 633	Province of Ontario	2.850	02-Jun-2023	8 229	7 966	
9 055	Province of Ontario	8.100	08-Sep-2023	12 822	12 173	
857	Province of Ontario	7.500	07-Feb-2024	1 193	1 136	
4 164	Province of Ontario	3.500	02-Jun-2024	4 575	4 513	
1 416	Province of Ontario	2.600	02-Jun-2025	1 472	1 447	
10 157	Province of Ontario	8.500	02-Dec-2025	15 322	14 824	
9 577	Province of Ontario	7.600	02-Jun-2027	14 086	13 918	
15 053	Province of Ontario	6.200	02-Jun-2031	21 129	21 107	
15 842	Province of Ontario	5.600	02-Jun-2035	22 084	21 989	
13 300	Province of Ontario	4.600	02-Jun-2039	17 405	16 897	
601	Province of Ontario	4.650	02-Jun-2041	810	776	
22 240	Province of Ontario	3.500	02-Jun-2043	23 742	24 422	
2 062	Province of Ontario	2.900	02-Dec-2046	2 013	2 038	
7 485	Province of Ontario	2.800	02-Jun-2048	7 305	7 281	
245	Province of Quebec	4.250	01-Dec-2021	274	270	
4 847	Province of Quebec	9.375	16-Jan-2023	7 223	6 695	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
10 769	Province of Quebec	8.500	01-Apr-2026	\$ 16 337	\$ 15 865	
714	Province of Quebec	2.750	01-Sep-2027	733	733	
4 090	Province of Quebec	6.000	01-Oct-2029	5 403	5 526	
230	Province of Quebec	5.750	01-Dec-2036	331	329	
1 677	Province of Quebec	3.500	01-Dec-2045	1 828	1 854	
2 044	Province of Quebec	3.500	01-Dec-2048	2 222	2 286	
1 267	Province of Saskatchewan	2.550	02-Jun-2026	1 273	1 280	
798	Province of Saskatchewan	6.400	05-Sep-2031	1 193	1 132	
1 811	Province of Saskatchewan	3.900	02-Jun-2045	2 235	2 109	
2 535	Province of Saskatchewan	2.750	02-Dec-2046	2 473	2 399	
2 297	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	2 418	2 445	
500	South Coast British Columbia Transportation Authority	4.450	09-Jun-2044	583	601	
582	University of British Columbia	6.650	01-Dec-2031	779	812	
				257 203	255 071	11.1
TOTAL CANADIAN BONDS				719 127	715 143	31.2
UNITED KINGDOM BONDS						
5 490	National Grid Electricity Transmission Plc. CAD	2.730	20-Sep-2017	5 530	5 507	
1 547	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	1 546	1 586	
TOTAL UNITED KINGDOM BONDS				7 076	7 093	0.3
UNITED STATES BONDS						
1 105	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	1 105	1 095	
900	Anheuser-Busch InBev Finance Inc. CAD	4.320	15-May-2047	900	936	
2 260	AT&T Inc. CAD	3.825	25-Nov-2020	2 293	2 365	
340	AT&T Inc. CAD	2.850	25-May-2024	340	334	
810	AT&T Inc. CAD	4.850	25-May-2047	805	830	
380	Bank of America Corp. CAD	3.228	22-Jun-2022	390	392	
2 685	Bank of America Corp. CAD	2.604	15-Mar-2023	2 685	2 683	
425	Citigroup Inc. CAD	4.650	11-Oct-2022	424	429	
1 415	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	1 396	1 405	
725	Molson Coors International LP CAD	2.250	18-Sep-2018	723	730	
2 580	Molson Coors International LP CAD	2.750	18-Sep-2020	2 567	2 619	
1 006	Molson Coors International LP CAD	2.840	15-Jul-2023	1 006	1 004	
1 300	Molson Coors International LP CAD	3.440	15-Jul-2026	1 300	1 293	
3 520	United Parcel Service Inc. CAD	2.125	21-May-2024	3 516	3 470	
5 874	United States Treasury	3.000	15-Feb-2047	8 088	7 873	
1 830	Wells Fargo & Co. CAD	2.509	27-Oct-2023	1 830	1 809	
2 166	Wells Fargo & Co. CAD	2.975	19-May-2026	2 161	2 137	
TOTAL UNITED STATES BONDS				31 529	31 404	1.4
TOTAL BONDS				759 352	755 269	33.0
MORTGAGE-BACKED SECURITIES						
66	Equitable Bank	4.350	01-Jan-2018	68	66	
33	Peoples Trust	4.200	01-Oct-2019	33	35	
TOTAL MORTGAGE-BACKED SECURITIES				101	101	—
SHORT-TERM INVESTMENTS[†]				61 937	61 937	2.7
TOTAL INVESTMENTS				2 277 955	2 322 489	101.5
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	1 111	—
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(27)	—
TOTAL PORTFOLIO				\$ 2 277 955	2 323 573	101.5
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(35 077)	(1.5)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 2 288 496	100.0

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

June 30, 2017

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 14 579 Sold USD 10 924 @ 1.3346	18-Jul-2017	\$ 417
Bought CAD 4 064 Sold USD 2 967 @ 1.3698	18-Jul-2017	218
Bought CAD 4 078 Sold USD 3 010 @ 1.3549	18-Jul-2017	176
Bought CAD 1 182 Sold USD 880 @ 1.3430	18-Jul-2017	41
Bought CAD 7 448 Sold USD 5 550 @ 1.3420	12-Sep-2017	259
		<u>\$ 1 111</u>

Contracts	Maturity Date	Unrealized Loss
Bought USD 500 Sold CAD 665 @ 0.7516	18-Jul-2017	\$ (17)
Bought USD 350 Sold CAD 463 @ 0.7552	18-Jul-2017	(10)
		<u>\$ (27)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ 1 084</u>

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 0.65% to 1.11% and mature between July 4, 2017 and December 22, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 2 322 489	\$ 2 355 615
Cash	3 973	3 799
Due from investment dealers	21 295	5 814
Subscriptions receivable	552	1 072
Unrealized gain on foreign exchange contracts	1 111	—
Dividends receivable, interest accrued and other assets	6 790	6 795
TOTAL ASSETS	2 356 210	2 373 095
LIABILITIES		
Due to investment dealers	62 091	1 877
Redemptions payable	2 448	3 116
Unrealized loss on foreign exchange contracts	27	160
Distributions payable	1	—
Accounts payable and accrued expenses	3 147	3 352
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	67 714	8 505
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 288 496	\$ 2 364 590
Investments at cost	\$ 2 277 955	\$ 2 262 958
NAV		
SERIES A	\$ 1 695 129	\$ 1 790 651
ADVISOR SERIES	\$ 72 977	\$ 81 979
SERIES H	\$ 51 901	\$ 59 545
SERIES D	\$ 135 695	\$ 135 614
SERIES F	\$ 161 738	\$ 117 816
SERIES I	\$ 9 173	\$ 9 571
SERIES O	\$ 161 883	\$ 169 414
NAV PER UNIT		
SERIES A	\$ 9.55	\$ 9.72
ADVISOR SERIES	\$ 9.55	\$ 9.72
SERIES H	\$ 9.64	\$ 9.81
SERIES D	\$ 10.20	\$ 10.35
SERIES F	\$ 10.41	\$ 10.55
SERIES I	\$ 10.51	\$ 10.64
SERIES O	\$ 11.04	\$ 11.14

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 19 133	\$ 23 935
Interest for distribution purposes	13 154	14 122
Other income (loss)	285	944
Other income received from underlying funds	6 567	6 920
Securities lending revenue (see note 6 in the generic notes)	106	108
Net realized gain (loss) on investments	47 686	(17 301)
Net gain (loss) on foreign currencies and other net assets	(363)	53
Change in unrealized gain (loss) on investments	(46 879)	140 517
TOTAL INCOME (LOSS)	39 689	169 298
EXPENSES (see notes – Fund Specific Information)		
Management fees	16 601	17 577
Administration fees	1 132	1 163
Independent Review Committee costs	1	2
GST/HST	1 687	1 792
Transaction costs	1 038	2 738
TOTAL EXPENSES	20 459	23 272
INCREASE (DECREASE) IN NAV	\$ 19 230	\$ 146 026
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 12 460	\$ 112 467
ADVISOR SERIES	\$ 620	\$ 5 450
SERIES H	\$ 502	\$ 2 726
SERIES D	\$ 1 508	\$ 8 423
SERIES F	\$ 1 271	\$ 4 243
SERIES I	\$ 122	\$ 545
SERIES O	\$ 2 747	\$ 12 172
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.07	\$ 0.53
ADVISOR SERIES	\$ 0.08	\$ 0.53
SERIES H	\$ 0.09	\$ 0.56
SERIES D	\$ 0.11	\$ 0.61
SERIES F	\$ 0.09	\$ 0.64
SERIES I	\$ 0.14	\$ 0.65
SERIES O	\$ 0.18	\$ 0.72

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 19 230	\$ 146 026
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(24)	(39)
Net realized loss (gain) on investments	(46 777)	21 464
Change in unrealized loss (gain) on investments	46 879	(140 517)
(Increase) decrease in accrued receivables	5	2 293
Increase (decrease) in accrued payables	(205)	(416)
Cost of investments purchased	(1 667 276)	(4 951 949)
Proceeds on sales of investments	1 743 813	5 255 255
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	95 645	332 117
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	178 406	107 871
Cash paid on redemption of redeemable units	(266 535)	(432 432)
Distributions paid to holders of redeemable units	(7 342)	(7 460)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (95 471)	\$ (332 021)
Net increase (decrease) in cash for the period	174	96
Cash (bank overdraft), beginning of period	3 799	906
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 3 973	\$ 1 002
Interest received (paid)	\$ 13 201	\$ 14 859
Dividends received, net of withholding taxes	\$ 19 352	\$ 26 395

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series H		Series D	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 790 651	\$ 2 048 442	\$ 81 979	\$ 94 677	\$ 59 545	\$ 40 118	\$ 135 614	\$ 130 065
INCREASE (DECREASE) IN NAV	12 460	112 467	620	5 450	502	2 726	1 508	8 423
Early redemption fees	—	1	—	—	—	—	—	—
Proceeds from redeemable units issued	100 928	53 951	2 694	3 848	322	27 736	10 720	9 532
Reinvestments of distributions to holders of redeemable units	39 971	42 634	1 203	1 344	929	773	2 389	2 244
Redemption of redeemable units	(205 145)	(340 555)	(11 580)	(16 736)	(8 003)	(5 716)	(11 106)	(15 760)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(64 246)	(243 969)	(7 683)	(11 544)	(6 752)	22 793	2 003	(3 984)
Distributions from net income	(43 736)	(47 153)	(1 939)	(2 225)	(1 394)	(1 153)	(3 430)	(3 186)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(43 736)	(47 153)	(1 939)	(2 225)	(1 394)	(1 153)	(3 430)	(3 186)
NET INCREASE (DECREASE) IN NAV	(95 522)	(178 655)	(9 002)	(8 319)	(7 644)	24 366	81	1 253
NAV AT END OF PERIOD	\$ 1 695 129	\$ 1 869 787	\$ 72 977	\$ 86 358	\$ 51 901	\$ 64 484	\$ 135 695	\$ 131 318

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series I		Series O		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 117 816	\$ 66 943	\$ 9 571	\$ 8 160	\$ 169 414	\$ 195 642	\$ 2 364 590	\$ 2 584 047
INCREASE (DECREASE) IN NAV	1 271	4 243	122	545	2 747	12 172	19 230	146 026
Early redemption fees	—	—	—	—	—	—	—	1
Proceeds from redeemable units issued	57 022	7 238	953	1 805	5 247	4 607	177 886	108 717
Reinvestments of distributions to holders of redeemable units	2 466	957	181	162	4 095	4 319	51 234	52 433
Redemption of redeemable units	(13 154)	(12 224)	(1 420)	(1 329)	(15 459)	(37 828)	(265 867)	(430 148)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	46 334	(4 029)	(286)	638	(6 117)	(28 902)	(36 747)	(268 997)
Distributions from net income	(3 683)	(1 590)	(234)	(204)	(4 161)	(4 383)	(58 577)	(59 894)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(3 683)	(1 590)	(234)	(204)	(4 161)	(4 383)	(58 577)	(59 894)
NET INCREASE (DECREASE) IN NAV	43 922	(1 376)	(398)	979	(7 531)	(21 113)	(76 094)	(182 865)
NAV AT END OF PERIOD	\$ 161 738	\$ 65 567	\$ 9 173	\$ 9 139	\$ 161 883	\$ 174 529	\$ 2 288 496	\$ 2 401 182

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

June 30, 2017

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)

Liquidity risk (%)

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 0.3%) of the net assets of the Fund.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 42.9% (December 31, 2016 – 42.8%) 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 2017	December 31 2016
AAA	28.5	25.4
AA	25.2	26.2
A	11.3	12.1
BBB	13.2	17.0
BB	8.8	7.3
B	9.6	9.0
CCC	3.2	2.8
Unrated	0.2	0.2
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 2017	December 31 2016
Canadian Equities	50.5	50.3
Bonds	41.4	42.8
Preferred Equities	5.5	5.1
Cash/Other	2.6	1.8
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 33.0% (December 31, 2016 – 33.0%) 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 2017	December 31 2016
Less than 1 year	3.3	3.6
1 – 5 years	41.9	32.5
5 – 10 years	26.0	30.7
> 10 years	28.8	33.2
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.7	+ 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.

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 275 029	5 393	–	1 280 422
Mutual fund units	224 760	–	–	224 760
Fixed-income				
and debt securities	–	755 370	–	755 370
Short-term investments	–	61 937	–	61 937
Derivatives – assets	–	1 111	–	1 111
Derivatives – liabilities	–	(27)	–	(27)
Total financial instruments	1 499 789	823 784	–	2 323 573
% of total portfolio	64.5	35.5	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 305 148	7 137	–	1 312 285
Mutual fund units	231 114	–	–	231 114
Fixed-income				
and debt securities	–	779 927	–	779 927
Short-term investments	–	32 289	–	32 289
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(160)	–	(160)
Total financial instruments	1 536 262	819 193	–	2 355 455
% of total portfolio	65.2	34.8	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 2017	December 31 2016
Units held		
Advisor Series	143	139
Series H	135	131
Series I	131	127
Series O	71	69
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
High Yield Bond Fund	4.2	2.3	4.2	2.4
RBC High Yield Bond Fund	5.6	6.9	5.6	6.5

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)	2017	2016
Series A		
Opening units	184 156	225 496
Issued number of units	10 329	5 902
Reinvested number of units	4 117	4 641
Redeemed number of units	(21 022)	(37 549)
Ending number of units	177 580	198 490
Advisor Series		
Opening units	8 431	10 422
Issued number of units	275	422
Reinvested number of units	124	146
Redeemed number of units	(1 187)	(1 823)
Ending number of units	7 643	9 167

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2017

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series H		
Opening units	6 067	4 385
Issued number of units	33	2 936
Reinvested number of units	95	83
Redeemed number of units	(813)	(614)
Ending number of units	5 382	6 790

Series D		
Opening units	13 107	13 571
Issued number of units	1 029	991
Reinvested number of units	231	231
Redeemed number of units	(1 067)	(1 635)
Ending number of units	13 300	13 158

Series F		
Opening units	11 171	6 872
Issued number of units	5 371	733
Reinvested number of units	233	97
Redeemed number of units	(1 242)	(1 248)
Ending number of units	15 533	6 454

Series I		
Opening units	900	832
Issued number of units	89	180
Reinvested number of units	17	16
Redeemed number of units	(133)	(135)
Ending number of units	873	893

Series O		
Opening units	15 206	19 159
Issued number of units	466	446
Reinvested number of units	366	416
Redeemed number of units	(1 378)	(3 693)
Ending number of units	14 660	16 328

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	1 038	100	2 738	100
Related-party brokerage commissions*	69	7	209	8
Commission arrangements†	95	9	218	8

* 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 2017	June 30 2016
Fair value of securities loaned	216 862	205 612
Fair value of collateral received	221 479	210 107

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	163	100	172	100
RBC IS (paid)	(49)	(30)	(60)	(35)
Tax withheld	(8)	(5)	(4)	(2)
Fund revenue	106	65	108	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 2017	December 31 2016
Phillips, Hager & North Monthly Income Class	5.0	5.3

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

PHILLIPS, HAGER & NORTH BALANCED FUND

June 30, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
31 393 318	Phillips, Hager & North Bond Fund*	\$ 329 471	\$ 323 970	
23 600 552	Phillips, Hager & North Canadian Equity Underlying Fund*	230 226	275 546	
1 343 636	Phillips, Hager & North Canadian Money Market Fund*	13 436	13 436	
2 204 223	RBC Emerging Markets Equity Fund*	29 480	36 782	
12 660 495	RBC Global Equity Focus Fund*	142 520	190 720	
854 124	RBC High Yield Bond Fund*	9 084	9 372	
4 852 791	RBC QUBE Global Equity Fund*	62 581	62 827	
TOTAL MUTUAL FUND UNITS		816 798	912 653	99.7
SHORT-TERM INVESTMENTS†		4 277	4 277	0.5
TOTAL INVESTMENTS		\$ 821 075	916 930	100.2
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		\$ 915 518		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 0.69% to 0.72% and mature between July 4, 2017 and July 17, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 916 930	\$ 861 686
Cash	246	250
Subscriptions receivable	204	1 035
Dividends receivable, interest accrued and other assets	4	3
TOTAL ASSETS	917 384	862 974
LIABILITIES		
Redemptions payable	1 205	131
Accounts payable and accrued expenses	661	622
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1 866	753
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 915 518	\$ 862 221
Investments at cost	\$ 821 075	\$ 796 832
NAV		
SERIES A	\$ 24 951	\$ 24 070
ADVISOR SERIES	\$ 15 215	\$ 12 629
SERIES D	\$ 822 256	\$ 775 562
SERIES F	\$ 13 888	\$ 11 697
SERIES O	\$ 39 208	\$ 38 263
NAV PER UNIT		
SERIES A	\$ 19.98	\$ 19.31
ADVISOR SERIES	\$ 20.03	\$ 19.36
SERIES D	\$ 20.01	\$ 19.26
SERIES F	\$ 20.00	\$ 19.24
SERIES O	\$ 19.81	\$ 19.05

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 17	\$ 15
Other income received from underlying funds	5 521	5 340
Net realized gain (loss) on investments	2 283	3 695
Change in unrealized gain (loss) on investments	31 001	16 011
TOTAL INCOME (LOSS)	38 822	25 061
EXPENSES (see notes – Fund Specific Information)		
Management fees	3 405	2 950
Administration fees	183	156
Independent Review Committee costs	1	2
GST/HST	267	233
TOTAL EXPENSES	3 856	3 341
INCREASE (DECREASE) IN NAV	\$ 34 966	\$ 21 720
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 844	\$ 508
ADVISOR SERIES	\$ 445	\$ 127
SERIES D	\$ 31 448	\$ 19 695
SERIES F	\$ 521	\$ 214
SERIES O	\$ 1 708	\$ 1 176
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.67	\$ 0.42
ADVISOR SERIES	\$ 0.63	\$ 0.42
SERIES D	\$ 0.77	\$ 0.50
SERIES F	\$ 0.76	\$ 0.50
SERIES O	\$ 0.85	\$ 0.58

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 34 966	\$ 21 720
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(2 283)	(3 695)
Change in unrealized loss (gain) on investments	(31 001)	(16 011)
(Increase) decrease in accrued receivables	(1)	—
Increase (decrease) in accrued payables	39	(3)
Cost of investments purchased	(139 268)	(195 982)
Proceeds on sales of investments	117 308	188 830
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(20 240)	(5 141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	67 250	58 955
Cash paid on redemption of redeemable units	(46 905)	(53 688)
Distributions paid to holders of redeemable units	(109)	(117)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 20 236	\$ 5 150
Net increase (decrease) in cash for the period	(4)	9
Cash (bank overdraft), beginning of period	250	—
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 246	\$ 9
Interest received (paid)	\$ 16	\$ 15
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 24 070	\$ 24 677	\$ 12 629	\$ 5 881	\$ 775 562	\$ 713 802	\$ 11 697	\$ 7 085
INCREASE (DECREASE) IN NAV	844	508	445	127	31 448	19 695	521	214
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	3 075	4 287	3 225	862	52 862	46 053	4 704	4 590
Reinvestments of distributions to holders of redeemable units	—	—	—	—	880	902	11	7
Redemption of redeemable units	(3 038)	(6 175)	(1 084)	(655)	(37 588)	(41 790)	(3 031)	(2 170)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	37	(1 888)	2 141	207	16 154	5 165	1 684	2 427
Distributions from net income	—	—	—	—	(908)	(930)	(14)	(9)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	(908)	(930)	(14)	(9)
NET INCREASE (DECREASE) IN NAV	881	(1 380)	2 586	334	46 694	23 930	2 191	2 632
NAV AT END OF PERIOD	\$ 24 951	\$ 23 297	\$ 15 215	\$ 6 215	\$ 822 256	\$ 737 732	\$ 13 888	\$ 9 717

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 38 263	\$ 39 081	\$ 862 221	\$ 790 526
INCREASE (DECREASE) IN NAV	1 708	1 176	34 966	21 720
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	2 553	2 870	66 419	58 662
Reinvestments of distributions to holders of redeemable units	107	107	998	1 016
Redemption of redeemable units	(3 238)	(4 057)	(47 979)	(54 847)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(578)	(1 080)	19 438	4 831
Distributions from net income	(185)	(194)	(1 107)	(1 133)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(185)	(194)	(1 107)	(1 133)
NET INCREASE (DECREASE) IN NAV	945	(98)	53 297	25 418
NAV AT END OF PERIOD	\$ 39 208	\$ 38 983	\$ 915 518	\$ 815 944

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 36.4% (December 31, 2016 – 37.1%) 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 2017	December 31 2016
AAA	39.2	32.6
AA	32.5	32.3
A	12.9	15.3
BBB	12.4	15.9
BB	1.1	1.4
B	1.1	1.5
CCC	0.1	0.3
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 2017	December 31 2016
Bonds	35.0	37.3
Global Equities	31.4	30.8
Canadian Equities	30.0	31.1
Cash/Other	3.6	0.8
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 36.4% (December 31, 2016 – 37.2%) 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 2017	December 31 2016
Less than 1 year	3.1	3.7
1 – 5 years	41.2	30.2
5 – 10 years	27.4	33.6
> 10 years	28.3	32.5
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 2.7%). 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 2017	December 31 2016
United States dollar	17.6	18.0
Euro	2.9	3.9
Pound sterling	2.4	2.2
South African rand	1.1	1.0
Swiss franc	1.1	0.9
Japanese yen	1.0	1.1
Hong Kong dollar	0.9	0.8
Indian rupee	0.7	–
South Korean won	0.5	–
Danish krone	–	0.7
Other currencies	1.5	1.9
Total	29.7	30.5

As at June 30, 2017, 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, 2016 – 0.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2017

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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	912 652	–	–	912 652
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	4 278	–	4 278
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	912 652	4 278	–	916 930
% of total portfolio	99.5	0.5	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	859 623	–	–	859 623
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	2 063	–	2 063
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	859 623	2 063	–	861 686
% of total portfolio	99.8	0.2	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%	0.04%
Advisor Series	1.75%	0.04%
Series D	0.75%	0.04%
Series F	0.75%	0.04%
Series O	n/a [†]	0.01%

* Effective June 30, 2017, the administration fees for Series A, Advisor Series and Series F units were reduced to 0.04% from 0.08%.

[†] 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 2017	December 31 2016
Units held		
Series A	38	38
Advisor Series	74	74
Series D	40	40
Series F	40	40
Series O	43	43
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 2017 NAV	June 30 2017 Ownership	December 31 2016 NAV	December 31 2016 Ownership
Phillips, Hager & North Bond Fund	35.4	3.3	35.7	3.0
Phillips, Hager & North Canadian Equity Underlying Fund	30.1	11.0	31.2	10.7
Phillips, Hager & North Canadian Money Market Fund	1.5	0.9	0.5	0.3

PHILLIPS, HAGER & NORTH BALANCED FUND

June 30, 2017

	June 30 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
RBC Emerging Markets Equity Fund	4.0	1.2	3.8	1.3
RBC Global Equity Focus Fund	20.8	7.5	20.2	8.1
RBC High Yield Bond Fund	1.0	0.5	1.5	0.6
RBC QUBE Global Equity Fund	6.9	21.8	6.8	16.8

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	1 246	1 325
Issued number of units	155	233
Reinvested number of units	—	—
Redeemed number of units	(152)	(334)
Ending number of units	1 249	1 224
Advisor Series		
Opening units	652	316
Issued number of units	162	45
Reinvested number of units	—	—
Redeemed number of units	(54)	(35)
Ending number of units	760	326
Series D		
Opening units	40 274	38 649
Issued number of units	2 660	2 517
Reinvested number of units	44	49
Redeemed number of units	(1 894)	(2 283)
Ending number of units	41 084	38 932
Series F		
Opening units	608	384
Issued number of units	238	248
Reinvested number of units	1	—
Redeemed number of units	(152)	(119)
Ending number of units	695	513
Series O		
Opening units	2 009	2 140
Issued number of units	129	158
Reinvested number of units	5	6
Redeemed number of units	(164)	(224)
Ending number of units	1 979	2 080

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

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
150 000	Cineplex Inc.	\$ 7 687	\$ 7 929	
12 250	DHX Media Ltd., Subscription Receipts	12 250	12 250	
900 000	EnerCare Inc.	14 193	17 748	
635 000	Magna International Inc., Class A	10 652	38 144	
(500)	Magna International Inc., Class A, Written Call @ 62.00 July 21, 2017	(75)	(16)	
333 000	Restaurant Brands International Inc.	16 563	27 020	
875 000	Shaw Communications Inc., Class B	17 209	24 754	
		78 479	127 829	5.0
Consumer Staples				
440 000	Alimentation Couche-Tard Inc.	28 135	27 350	
930 000	Cott Corporation	15 616	17 419	
100 000	George Weston Ltd.	7 127	11 739	
660 001	Loblaw Companies Ltd.	30 735	47 612	
		81 613	104 120	4.1
Energy				
630 000	ARC Resources Ltd.	13 344	10 685	
873 764	Bonavista Energy Corp.	18 408	2 368	
500 000	Bonterra Energy Corp.	15 541	8 370	
1 175 000	Canadian Natural Resources Ltd.	47 668	43 968	
1 488 300	Cardinal Energy Ltd.	15 924	7 174	
2 325 100	Cenovus Energy Inc.	53 833	22 227	
910 694	Crescent Point Energy Corp.	29 894	9 034	
2 144 200	Enbridge Inc.	66 272	110 769	
450 000	Enbridge Income Fund Holdings Inc.	12 713	14 486	
507 100	Gibson Energy Inc.	10 186	8 499	
240 000	Keyera Corp.	10 347	9 797	
101 600	Parkland Fuel Corp., Restricted September 10, 2017	2 814	2 960	
199 800	Parkland Fuel Corp., Subscription Receipts	4 895	6 178	
650 000	Pembina Pipeline Corp.	19 757	27 918	
545 000	PrairieSky Royalty Ltd.	16 597	16 094	
2 055 000	Suncor Energy Inc.	66 997	77 864	
1 206 800	TransCanada Corp.	48 825	74 604	
275 000	Vermilion Energy Inc.	14 192	11 314	
1 409 404	Whitecap Resources Inc.	16 482	13 051	
		484 689	477 360	18.8
Financials				
744 600	Alaris Royalty Corp.	18 747	17 148	
1 030 000	Bank of Montreal	55 396	98 077	
1 925 000	Bank of Nova Scotia	105 304	150 169	
1 820 000	Brookfield Asset Management Inc., Class A	29 717	92 620	
640 000	Canadian Imperial Bank of Commerce	38 166	67 450	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
550 000	CI Financial Corp.	\$ 12 253	\$ 15 202	
27 600	Fairfax Financial Holdings Ltd.	18 311	15 511	
370 000	Intact Financial Corp.	21 198	36 245	
3 250 000	Manulife Financial Corporation	63 222	79 008	
1 000 000	Power Corporation of Canada	17 067	29 580	
2 310 000	Royal Bank of Canada*	80 151	217 510	
1 065 000	Sun Life Financial Inc.	30 912	49 373	
445 000	Thomson Corp.	14 744	26 718	
2 770 000	Toronto-Dominion Bank	54 647	181 020	
10 705	Trisura Group Ltd.	241	232	
		560 076	1 075 863	42.5
Health Care				
500 000	Medical Facilities Corp.	8 453	7 320	
		8 453	7 320	0.3
Industrials				
1 220 000	Canadian National Railway Co.	32 058	128 368	
175 000	Canadian Pacific Railway Ltd.	17 914	36 514	
250 000	Russel Metals Inc.	6 897	6 490	
185 000	SNC-Lavalin Group Inc.	9 714	10 373	
283 400	Stantec Inc.	8 573	9 253	
407 563	Waste Connections Inc.	24 135	34 044	
		99 291	225 042	8.9
Information Technology				
440 000	Open Text Corp.	16 134	18 009	
		16 134	18 009	0.7
Materials				
100 000	Agrium Inc.	6 429	11 753	
875 000	Chemtrade Logistics Income Fund	16 588	15 916	
240 000	Franco-Nevada Corp.	18 266	22 457	
1 075 000	Goldcorp Inc.	39 308	17 974	
880 000	Potash Corporation of Saskatchewan Inc.	23 641	18 612	
1 060 000	Tahoe Resources Inc.	12 249	11 851	
(2 000)	Tahoe Resources Inc., Written Call @ 13.00 July 21, 2017	(106)	(10)	
450 000	Teck Resources Ltd., Class B	21 042	10 116	
450 000	Wheaton Precious Metals Corp.	11 106	11 592	
		148 523	120 261	4.7
Real Estate				
300 000	Allied Properties Real Estate Investment Trust	9 968	11 676	
830 000	Brookfield Property Partners LP	18 412	25 464	
600 000	First Capital Realty Inc.	8 861	11 856	
1 800 000	Pure Industrial Real Estate Investment Trust	9 578	12 384	
300 000	Smart Real Estate Investment Trust	8 459	9 636	
644 200	WPT Industrial Real Estate Investment Trust	10 892	10 877	
		66 170	81 893	3.2

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

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
1 050 000	BCE Inc.	\$ 38 649	\$ 61 320	
565 000	Rogers Communications Inc., Class B	20 387	34 606	
690 000	TELUS Corp.	18 803	30 891	
		<u>77 839</u>	<u>126 817</u>	<u>5.0</u>
Utilities				
150 000	Atco Ltd., Class I, Non-Voting	1 304	7 607	
425 000	Brookfield Infrastructure Partners LP	7 785	22 542	
515 000	Brookfield Renewable Partners LP	13 252	21 295	
425 000	Canadian Utilities Ltd., Class A	11 878	17 710	
540 000	Crius Energy Trust	4 588	5 600	
239 455	Crius Energy Trust, Subscription Receipts	2 347	2 464	
485 000	Fortis Inc.	14 482	22 106	
271 700	Northland Power Inc.	4 453	6 276	
800 000	Superior Plus Corp.	6 739	9 136	
1 600 000	TransAlta Corp.	14 880	13 264	
		<u>81 708</u>	<u>128 000</u>	<u>5.1</u>
TOTAL CANADIAN EQUITIES		<u>1 702 975</u>	<u>2 492 514</u>	<u>98.3</u>

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
7 800	Element Fleet Management Corp., Convertible	4.250	30-Jun-2020	\$ 7 800	\$ 7 703	
TOTAL CANADIAN BONDS				<u>7 800</u>	<u>7 703</u>	<u>0.3</u>
SHORT-TERM INVESTMENTS†				<u>38 474</u>	<u>38 474</u>	<u>1.5</u>
TOTAL INVESTMENTS				<u>1 749 249</u>	<u>2 538 691</u>	<u>100.1</u>
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				<u>—</u>	<u>4</u>	<u>—</u>
TOTAL PORTFOLIO				<u>\$ 1 749 249</u>	<u>2 538 695</u>	<u>100.1</u>
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>(3 721)</u>	<u>(0.1)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 2 534 974</u>	<u>100.0</u>

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought USD 531 Sold CAD 689 @ 0.7711	05-Jul-2017	\$ —
Bought CAD 688 Sold USD 531 @ 1.2958	18-Aug-2017	—
Bought CAD 807 Sold USD 620 @ 1.3015	12-Sep-2017	4
TOTAL FOREIGN EXCHANGE		<u>\$ 4</u>

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 0.45% to 0.81% and mature between July 4, 2017 and July 24, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 2 538 691	\$ 2 581 572
Cash	2 340	1 899
Subscriptions receivable	1 095	537
Unrealized gain on foreign exchange contracts	4	–
Dividends receivable, interest accrued and other assets	6 792	6 513
TOTAL ASSETS	2 548 922	2 590 521
LIABILITIES		
Due to investment dealers	10 751	–
Redemptions payable	1 673	2 265
Accounts payable and accrued expenses	1 524	1 589
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	13 948	3 854
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 534 974	\$ 2 586 667
Investments at cost	\$ 1 749 249	\$ 1 711 173
NAV		
SERIES A	\$ 71 315	\$ 74 417
ADVISOR SERIES	\$ 10 781	\$ 10 934
SERIES D	\$ 1 642 639	\$ 1 681 957
SERIES F	\$ 51 905	\$ 46 199
SERIES O	\$ 758 334	\$ 773 160
NAV PER UNIT		
SERIES A	\$ 103.94	\$ 103.90
ADVISOR SERIES	\$ 103.97	\$ 103.91
SERIES D	\$ 102.96	\$ 102.91
SERIES F	\$ 103.78	\$ 103.73
SERIES O	\$ 101.35	\$ 101.31

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 40 994	\$ 43 272
Interest for distribution purposes	394	412
Other income (loss)	1 601	1 579
Securities lending revenue (see note 6 in the generic notes)	151	122
Net realized gain (loss) on investments	81 330	(4 218)
Net gain (loss) on foreign currencies and other net assets	129	56
Change in unrealized gain (loss) on investments	(80 953)	177 900
TOTAL INCOME (LOSS)	43 646	219 123
EXPENSES (see notes – Fund Specific Information)		
Management fees	7 924	8 218
Administration fees	646	566
Independent Review Committee costs	1	2
GST/HST	773	792
Transaction costs	288	431
Withholding tax	30	–
TOTAL EXPENSES	9 662	10 009
INCREASE (DECREASE) IN NAV	\$ 33 984	\$ 209 114
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 563	\$ 5 133
ADVISOR SERIES	\$ 91	\$ 530
SERIES D	\$ 19 890	\$ 135 544
SERIES F	\$ 519	\$ 3 136
SERIES O	\$ 12 921	\$ 64 771
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.80	\$ 7.67
ADVISOR SERIES	\$ 0.86	\$ 7.67
SERIES D	\$ 1.24	\$ 7.99
SERIES F	\$ 1.12	\$ 8.16
SERIES O	\$ 1.71	\$ 8.37

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 33 984	\$ 209 114
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(81 109)	4 735
Change in unrealized loss (gain) on investments	80 953	(177 900)
(Increase) decrease in accrued receivables	(279)	426
Increase (decrease) in accrued payables	(65)	(6)
Cost of investments purchased	(850 672)	(1 126 074)
Proceeds on sales of investments	904 456	1 186 580
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	87 268	96 875
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	80 227	69 319
Cash paid on redemption of redeemable units	(158 508)	(158 734)
Distributions paid to holders of redeemable units	(8 546)	(8 289)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (86 827)	\$ (97 704)
Net increase (decrease) in cash for the period	441	(829)
Cash (bank overdraft), beginning of period	1 899	932
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 340	\$ 103
Interest received (paid)	\$ 391	\$ 411
Dividends received, net of withholding taxes	\$ 42 288	\$ 45 278

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 74 417	\$ 59 220	\$ 10 934	\$ 6 470	\$ 1 681 957	\$ 1 498 563	\$ 46 199	\$ 32 131
INCREASE (DECREASE) IN NAV	563	5 133	91	530	19 890	135 544	519	3 136
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	6 297	7 728	1 294	1 247	32 141	24 563	10 755	6 139
Reinvestments of distributions to holders of redeemable units	428	464	68	52	16 661	17 796	503	436
Redemption of redeemable units	(9 915)	(10 183)	(1 534)	(1 239)	(89 742)	(90 852)	(5 457)	(3 057)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(3 190)	(1 991)	(172)	60	(40 940)	(48 493)	5 801	3 518
Distributions from net income	(475)	(505)	(72)	(55)	(18 268)	(19 413)	(614)	(497)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(475)	(505)	(72)	(55)	(18 268)	(19 413)	(614)	(497)
NET INCREASE (DECREASE) IN NAV	(3 102)	2 637	(153)	535	(39 318)	67 638	5 706	6 157
NAV AT END OF PERIOD	\$ 71 315	\$ 61 857	\$ 10 781	\$ 7 005	\$ 1 642 639	\$ 1 566 201	\$ 51 905	\$ 38 288

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 773 160	\$ 667 635	\$ 2 586 667	\$ 2 264 019
INCREASE (DECREASE) IN NAV	12 921	64 771	33 984	209 114
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	30 298	29 861	80 785	69 538
Reinvestments of distributions to holders of redeemable units	5 475	6 057	23 135	24 805
Redemption of redeemable units	(51 268)	(52 855)	(157 916)	(158 186)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(15 495)	(16 937)	(53 996)	(63 843)
Distributions from net income	(12 252)	(12 625)	(31 681)	(33 095)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(12 252)	(12 625)	(31 681)	(33 095)
NET INCREASE (DECREASE) IN NAV	(14 826)	35 209	(51 693)	112 176
NAV AT END OF PERIOD	\$ 758 334	\$ 702 844	\$ 2 534 974	\$ 2 376 195

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

June 30, 2017

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)**Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 0.2%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	42.5	43.2
Energy	18.8	19.1
Industrials	8.9	7.7
Utilities	5.1	5.6
Telecommunication Services	5.0	5.1
Consumer Discretionary	5.0	4.1
Materials	4.7	4.3
Consumer Staples	4.1	3.7
Real Estate	3.2	3.5
Information Technology	0.7	0.6
Health Care	0.3	0.3
Corporate Bonds	0.3	–
Cash/Other	1.4	2.8
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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ 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.

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

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	2 477 304	15 210	–	2 492 514
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	7 703	–	7 703
Short-term investments	–	38 474	–	38 474
Derivatives – assets	–	4	–	4
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 477 304	61 391	–	2 538 695
% of total portfolio	97.6	2.4	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	2 508 275	4 895	–	2 513 170
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	8 081	–	8 081
Short-term investments	–	60 321	–	60 321
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 508 275	73 297	–	2 581 572
% of total portfolio	97.2	2.8	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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.

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	8	8
Advisor Series	15	15
Series D	2	2
Series F	8	8
Series O	9	9
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, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	716	680
Issued number of units	60	88
Reinvested number of units	4	5
Redeemed number of units	(94)	(115)
Ending number of units	686	658

Advisor Series

Opening units	105	74
Issued number of units	12	13
Reinvested number of units	1	1
Redeemed number of units	(14)	(14)
Ending number of units	104	74

Series D

Opening units	16 344	17 377
Issued number of units	307	278
Reinvested number of units	160	193
Redeemed number of units	(857)	(1 035)
Ending number of units	15 954	16 813

Series F

Opening units	445	370
Issued number of units	102	68
Reinvested number of units	5	5
Redeemed number of units	(52)	(35)
Ending number of units	500	408

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series O		
Opening units	7 632	7 862
Issued number of units	294	344
Reinvested number of units	53	67
Redeemed number of units	(497)	(609)
Ending number of units	7 482	7 664

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	288	100	431	100
Related-party brokerage commissions*	43	15	29	7
Commission arrangements†	6	2	13	3

* 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 2017	June 30 2016
Fair value of securities loaned	323 888	328 240
Fair value of collateral received	330 366	334 805

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	244	100	225	100
RBC IS (paid)	(73)	(30)	(79)	(35)
Tax withheld	(20)	(8)	(24)	(11)
Fund revenue	151	62	122	54

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
153 138	Dollarama Inc.	\$ 9 710	\$ 18 975	
307 802	Gildan Activewear Inc., Class A	9 958	12 266	
200 200	Quebecor Inc., Class B	7 611	8 593	
116 252	Restaurant Brands International Inc.	4 921	9 433	
411 287	Shaw Communications Inc., Class B	11 211	11 635	
		43 411	60 902	5.4
Consumer Staples				
455 207	Alimentation Couche-Tard Inc.	12 072	28 296	
		12 072	28 296	2.5
Energy				
964 719	ARC Resources Ltd.	18 835	16 362	
221 249	Cameco Corp.	6 613	2 613	
882 543	Canadian Natural Resources Ltd.	31 643	33 025	
1 398 219	Cenovus Energy Inc.	26 178	13 367	
1 166 595	Crescent Point Energy Corp.	20 175	11 572	
1 170 596	Enbridge Inc.	56 049	60 472	
305 700	Keyera Corp.	11 796	12 478	
916 300	MEG Energy Corp.	7 652	3 491	
269 800	Pembina Pipeline Corp.	8 661	11 588	
258 506	PrairieSky Royalty Ltd.	6 685	7 634	
488 600	Seven Generations Energy Ltd.	11 487	10 852	
312 152	Suncor Energy Inc.	10 409	11 827	
758 507	Tourmaline Oil Corp.	24 117	21 147	
245 099	TransCanada Corp.	12 781	15 152	
		253 081	231 580	20.6
Financials				
193 563	Bank of Montreal	15 474	18 431	
782 280	Bank of Nova Scotia	43 464	61 026	
856 190	Brookfield Asset Management Inc., Class A	23 241	43 572	
203 191	Canadian Imperial Bank of Commerce	20 936	21 414	
12 570	CI Financial Corp.	393	347	
628 400	Element Fleet Management Corp.	7 974	5 593	
22 400	Fairfax Financial Holdings Ltd.	13 230	12 589	
45 500	Intact Financial Corp.	4 332	4 457	
39 822	Intact Financial Corp., Subscription Receipts	3 658	3 839	
1 513 969	Manulife Financial Corporation	28 293	36 805	
912 423	Royal Bank of Canada*	45 571	85 914	
417 594	Sun Life Financial Inc.	17 387	19 360	
181 880	Thomson Corp.	6 607	10 920	
1 253 255	Toronto-Dominion Bank	33 016	81 900	
		263 576	406 167	36.2

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
313 380	Canadian National Railway Co.	\$ 7 502	\$ 32 974	
64 500	Canadian Pacific Railway Ltd.	12 697	13 458	
166 377	Finning International Inc.	3 850	4 229	
66 100	Stantec Inc.	2 274	2 158	
283 950	Waste Connections Inc.	18 415	23 718	
		44 738	76 537	6.8
Information Technology				
259 549	CGI Group Inc., Class A	9 007	17 198	
9 200	Constellation Software Inc.	4 996	6 241	
315 834	Open Text Corp.	11 201	12 927	
		25 204	36 366	3.2
Materials				
179 105	Agnico Eagle Mines Ltd.	6 969	10 474	
86 817	Agrium Inc.	5 903	10 204	
853 115	B2Gold Corp.	3 378	3 114	
375 500	Barrick Gold Corp.	8 077	7 747	
585 100	Belo Sun Mining Corp.	497	351	
62 300	CCL Industries, Class B	3 334	4 088	
196 600	Continental Gold Inc.	1 467	751	
116 050	Detour Gold Corp.	2 007	1 762	
84 912	Endeavour Mining Corp.	1 599	1 900	
750 707	First Quantum Minerals Ltd.	10 887	8 235	
53 500	Franco-Nevada Corp.	3 486	5 006	
276 292	Goldcorp Inc.	8 026	4 620	
39 400	IAMGOLD Corporation	260	264	
192 300	Kinross Gold Corp.	1 029	1 013	
93 300	Kirkland Lake Gold Ltd.	986	1 145	
259 727	Mountain Province Diamonds Inc.	1 316	1 008	
343 080	OceanaGold Corp.	1 444	1 341	
126 594	Richmont Mines Inc.	1 459	1 279	
180 100	Semafo Inc.	696	538	
46 537	Tahoe Resources Inc.	732	520	
256 900	Teck Resources Ltd., Class B	7 486	5 775	
131 128	Torex Gold Resources Inc.	2 766	3 243	
487 654	Turquoise Hill Resources Ltd.	3 284	1 682	
76 950	Wheaton Precious Metals Corp.	2 445	1 982	
		79 533	78 042	7.0
Real Estate				
505 400	Brookfield Property Partners LP	14 252	15 506	
450 500	First Capital Realty Inc.	9 014	8 902	
		23 266	24 408	2.2
Telecommunication Services				
110 247	Rogers Communications Inc., Class B	3 271	6 753	
255 926	TELUS Corp.	6 518	11 458	
		9 789	18 211	1.6
Utilities				
234 150	Brookfield Infrastructure Partners LP	9 150	12 419	
407 700	Fortis Inc.	16 638	18 583	
		25 788	31 002	2.8
TOTAL CANADIAN EQUITIES		780 458	991 511	88.3

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
4 010 985	Phillips, Hager & North Small Float Fund*	\$ 64 588	\$ 125 032	
TOTAL MUTUAL FUND UNITS		64 588	125 032	11.2
SHORT-TERM INVESTMENTS†		256	256	—
TOTAL INVESTMENTS		<u>\$ 845 302</u>	1 116 799	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			5 542	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$1 122 341</u>	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, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 1 116 799	\$ 1 153 182
Cash	723	1 022
Due from investment dealers	7 046	1 953
Subscriptions receivable	777	569
Dividends receivable, interest accrued and other assets	2 035	1 912
TOTAL ASSETS	1 127 380	1 158 638
LIABILITIES		
Due to investment dealers	4 234	304
Redemptions payable	354	480
Accounts payable and accrued expenses	451	480
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	5 039	1 264
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 122 341	\$ 1 157 374
Investments at cost	\$ 845 302	\$ 813 742
NAV		
SERIES A	\$ 18 146	\$ 22 124
ADVISOR SERIES	\$ 1 324	\$ 1 412
SERIES D	\$ 492 201	\$ 509 894
SERIES F	\$ 11 626	\$ 10 109
SERIES O	\$ 599 044	\$ 613 835
NAV PER UNIT		
SERIES A	\$ 99.90	\$ 101.67
ADVISOR SERIES	\$ 99.98	\$ 101.71
SERIES D	\$ 97.35	\$ 98.61
SERIES F	\$ 99.49	\$ 100.68
SERIES O	\$ 97.24	\$ 98.04

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 13 764	\$ 15 311
Interest for distribution purposes	47	44
Net realized gain (loss) on investments	45 692	(13 176)
Net gain (loss) on foreign currencies and other net assets	(2)	14
Change in unrealized gain (loss) on investments	(67 943)	96 942
TOTAL INCOME (LOSS)	(8 442)	99 135
EXPENSES (see notes – Fund Specific Information)		
Management fees	2 353	2 454
Administration fees	226	205
Independent Review Committee costs	1	2
GST/HST	211	219
Transaction costs	269	417
TOTAL EXPENSES	3 060	3 297
INCREASE (DECREASE) IN NAV	\$ (11 502)	\$ 95 838
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (346)	\$ 1 507
ADVISOR SERIES	\$ (25)	\$ 94
SERIES D	\$ (6 252)	\$ 40 207
SERIES F	\$ (157)	\$ 742
SERIES O	\$ (4 722)	\$ 53 288
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (1.67)	\$ 7.28
ADVISOR SERIES	\$ (1.78)	\$ 7.29
SERIES D	\$ (1.23)	\$ 7.44
SERIES F	\$ (1.45)	\$ 7.70
SERIES O	\$ (0.76)	\$ 7.88

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (11 502)	\$ 95 838
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(45 455)	13 702
Change in unrealized loss (gain) on investments	67 943	(96 942)
(Increase) decrease in accrued receivables	(123)	27
Increase (decrease) in accrued payables	(29)	5
Cost of investments purchased	(467 979)	(743 116)
Proceeds on sales of investments	480 711	777 996
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	23 566	47 510
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	46 710	59 124
Cash paid on redemption of redeemable units	(70 575)	(106 474)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (23 865)	\$ (47 350)
Net increase (decrease) in cash for the period	(299)	160
Cash (bank overdraft), beginning of period	1 022	449
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 723	\$ 609
Interest received (paid)	\$ 48	\$ 44
Dividends received, net of withholding taxes	\$ 13 641	\$ 15 337

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 22 124	\$ 18 743	\$ 1 412	\$ 1 087	\$ 509 894	\$ 448 506	\$ 10 109	\$ 7 583
INCREASE (DECREASE) IN NAV	(346)	1 507	(25)	94	(6 252)	40 207	(157)	742
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 106	3 430	246	155	12 131	14 261	2 752	1 083
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	1	—	—
Redemption of redeemable units	(4 738)	(3 794)	(309)	(95)	(23 572)	(30 217)	(1 078)	(527)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(3 632)	(364)	(63)	60	(11 441)	(15 955)	1 674	556
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	(3 978)	1 143	(88)	154	(17 693)	24 251	1 517	1 298
NAV AT END OF PERIOD	\$ 18 146	\$ 19 886	\$ 1 324	\$ 1 241	\$ 492 201	\$ 472 757	\$ 11 626	\$ 8 881

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 613 835	\$ 565 810	\$ 1 157 374	\$ 1 041 729
INCREASE (DECREASE) IN NAV	(4 722)	53 288	(11 502)	95 838
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	30 683	39 967	46 918	58 896
Reinvestments of distributions to holders of redeemable units	—	—	—	1
Redemption of redeemable units	(40 752)	(74 851)	(70 449)	(109 484)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(10 069)	(34 884)	(23 531)	(50 587)
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	(14 791)	18 404	(35 033)	45 250
NAV AT END OF PERIOD	\$ 599 044	\$ 584 214	\$ 1 122 341	\$ 1 086 979

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

June 30, 2017

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)**Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 0.8%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	36.8	38.1
Energy	21.7	23.2
Industrials	9.9	9.6
Consumer Discretionary	8.4	6.9
Materials	8.1	8.2
Information Technology	3.9	3.9
Real Estate	3.1	1.6
Consumer Staples	3.0	2.9
Utilities	2.8	2.6
Telecommunication Services	1.6	2.3
Cash/Other	0.7	0.7
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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	991 511	–	–	991 511
Mutual fund units	125 032	–	–	125 032
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	256	–	256
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 116 543	256	–	1 116 799
% of total portfolio	100.0	–	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	997 505	9 758	–	1 007 263
Mutual fund units	142 403	–	–	142 403
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	3 516	–	3 516
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 139 908	13 274	–	1 153 182
% of total portfolio	98.8	1.2	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	7	7
Advisor Series	14	14
Series D	8	8
Series F	8	8
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Small Float Fund	11.2	45.2	12.3	48.8

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	151
Non-capital losses	—

Redeemable units (000s)

There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

	2017	2016
(see note 2 in the generic notes)		
Series A		
Opening units	218	222
Issued number of units	11	40
Reinvested number of units	—	—
Redeemed number of units	(47)	(45)
Ending number of units	182	217
Advisor Series		
Opening units	14	13
Issued number of units	2	2
Reinvested number of units	—	—
Redeemed number of units	(3)	(1)
Ending number of units	13	14

	2017	2016
(see note 2 in the generic notes)		
Series D		
Opening units	5 171	5 480
Issued number of units	122	175
Reinvested number of units	—	—
Redeemed number of units	(237)	(362)
Ending number of units	5 056	5 293
Series F		
Opening units	100	91
Issued number of units	28	12
Reinvested number of units	—	—
Redeemed number of units	(11)	(6)
Ending number of units	117	97
Series O		
Opening units	6 261	6 956
Issued number of units	310	491
Reinvested number of units	—	—
Redeemed number of units	(411)	(903)
Ending number of units	6 160	6 544

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	269	100	417	100
Related-party brokerage commissions*	18	7	49	12
Commission arrangements [†]	18	7	3	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.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY VALUE FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
230 718	Cara Operations Ltd.	\$ 5 818	\$ 5 436	
501 971	Hudson's Bay Co.	6 052	5 808	
260 222	Quebecor Inc., Class B	7 215	11 169	
101 646	Restaurant Brands International Inc.	4 705	8 248	
451 332	Shaw Communications Inc., Class B	10 679	12 768	
		34 469	43 429	3.7
Consumer Staples				
252 939	Alimentation Couche-Tard Inc.	10 197	15 723	
204 012	Cott Corporation	3 169	3 821	
249 649	Loblaw Companies Ltd.	14 499	18 010	
254 734	Maple Leaf Foods Inc.	5 478	8 340	
133 530	Saputo Group Inc.	5 858	5 508	
		39 201	51 402	4.4
Energy				
460 419	ARC Resources Ltd.	12 060	7 809	
847 967	Canadian Natural Resources Ltd.	28 941	31 731	
342 919	Cenovus Energy Inc.	8 082	3 277	
547 796	Crescent Point Energy Corp.	11 497	5 433	
924 138	Crew Energy Inc.	6 524	3 705	
999 308	Enbridge Inc.	50 568	51 623	
547 491	Husky Energy Inc.	12 077	8 058	
252 353	Imperial Oil Ltd.	12 086	9 538	
181 000	Keyera Corp.	7 209	7 387	
81 826	Parkland Fuel Corp., Restricted September 10, 2017	2 267	2 383	
229 305	Pembina Pipeline Corp.	8 872	9 849	
333 472	PrairieSky Royalty Ltd.	9 697	9 847	
108 125	ShawCor Ltd.	4 257	2 863	
1 106 691	Suncor Energy Inc.	37 099	41 933	
588 257	TransCanada Corp.	30 055	36 366	
319 252	Veresen Inc.	4 144	5 855	
		245 435	237 657	20.2
Financials				
890 843	Acasta Enterprises Inc.	8 901	6 842	
433 725	Bank of Montreal	35 015	41 299	
777 358	Bank of Nova Scotia	47 431	60 642	
750 084	Brookfield Asset Management Inc., Class A	25 059	38 172	
249 578	Canadian Imperial Bank of Commerce	25 012	26 303	
1 479 429	ECN Capital Corp.	5 436	5 918	
225 770	Element Fleet Management Corp.	1 941	2 009	
18 320	Fairfax Financial Holdings Ltd.	10 720	10 296	
44 066	Intact Financial Corp.	3 345	4 317	
1 292 339	Manulife Financial Corporation	25 839	31 417	
195 526	National Bank of Canada	9 663	10 662	
123 630	Onex Corporation	6 727	12 834	
519 977	Power Corporation of Canada	15 497	15 381	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
867 012	Royal Bank of Canada*	\$ 61 126	\$ 81 638	
299 963	Sun Life Financial Inc.	12 413	13 906	
1 901 607	The Westaim Corp.	5 512	6 028	
168 788	Thomson Corp.	5 718	10 134	
1 163 608	Toronto-Dominion Bank	55 825	76 042	
4 413	Trisura Group Ltd.	99	96	
		361 279	453 936	38.6
Health Care				
419 410	Chartwell Retirement Residences Real Estate Investment Trust	4 950	6 497	
		4 950	6 497	0.5
Industrials				
174 181	Brookfield Business Partners LP	4 487	6 109	
505 318	Canadian National Railway Co.	29 379	53 170	
87 529	Canadian Pacific Railway Ltd.	15 591	18 263	
223 794	SNC-Lavalin Group Inc.	10 695	12 548	
235 708	Waste Connections Inc.	13 123	19 689	
153 648	Westshore Terminals Investment Corp.	3 016	3 228	
		76 291	113 007	9.6
Information Technology				
253 567	CGI Group Inc., Class A	14 389	16 801	
282 621	Open Text Corp.	10 718	11 568	
		25 107	28 369	2.4
Materials				
183 311	Agnico Eagle Mines Ltd.	9 711	10 720	
106 041	Agrium Inc.	12 868	12 463	
800 864	Barrick Gold Corp.	20 041	16 522	
169 377	Detour Gold Corp.	2 641	2 571	
142 028	Dominion Diamond Corp.	1 951	2 318	
84 391	Endeavour Mining Corp.	1 855	1 889	
459 795	First Quantum Minerals Ltd.	5 731	5 044	
39 966	Franco-Nevada Corp.	3 342	3 740	
502 372	Goldcorp Inc.	10 253	8 400	
333 433	Interfor Corp.	4 296	6 195	
414 521	Lundin Mining Corp.	3 046	3 055	
53 636	Methanex Corp.	3 095	3 071	
616 396	Potash Corporation of Saskatchewan Inc.	19 551	13 037	
417 731	Teck Resources Ltd., Class B	8 256	9 391	
		106 637	98 416	8.4
Real Estate				
84 434	Allied Properties Real Estate Investment Trust	2 999	3 286	
197 140	Brookfield Property Partners LP	3 859	6 048	
122 997	Canadian Real Estate Investment Trust	5 975	5 642	
363 695	First Capital Realty Inc.	6 887	7 187	
682 327	Plaza Retail Real Estate Investment Trust	2 564	3 139	
		22 284	25 302	2.2

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY VALUE FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
386 389	BCE Inc.	\$ 20 033	\$ 22 565	
101 952	Rogers Communications Inc., Class B	4 415	6 245	
225 858	TELUS Corp.	6 733	10 112	
		31 181	38 922	3.3
Utilities				
56 071	Brookfield Infrastructure Partners LP	3 009	2 974	
120 550	Emera Inc.	5 554	5 812	
241 114	Fortis Inc.	9 524	10 990	
798 034	TransAlta Corp.	4 969	6 616	
		23 056	26 392	2.2
TOTAL CANADIAN EQUITIES		969 890	1 123 329	95.5
SHORT-TERM INVESTMENTS†		55 321	55 321	4.7
TOTAL INVESTMENTS		<u>\$1 025 211</u>	1 178 650	100.2
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(2 375)	(0.2)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$1 176 275</u>	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 0.95% and mature between July 4, 2017 and July 31, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 1 178 650	\$ 1 190 927
Cash	389	574
Due from investment dealers	57	11 963
Subscriptions receivable	1 120	404
Dividends receivable, interest accrued and other assets	2 841	2 435
TOTAL ASSETS	1 183 057	1 206 303
LIABILITIES		
Due to investment dealers	4 254	21 707
Redemptions payable	2 019	1 269
Accounts payable and accrued expenses	509	551
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	6 782	23 527
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 176 275	\$ 1 182 776
Investments at cost	\$ 1 025 211	\$ 999 470
NAV		
SERIES A	\$ 13 374	\$ 15 014
ADVISOR SERIES	\$ 206 947	\$ 223 263
SERIES H	\$ —	\$ —
SERIES D	\$ 82 322	\$ 80 409
SERIES F	\$ 125 014	\$ 136 240
SERIES I	\$ —	\$ —
SERIES O	\$ 748 618	\$ 727 850
NAV PER UNIT		
SERIES A	\$ 13.98	\$ 13.96
ADVISOR SERIES	\$ 13.98	\$ 13.95
SERIES H	\$ —	\$ —
SERIES D	\$ 14.21	\$ 14.13
SERIES F	\$ 14.25	\$ 14.15
SERIES I	\$ —	\$ —
SERIES O	\$ 14.18	\$ 14.02

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 15 744	\$ 16 292
Interest for distribution purposes	172	202
Other income (loss)	334	479
Net realized gain (loss) on investments	35 916	(11 671)
Net gain (loss) on foreign currencies and other net assets	(4)	23
Change in unrealized gain (loss) on investments	(38 018)	87 616
TOTAL INCOME (LOSS)	14 144	92 941
EXPENSES (see notes – Fund Specific Information)		
Management fees	2 595	2 707
Administration fees	297	262
Independent Review Committee costs	1	2
GST/HST	278	287
Transaction costs	471	566
TOTAL EXPENSES	3 642	3 824
INCREASE (DECREASE) IN NAV	\$ 10 502	\$ 89 117
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 38	\$ 667
ADVISOR SERIES	\$ 634	\$ 16 945
SERIES H	\$ —	\$ 362
SERIES D	\$ 461	\$ 5 598
SERIES F	\$ 1 229	\$ 8 679
SERIES I	\$ —	\$ 713
SERIES O	\$ 8 140	\$ 56 153
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.04	\$ 0.97
ADVISOR SERIES	\$ 0.04	\$ 0.97
SERIES H	\$ —	\$ 0.98
SERIES D	\$ 0.08	\$ 1.02
SERIES F	\$ 0.13	\$ 1.04
SERIES I	\$ —	\$ 1.04
SERIES O	\$ 0.16	\$ 1.10

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 10 502	\$ 89 117
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(35 478)	12 193
Change in unrealized loss (gain) on investments	38 018	(87 616)
(Increase) decrease in accrued receivables	(406)	(60)
Increase (decrease) in accrued payables	(42)	—
Cost of investments purchased	(645 565)	(790 802)
Proceeds on sales of investments	649 755	704 139
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	16 784	(73 029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	82 874	179 482
Cash paid on redemption of redeemable units	(99 843)	(106 553)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (16 969)	\$ 72 929
Net increase (decrease) in cash for the period	(185)	(100)
Cash (bank overdraft), beginning of period	574	103
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 389	\$ 3
Interest received (paid)	\$ 179	\$ 194
Dividends received, net of withholding taxes	\$ 15 664	\$ 16 719

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series H		Series D	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 15 014	\$ 9 252	\$ 223 263	\$ 216 457	\$ —	\$ 4 345	\$ 80 409	\$ 64 665
INCREASE (DECREASE) IN NAV	38	667	634	16 945	—	362	461	5 598
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	630	5 247	1 951	2 022	—	—	6 862	7 751
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(2 308)	(1 431)	(18 901)	(17 678)	—	(4 707)	(5 410)	(6 270)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 678)	3 816	(16 950)	(15 656)	—	(4 707)	1 452	1 481
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 640)	4 483	(16 316)	1 289	—	(4 345)	1 913	7 079
NAV AT END OF PERIOD	\$ 13 374	\$ 13 735	\$ 206 947	\$ 217 746	\$ —	\$ —	\$ 82 322	\$ 71 744

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series I		Series O		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 136 240	\$ 91 336	\$ —	\$ 7 739	\$ 727 850	\$ 591 951	\$ 1 182 776	\$ 985 745
INCREASE (DECREASE) IN NAV	1 229	8 679	—	713	8 140	56 153	10 502	89 117
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	15 224	34 870	—	987	58 923	144 447	83 590	195 324
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(27 679)	(15 271)	—	(9 439)	(46 295)	(72 504)	(100 593)	(127 300)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(12 455)	19 599	—	(8 452)	12 628	71 943	(17 003)	68 024
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(11 226)	28 278	—	(7 739)	20 768	128 096	(6 501)	157 141
NAV AT END OF PERIOD	\$ 125 014	\$ 119 614	\$ —	\$ —	\$ 748 618	\$ 720 047	\$ 1 176 275	\$ 1 142 886

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

June 30, 2017

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)**Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 0.8%) 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 2017	December 31 2016
Financials	38.6	38.4
Energy	20.2	21.6
Industrials	9.6	8.0
Materials	8.4	8.4
Consumer Staples	4.4	4.1
Consumer Discretionary	3.7	4.2
Telecommunication Services	3.3	3.2
Information Technology	2.4	2.4
Utilities	2.2	3.2
Real Estate	2.2	2.1
Health Care	0.5	0.5
Cash/Other	4.5	3.9
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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 120 946	2 383	–	1 123 329
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	55 321	–	55 321
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 120 946	57 704	–	1 178 650
% of total portfolio	95.1	4.9	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 127 910	8 930	–	1 136 840
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	54 087	–	54 087
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 127 910	63 017	–	1 190 927
% of total portfolio	94.7	5.3	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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%.

[†] 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 2017	December 31 2016
Units held		
Series A	105	105
Advisor Series	111	111
Series D	128	128
Series F	130	130
Series O	139	139
Value of all units	9	9

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	1 076	787
Issued number of units	45	416
Reinvested number of units	—	—
Redeemed number of units	(164)	(123)
Ending number of units	957	1 080
Advisor Series		
Opening units	16 004	18 432
Issued number of units	138	168
Reinvested number of units	—	—
Redeemed number of units	(1 334)	(1 467)
Ending number of units	14 808	17 133
Series H		
Opening units	—	369
Issued number of units	—	—
Reinvested number of units	—	—
Redeemed number of units	—	(369)
Ending number of units	—	—
Series D		
Opening units	5 691	5 437
Issued number of units	477	634
Reinvested number of units	—	—
Redeemed number of units	(376)	(520)
Ending number of units	5 792	5 551
Series F		
Opening units	9 630	7 667
Issued number of units	1 057	2 812
Reinvested number of units	—	—
Redeemed number of units	(1 915)	(1 251)
Ending number of units	8 772	9 228
Series I		
Opening units	—	652
Issued number of units	—	79
Reinvested number of units	—	—
Redeemed number of units	—	(731)
Ending number of units	—	—
Series O		
Opening units	51 899	50 166
Issued number of units	4 129	11 670
Reinvested number of units	—	—
Redeemed number of units	(3 233)	(6 006)
Ending number of units	52 795	55 830

June 30, 2017

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	471	100	566	100
Related-party brokerage commissions*	81	17	112	20
Commission arrangements†	26	6	82	14

* 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 2017	December 31 2016
Phillips, Hager & North Canadian Equity Value Class	0.3	0.3
Phillips, Hager & North LifeTime 2020 Fund	—	—
Phillips, Hager & North LifeTime 2025 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2030 Fund	0.2	0.2
Phillips, Hager & North LifeTime 2035 Fund	0.2	0.2
Phillips, Hager & North LifeTime 2040 Fund	0.3	0.2
Phillips, Hager & North LifeTime 2045 Fund	0.6	0.5
Phillips, Hager & North LifeTime 2050 Fund	0.1	0.1
RBC Retirement 2020 Portfolio	—	—
RBC Retirement 2025 Portfolio	—	—
RBC Retirement 2030 Portfolio	—	—
RBC Retirement 2035 Portfolio	—	—
RBC Retirement 2040 Portfolio	—	—
RBC Retirement 2045 Portfolio	—	—
RBC Total Return Growth Fund	—	—
Total	1.8	1.6

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
390 123	Aritzia Inc.	\$ 6 100	\$ 5 860	
124 048	Cineplex Inc.	4 402	6 557	
329 606	Dollarama Inc.	17 920	40 841	
79 600	Freshii Inc.	915	981	
672 358	Gildan Activewear Inc., Class A	22 375	26 793	
198 000	goeasy Ltd.	4 092	5 465	
480 200	Great Canadian Gaming Corp.	7 058	11 467	
499 700	Leon's Furniture Ltd.	6 801	8 770	
898 156	Quebecor Inc., Class B	28 201	38 549	
258 931	Restaurant Brands International Inc.	11 111	21 010	
916 260	Shaw Communications Inc., Class B	25 664	25 921	
505 700	Sleep Country Canada Holdings Inc.	9 135	20 810	
		143 774	213 024	8.5
Consumer Staples				
1 017 323	Alimentation Couche-Tard Inc.	31 572	63 237	
292 400	Jamieson Wellness Inc.	4 605	4 605	
208 541	Maple Leaf Foods Inc.	2 997	6 828	
		39 174	74 670	3.0
Energy				
2 197 925	ARC Resources Ltd.	44 154	37 277	
527 914	Cameco Corp.	10 951	6 235	
1 940 435	Canadian Natural Resources Ltd.	68 818	72 611	
3 095 545	Cenovus Energy Inc.	58 782	29 593	
2 545 711	Crescent Point Energy Corp.	44 084	25 253	
2 620 816	Enbridge Inc.	128 481	135 391	
677 800	Keyera Corp.	26 155	27 668	
2 067 300	MEG Energy Corp.	17 246	7 876	
605 000	Pembina Pipeline Corp.	19 397	25 984	
554 668	PrairieSky Royalty Ltd.	14 235	16 378	
1 410 400	Raging River Exploration Inc.	11 865	11 409	
1 072 500	Secure Energy Services Inc.	10 440	9 492	
1 179 200	Seven Generations Energy Ltd.	25 829	26 190	
680 446	Suncor Energy Inc.	23 489	25 782	
1 681 320	Tourmaline Oil Corp.	54 286	46 875	
546 672	TransCanada Corp.	28 505	33 795	
2 533 487	Trinidad Drilling Ltd.	19 505	4 940	
		606 222	542 749	21.7
Financials				
437 526	Bank of Montreal	35 154	41 661	
1 749 892	Bank of Nova Scotia	103 500	136 509	
1 937 715	Brookfield Asset Management Inc., Class A	59 486	98 610	
457 920	Canadian Imperial Bank of Commerce	47 090	48 260	
27 700	CI Financial Corp.	865	766	
2 356 811	Element Fleet Management Corp.	26 370	20 976	
50 200	Fairfax Financial Holdings Ltd.	29 647	28 213	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
101 900	Intact Financial Corp.	\$ 9 704	\$ 9 982	
89 749	Intact Financial Corp., Subscription Receipts	8 243	8 653	
3 460 596	Manulife Financial Corporation	63 556	84 127	
2 021 626	Royal Bank of Canada*	128 588	190 356	
929 000	Sun Life Financial Inc.	38 683	43 068	
2 029 500	The Westaim Corp.	6 292	6 434	
419 014	Thomson Corp.	15 956	25 158	
2 776 252	Toronto-Dominion Bank	122 464	181 428	
		695 598	924 201	36.9
Industrials				
807 159	Badger Daylighting Ltd.	16 645	21 487	
190 750	Boyd Group Income Fund	8 253	18 341	
693 804	Canadian National Railway Co.	36 599	73 002	
144 800	Canadian Pacific Railway Ltd.	28 403	30 213	
336 953	Finning International Inc.	7 806	8 565	
349 931	Richelieu Hardware Ltd.	4 649	10 515	
238 693	Ritchie Bros. Auctioneers Inc.	7 919	8 894	
692 182	Stantec Inc.	21 306	22 600	
125 595	Toromont Industries Ltd.	2 801	5 996	
621 750	Waste Connections Inc.	40 323	51 935	
		174 704	251 548	10.0
Information Technology				
284 768	Blackline Safety Corp.	854	1 096	
1 319 367	Blackline Safety Corp., Restricted July 24, 2017	3 958	5 039	
577 768	CGI Group Inc., Class A	22 616	38 283	
20 800	Constellation Software Inc.	11 300	14 111	
156 300	Kinaxis Inc.	2 660	12 620	
714 866	Open Text Corp.	24 321	29 259	
		65 709	100 408	4.0
Materials				
410 296	Agnico Eagle Mines Ltd.	15 364	23 994	
194 671	Agrium Inc.	18 335	22 880	
1 801 453	B2Gold Corp.	7 014	6 575	
841 895	Barrick Gold Corp.	17 809	17 368	
1 238 000	Belo Sun Mining Corp.	1 052	743	
426 860	CCL Industries, Class B	11 341	28 006	
402 289	Continental Gold Inc.	1 749	1 537	
259 367	Detour Gold Corp.	3 701	3 937	
186 392	Endeavour Mining Corp.	3 552	4 171	
1 695 391	First Quantum Minerals Ltd.	22 425	18 598	
119 514	Franco-Nevada Corp.	7 601	11 183	
628 532	Goldcorp Inc.	15 610	10 509	
132 600	IAMGOLD Corporation	882	887	
429 900	Kinross Gold Corp.	2 300	2 266	
261 200	Kirkland Lake Gold Ltd.	2 760	3 205	
561 241	Mountain Province Diamonds Inc.	2 839	2 178	
769 303	OceanaGold Corp.	3 250	3 008	
2 775 277	Polaris Materials Corp.	4 572	2 748	
283 725	Richmont Mines Inc.	3 248	2 866	

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
402 320	Semafo Inc.	\$ 1 571	\$ 1 203	
148 228	Stella-Jones Inc.	4 395	6 561	
102 713	Tahoe Resources Inc.	1 616	1 148	
570 900	Teck Resources Ltd., Class B	16 635	12 834	
277 443	Torex Gold Resources Inc.	4 766	6 861	
1 012 864	Turquoise Hill Resources Ltd.	4 821	3 494	
135 721	Wheaton Precious Metals Corp.	3 798	3 496	
		183 006	202 256	8.1
Real Estate				
161 400	Boardwalk Real Estate Investment Trust	7 559	7 675	
1 114 400	Brookfield Property Partners LP	31 494	34 190	
996 700	First Capital Realty Inc.	19 943	19 695	
96 464	FirstService Corp.	2 860	8 027	
37 700	Mainstreet Equity Corp.	1 359	1 379	
577 506	Tricon Capital Group Inc.	5 870	6 711	
		69 085	77 677	3.1
Telecommunication Services				
256 043	Rogers Communications Inc., Class B	10 999	15 683	
574 440	TELUS Corp.	19 297	25 718	
		30 296	41 401	1.7
Utilities				
517 600	Brookfield Infrastructure Partners LP	20 235	27 454	
903 800	Fortis Inc.	36 887	41 195	
		57 122	68 649	2.7
TOTAL CANADIAN EQUITIES		2 064 690	2 496 583	99.7
SHORT-TERM INVESTMENTS†		11 711	11 711	0.5
TOTAL INVESTMENTS		<u>\$2 076 401</u>	<u>2 508 294</u>	100.2
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(3 620)	(0.2)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$2 504 674</u>	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 0.73% and mature between July 4, 2017 and July 19, 2017.

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 2 508 294	\$ 2 498 536
Cash	2 347	2 089
Due from investment dealers	3 168	4 198
Subscriptions receivable	75	35
Dividends receivable, interest accrued and other assets	4 959	4 449
TOTAL ASSETS	2 518 843	2 509 307
LIABILITIES		
Due to investment dealers	14 122	1 402
Distributions payable	–	1
Accounts payable and accrued expenses	47	48
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	14 169	1 451
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 504 674	\$ 2 507 856
Investments at cost	\$ 2 076 401	\$ 1 985 687
NAV		
SERIES O	\$ 2 504 674	\$ 2 507 856
NAV PER UNIT		
SERIES O	\$ 11.68	\$ 11.76

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 31 843	\$ 37 965
Interest for distribution purposes	149	148
Other income (loss)	150	115
Securities lending revenue (see note 6 in the generic notes)	759	539
Net realized gain (loss) on investments	29 816	(48 860)
Net gain (loss) on foreign currencies and other net assets	(4)	34
Change in unrealized gain (loss) on investments	(80 956)	245 607
TOTAL INCOME (LOSS)	(18 243)	235 548
EXPENSES (see notes – Fund Specific Information)		
Administration fees	251	243
Independent Review Committee costs	1	2
GST/HST	26	25
Transaction costs	732	1 178
TOTAL EXPENSES	1 010	1 448
INCREASE (DECREASE) IN NAV	\$ (19 253)	\$ 234 100
INCREASE (DECREASE) IN NAV SERIES O	\$ (19 253)	\$ 234 100
INCREASE (DECREASE) IN NAV PER UNIT SERIES O	\$ (0.09)	\$ 0.98

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)	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (19 253)	\$ 234 100
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(29 209)	50 212
Change in unrealized loss (gain) on investments	80 956	(245 607)
(Increase) decrease in accrued receivables	(510)	2
Increase (decrease) in accrued payables	(1)	3
Cost of investments purchased	(1 247 760)	(1 972 009)
Proceeds on sales of investments	1 200 005	1 971 922
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(15 772)	38 623
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	28 665	56 274
Cash paid on redemption of redeemable units	(12 635)	(94 817)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 16 030	\$ (38 543)
Net increase (decrease) in cash for the period	258	80
Cash (bank overdraft), beginning of period	2 089	704
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 347	\$ 784
Interest received (paid)	\$ 149	\$ 140
Dividends received, net of withholding taxes	\$ 31 483	\$ 38 090

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

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 0	
	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 2 507 856	\$ 2 387 979
INCREASE (DECREASE) IN NAV	(19 253)	234 100
Early redemption fees	—	—
Proceeds from redeemable units issued	28 705	56 178
Reinvestments of distributions to holders of redeemable units	1	5
Redemption of redeemable units	(12 635)	(115 912)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	16 071	(59 729)
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	(3 182)	174 371
NAV AT END OF PERIOD	\$ 2 504 674	\$ 2 562 350

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

**PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND**

Investment Management®

June 30, 2017

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)****Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 1.0%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	36.9	38.0
Energy	21.7	22.8
Industrials	10.0	9.4
Consumer Discretionary	8.5	6.8
Materials	8.1	8.2
Information Technology	4.0	3.9
Real Estate	3.1	1.6
Consumer Staples	3.0	2.9
Utilities	2.7	2.6
Telecommunication Services	1.7	2.3
Cash/Other	0.3	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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	2 486 939	9 644	–	2 496 583
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	11 711	–	11 711
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 486 939	21 355	–	2 508 294
% of total portfolio	99.1	0.9	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	2 445 285	25 161	–	2 470 446
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	28 090	–	28 090
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 445 285	53 251	–	2 498 536
% of total portfolio	97.9	2.1	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND

June 30, 2017

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 2017	December 31 2016
Units held		
Series 0	56	56
Value of all units	1	1

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series 0		
Opening units	213 190	238 883
Issued number of units	2 401	5 866
Reinvested number of units	—	1
Redeemed number of units	(1 065)	(11 256)
Ending number of units	214 526	233 494

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	732	100	1 178	100
Related-party brokerage commissions*	40	5	139	12
Commission arrangements†	50	7	27	2

* 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 2017	June 30 2016
Fair value of securities loaned	181 504	172 436
Fair value of collateral received	185 134	175 885

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	1 215	100	950	100
RBC IS (paid)	(381)	(31)	(332)	(35)
Tax withheld	(75)	(6)	(79)	(8)
Fund revenue	759	63	539	57

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 2017	December 31 2016
Phillips, Hager & North Balanced Fund	11.0	10.7
Phillips, Hager & North Balanced Pension Trust	14.7	14.9
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	0.3	0.2
Phillips, Hager & North LifeTime 2050 Fund	0.1	—
RBC Retirement 2020 Portfolio	—	—
RBC Retirement 2025 Portfolio	—	—
RBC Retirement 2030 Portfolio	—	—
RBC Retirement 2035 Portfolio	—	—
RBC Retirement 2040 Portfolio	—	—
RBC Retirement 2045 Portfolio	—	—
RBC Retirement 2050 Portfolio	—	—
RBC Select Aggressive Growth Portfolio	3.5	3.5
RBC Select Balanced Portfolio	32.9	33.1
RBC Select Conservative Portfolio	16.1	16.2
RBC Select Growth Portfolio	16.2	16.3
RBC Select Very Conservative Portfolio	4.4	4.5
Total	99.7	99.9

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
156 600	Dollarama Inc.	\$ 14 059	\$ 19 404	
320 300	Gildan Activewear Inc., Class A	12 200	12 764	
826 400	Quebecor Inc., Class B	30 394	35 469	
155 400	Restaurant Brands International Inc.	10 476	12 609	
646 100	Shaw Communications Inc., Class B	18 067	18 278	
		85 196	98 524	6.4
Consumer Staples				
831 000	Alimentation Couche-Tard Inc.	49 404	51 655	
		49 404	51 655	3.3
Energy				
1 308 196	ARC Resources Ltd.	24 248	22 187	
1 284 713	Canadian Natural Resources Ltd.	50 010	48 073	
3 255 436	Cenovus Energy Inc.	56 392	31 121	
1 752 908	Crescent Point Energy Corp.	31 252	17 388	
1 674 900	Enbridge Inc.	86 395	86 525	
805 900	Keyera Corp.	31 218	32 897	
1 726 400	MEG Energy Corp.	11 462	6 578	
412 400	Pembina Pipeline Corp.	15 643	17 713	
489 162	PrairieSky Royalty Ltd.	13 129	14 445	
707 600	Seven Generations Energy Ltd.	18 718	15 716	
995 199	Tourmaline Oil Corp.	32 326	27 746	
295 174	TransCanada Corp.	17 710	18 248	
		388 503	338 637	21.9
Financials				
235 900	Bank of Montreal	21 936	22 462	
1 130 500	Bank of Nova Scotia	80 923	88 190	
1 184 100	Brookfield Asset Management Inc., Class A	52 231	60 259	
334 000	Canadian Imperial Bank of Commerce	34 203	35 200	
1 515 500	Element Fleet Management Corp.	18 506	13 488	
39 200	Fairfax Financial Holdings Ltd.	22 761	22 031	
59 900	Intact Financial Corp.	5 701	5 868	
46 020	Intact Financial Corp., Subscription Receipts	4 227	4 437	
2 251 800	Manulife Financial Corporation	47 535	54 741	
1 218 200	Royal Bank of Canada*	97 519	114 706	
708 300	Sun Life Financial Inc.	31 860	32 837	
273 300	Thomson Corp.	16 103	16 409	
1 671 600	Toronto-Dominion Bank	95 979	109 239	
		529 484	579 867	37.4

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
252 700	Canadian National Railway Co.	\$ 23 174	\$ 26 589	
215 500	Canadian Pacific Railway Ltd.	41 226	44 964	
841 300	Finning International Inc.	19 896	21 386	
185 800	Ritchie Bros. Auctioneers Inc.	7 826	6 923	
879 600	Stantec Inc.	28 460	28 719	
426 100	Waste Connections Inc.	29 142	35 592	
		149 724	164 173	10.6
Information Technology				
427 000	CGI Group Inc., Class A	26 319	28 293	
17 400	Constellation Software Inc.	10 580	11 804	
306 810	Open Text Corp.	12 784	12 558	
		49 683	52 655	3.4
Materials				
247 690	Agnico Eagle Mines Ltd.	10 252	14 485	
49 000	Agrium Inc.	5 870	5 759	
1 139 160	B2Gold Corp.	4 255	4 158	
524 970	Barrick Gold Corp.	10 776	10 830	
721 510	Belo Sun Mining Corp.	598	433	
465 200	CCL Industries, Class B	24 225	30 522	
251 240	Continental Gold Inc.	688	960	
153 160	Detour Gold Corp.	2 406	2 325	
129 203	Endeavour Mining Corp.	2 548	2 892	
1 499 444	First Quantum Minerals Ltd.	19 457	16 449	
73 280	Franco-Nevada Corp.	5 574	6 857	
380 720	Goldcorp Inc.	7 800	6 366	
104 470	IAMGOLD Corporation	698	699	
335 930	Kinross Gold Corp.	1 848	1 770	
162 940	Kirkland Lake Gold Ltd.	1 725	1 999	
336 556	Mountain Province Diamonds Inc.	1 480	1 306	
479 690	OceanaGold Corp.	2 033	1 876	
176 920	Richmont Mines Inc.	1 998	1 787	
237 570	Semafo Inc.	862	710	
72 735	Tahoe Resources Inc.	939	813	
312 892	Teck Resources Ltd., Class B	8 958	7 034	
176 527	Torex Gold Resources Inc.	2 814	4 366	
3 396 000	Turquoise Hill Resources Ltd.	14 655	11 716	
94 130	Wheaton Precious Metals Corp.	2 360	2 425	
		134 819	138 537	8.9
Real Estate				
816 600	Brookfield Property Partners LP	23 767	25 053	
765 000	First Capital Realty Inc.	15 499	15 116	
		39 266	40 169	2.6
Telecommunication Services				
184 100	Rogers Communications Inc., Class B	9 506	11 276	
5 000	TELUS Corp.	222	224	
		9 728	11 500	0.7

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
367 400	Brookfield Infrastructure Partners LP	\$ 16 029	\$ 19 487	
736 000	Fortis Inc.	30 978	33 547	
		47 007	53 034	3.4
TOTAL CANADIAN EQUITIES		1 482 814	1 528 751	98.6
SHORT-TERM INVESTMENTS[†]		28 993	28 993	1.9
TOTAL INVESTMENTS		<u>\$1 511 807</u>	1 557 744	100.5
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(8 537)	(0.5)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$1 549 207</u>	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 0.79% and mature between July 4, 2017 and July 14, 2017.

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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 1 557 744	\$ 1 332 731
Cash	1 364	1 486
Due from investment dealers	–	4 558
Subscriptions receivable	3 637	–
Dividends receivable, interest accrued and other assets	2 921	2 304
TOTAL ASSETS	1 565 666	1 341 079
LIABILITIES		
Due to investment dealers	16 338	1 126
Redemptions payable	94	–
Accounts payable and accrued expenses	27	25
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	16 459	1 151
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 549 207	\$ 1 339 928
Investments at cost	\$ 1 511 807	\$ 1 202 812
NAV		
SERIES O	\$ 1 549 207	\$ 1 339 928
NAV PER UNIT		
SERIES O	\$ 9.49	\$ 9.70

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 16 886	\$ 24 533
Interest for distribution purposes	59	136
Other income (loss)	105	530
Securities lending revenue (see note 6 in the generic notes)	56	76
Net realized gain (loss) on investments	37 949	(24 929)
Net gain (loss) on foreign currencies and other net assets	(2)	15
Change in unrealized gain (loss) on investments	(83 982)	172 733
TOTAL INCOME (LOSS)	(28 929)	173 094
EXPENSES (see notes – Fund Specific Information)		
Administration fees	136	156
Independent Review Committee costs	1	2
GST/HST	14	16
Transaction costs	989	3 777
TOTAL EXPENSES	1 140	3 951
INCREASE (DECREASE) IN NAV	\$ (30 069)	\$ 169 143
INCREASE (DECREASE) IN NAV SERIES O	\$ (30 069)	\$ 169 143
INCREASE (DECREASE) IN NAV PER UNIT SERIES O	\$ (0.21)	\$ 0.95

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)	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (30 069)	\$ 169 143
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(37 149)	28 726
Change in unrealized loss (gain) on investments	83 982	(172 733)
(Increase) decrease in accrued receivables	(617)	485
Increase (decrease) in accrued payables	2	4
Cost of investments purchased	(1 524 305)	(3 257 928)
Proceeds on sales of investments	1 272 229	3 238 423
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(235 927)	6 120
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	237 904	232 750
Cash paid on redemption of redeemable units	(2 099)	(238 500)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 235 805	\$ (5 750)
Net increase (decrease) in cash for the period	(122)	370
Cash (bank overdraft), beginning of period	1 486	473
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1 364	\$ 843
Interest received (paid)	\$ 62	\$ 133
Dividends received, net of withholding taxes	\$ 16 371	\$ 25 550

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

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 0	
	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 339 928	\$ 1 399 198
INCREASE (DECREASE) IN NAV	(30 069)	169 143
Early redemption fees	—	—
Proceeds from redeemable units issued	241 541	232 750
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(2 193)	(238 500)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	239 348	(5 750)
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	209 279	163 393
NAV AT END OF PERIOD	\$ 1 549 207	\$ 1 562 591

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

**PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II**

Investment Management®

June 30, 2017

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)****Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 1.4%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	37.4	35.6
Energy	21.9	23.0
Industrials	10.6	7.7
Materials	8.9	8.8
Consumer Discretionary	6.4	5.5
Information Technology	3.4	4.2
Utilities	3.4	4.2
Consumer Staples	3.3	3.2
Real Estate	2.6	3.3
Telecommunication Services	0.7	1.9
Cash/Other	1.4	2.6
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 (December 31, 2016 – 29-month) historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ 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.

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

**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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 528 751	–	–	1 528 751
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	28 993	–	28 993
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 528 751	28 993	–	1 557 744
% of total portfolio	98.1	1.9	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 286 452	18 450	–	1 304 902
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	27 829	–	27 829
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 286 452	46 279	–	1 332 731
% of total portfolio	96.5	3.5	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2017

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 2017	December 31 2016
Units held		
Series 0	16 959	16 959
Value of all units	161	164

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series 0		
Opening units	138 170	164 149
Issued number of units	25 239	28 766
Reinvested number of units	—	—
Redeemed number of units	(227)	(26 566)
Ending number of units	163 182	166 349

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	989	100	3 777	100
Related-party brokerage commissions*	71	7	305	8
Commission arrangements†	87	9	322	9

* 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 2017	June 30 2016
Fair value of securities loaned	43 535	233 124
Fair value of collateral received	44 405	237 787

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	93	100	132	100
RBC IS (paid)	(29)	(31)	(46)	(35)
Tax withheld	(8)	(9)	(10)	(8)
Fund revenue	56	60	76	57

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 2017	December 31 2016
RBC Select Aggressive Growth Portfolio	1.9	1.8
RBC Select Balanced Portfolio	43.0	49.2
RBC Select Conservative Portfolio	26.0	30.8
RBC Select Growth Portfolio	4.6	5.3
RBC Select Very Conservative Portfolio	10.9	12.8
Total	86.4	99.9

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

PHILLIPS, HAGER & NORTH CANADIAN GROWTH FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
206 300	Aritzia Inc.	\$ 3 333	\$ 3 099	
27 200	Canadian Tire Corp. Ltd., Class A	2 508	4 014	
98 000	Cara Operations Ltd.	2 285	2 309	
167 400	EnerCare Inc.	2 828	3 301	
276 100	Intertain Group Ltd.	3 443	3 148	
156 700	Magna International Inc., Class A	5 200	9 413	
62 900	Restaurant Brands International Inc.	3 186	5 104	
128 100	Shaw Communications Inc., Class B	2 909	3 624	
81 000	Spin Master Corp.	1 478	3 135	
993 327	Zungui Haixi Corp.	2 722	—	
		29 892	37 147	6.2
Consumer Staples				
110 900	Alimentation Couche-Tard Inc.	4 075	6 894	
271 100	Clearwater Seafoods Inc.	3 285	3 096	
204 700	Cott Corporation	2 932	3 834	
164 000	Jamieson Wellness Inc.	2 583	2 583	
103 330	Loblaw Companies Ltd.	5 778	7 454	
555 556	Sustainable Produce Urban Delivery Inc.* (Private)	1 000	1 667	
		19 653	25 528	4.2
Energy				
96 300	ARC Resources Ltd.	2 230	1 632	
114 700	Cameco Corp.	2 521	1 355	
348 600	Canadian Natural Resources Ltd.	12 188	13 045	
591 533	Cardinal Energy Ltd.	4 912	2 851	
510 400	Cenovus Energy Inc.	9 408	4 879	
193 263	Crescent Point Energy Corp.	4 701	1 917	
422 159	Enbridge Inc.	18 873	21 809	
1 198 300	Gear Energy Ltd.	2 446	887	
594 500	Kelt Exploration Ltd.	3 391	3 733	
575 700	Painted Pony Energy Ltd.	3 784	2 723	
41 000	Parkland Fuel Corp., Restricted September 10, 2017	1 136	1 194	
133 700	Pembina Pipeline Corp.	4 411	5 742	
542 900	Raging River Exploration Inc.	3 399	4 392	
283 600	Secure Energy Services Inc.	3 204	2 510	
673 775	Spartan Energy Corp.	5 550	4 144	
514 800	Suncor Energy Inc.	19 239	19 506	
165 300	Tourmaline Oil Corp.	5 412	4 609	
267 500	TransCanada Corp.	11 498	16 537	
915 810	Trican Well Service Ltd.	3 565	3 324	
60 900	Vermilion Energy Inc.	3 149	2 505	
308 400	Western Energy Services Corp.	2 278	540	
367 800	Whitecap Resources Inc.	3 467	3 406	
		130 762	123 240	20.5

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials				
165 800	Alaris Royalty Corp.	\$ 4 362	\$ 3 818	
202 500	Bank of Montreal	12 899	19 282	
400 900	Bank of Nova Scotia	22 048	31 274	
249 950	Brookfield Asset Management Inc., Class A	6 202	12 720	
139 000	Canadian Imperial Bank of Commerce	11 004	14 649	
140 000	Element Fleet Management Corp.	1 197	1 246	
5 300	Fairfax Financial Holdings Ltd.	3 447	2 979	
51 700	Intact Financial Corp.	3 471	5 065	
569 300	Manulife Financial Corporation	10 253	13 840	
287 900	Power Corporation of Canada	7 569	8 516	
462 900	Royal Bank of Canada†	25 777	43 587	
156 400	Sun Life Financial Inc.	5 145	7 251	
98 600	Thomson Corp.	4 299	5 920	
552 400	Toronto-Dominion Bank	20 932	36 099	
		138 605	206 246	34.3
Health Care				
865 700	Prometic Life Sciences Inc.	2 299	1 454	
89 700	Valeant Pharmaceuticals International Inc.	7 756	2 022	
		10 055	3 476	0.6
Industrials				
179 500	Air Canada	1 984	3 120	
303 900	Canadian National Railway Co.	14 487	31 976	
37 500	Canadian Pacific Railway Ltd.	7 139	7 824	
43 400	SNC-Lavalin Group Inc., Subscription Receipts	2 244	2 442	
64 400	Stantec Inc.	1 959	2 103	
84 752	Waste Connections Inc.	5 093	7 079	
		32 906	54 544	9.1
Information Technology				
158 500	BlackBerry Ltd.	2 005	2 054	
101 000	CGI Group Inc., Class A	4 342	6 692	
94 900	Open Text Corp.	3 312	3 884	
20 600	Shopify Inc., Class A	1 230	2 320	
3 448 900	UrtheCast Corp.	4 770	4 173	
		15 659	19 123	3.2
Materials				
104 500	Agnico Eagle Mines Ltd.	4 778	6 111	
40 800	Agrium Inc.	3 487	4 795	
341 200	Centerra Gold Inc.	2 500	2 416	
201 700	Detour Gold Corp.	3 096	3 062	
166 700	Dominion Diamond Corp.	2 769	2 721	
36 100	Franco-Nevada Corp.	2 597	3 378	
293 200	Goldcorp Inc.	9 237	4 902	
90 600	Interfor Corp.	985	1 683	
3 491 700	Jaguar Mining Inc.	1 065	1 379	
470 500	Lundin Mining Corp.	2 377	3 468	
786 100	OceanaGold Corp.	2 300	3 074	

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

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
294 300	Potash Corporation of Saskatchewan Inc.	\$ 10 978	\$ 6 224	
284 700	Tahoe Resources Inc.	4 587	3 183	
137 900	Teck Resources Ltd., Class B	4 234	3 100	
130 030	Torex Gold Resources Inc.	2 423	3 216	
180 400	Wheaton Precious Metals Corp.	4 647	4 647	
746 300	Yamana Gold Inc.	3 324	2 336	
		65 384	59 695	9.9
Real Estate				
260 000	Automotive Properties Real Estate Investment Trust	2 699	2 886	
178 500	Brookfield Property Partners LP	4 457	5 476	
57 665	Canadian Real Estate Investment Trust	1 980	2 645	
279 900	Mainstreet Health Investments Inc.	3 621	3 397	
780 000	StorageVault Canada Inc.	663	2 059	
		13 420	16 463	2.7
Telecommunication Services				
219 600	BCE Inc.	9 081	12 825	
107 800	Rogers Communications Inc., Class B	3 691	6 603	
		12 772	19 428	3.2
Utilities				
286 800	Algonquin Power & Utilities Corp.	3 205	3 915	
149 400	Boralex Inc., Class A	2 549	3 281	
53 300	Canadian Utilities Ltd., Class A	1 914	2 221	
186 600	Innervex Renewable Energy Inc.	2 725	2 661	
224 900	Superior Plus Corp.	1 877	2 568	
		12 270	14 646	2.4
TOTAL CANADIAN EQUITIES		481 378	579 536	96.3
SHORT-TERM INVESTMENTS[‡]		19 277	19 277	3.2
TOTAL INVESTMENTS		500 655	598 813	99.5
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		—	203	—
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		—	(107)	—
TOTAL PORTFOLIO		<u>\$ 500 655</u>	598 909	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			3 213	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 602 122</u>		100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 589 Sold USD 441 @ 1.3346	18-Jul-2017	\$ 17
Bought CAD 4 097 Sold USD 3 018 @ 1.3575	18-Aug-2017	186
		<u>\$ 203</u>

Contracts	Maturity Date	Unrealized Loss
Bought USD 40 Sold CAD 53 @ 0.7516	18-Jul-2017	\$ (1)
Bought USD 1 040 Sold CAD 1 401 @ 0.7422	18-Aug-2017	(55)
Bought USD 1 100 Sold CAD 1 477 @ 0.7449	18-Aug-2017	(51)
		<u>\$ (107)</u>

TOTAL FOREIGN EXCHANGE\$ 96

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 0.70% to 0.81% and mature between July 17, 2017 and July 26, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 598 813	\$ 574 997
Cash	297	325
Due from investment dealers	362	–
Subscriptions receivable	4 015	292
Unrealized gain on foreign exchange contracts	203	3
Dividends receivable, interest accrued and other assets	1 353	1 222
TOTAL ASSETS	605 043	576 839
LIABILITIES		
Due to investment dealers	2 583	40
Redemptions payable	111	419
Unrealized loss on foreign exchange contracts	107	13
Accounts payable and accrued expenses	120	124
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 921	596
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 602 122	\$ 576 243
Investments at cost	\$ 500 655	\$ 463 874
NAV		
SERIES A	\$ 2 198	\$ 2 205
ADVISOR SERIES	\$ 57	\$ 170
SERIES D	\$ 114 313	\$ 119 163
SERIES F	\$ 1 853	\$ 1 594
SERIES O	\$ 483 701	\$ 453 111
NAV PER UNIT		
SERIES A	\$ 36.24	\$ 36.31
ADVISOR SERIES	\$ 36.26	\$ 36.31
SERIES D	\$ 35.96	\$ 35.87
SERIES F	\$ 36.24	\$ 36.10
SERIES O	\$ 37.08	\$ 36.81

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 7 654	\$ 7 549
Interest for distribution purposes	96	70
Other income (loss)	169	212
Net realized gain (loss) on investments	9 441	8 349
Net gain (loss) on foreign currencies and other net assets	(121)	(30)
Change in unrealized gain (loss) on investments	(12 859)	28 649
TOTAL INCOME (LOSS)	4 380	44 799
EXPENSES (see notes – Fund Specific Information)		
Management fees	525	579
Administration fees	156	136
Independent Review Committee costs	1	2
GST/HST	55	58
Transaction costs	161	257
Withholding tax	7	24
TOTAL EXPENSES	905	1 056
INCREASE (DECREASE) IN NAV	\$ 3 475	\$ 43 743
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (5)	\$ 174
ADVISOR SERIES	\$ (1)	\$ 15
SERIES D	\$ 380	\$ 8 660
SERIES F	\$ 4	\$ 98
SERIES O	\$ 3 097	\$ 34 796
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.07)	\$ 2.42
ADVISOR SERIES	\$ (0.12)	\$ 2.42
SERIES D	\$ 0.12	\$ 2.52
SERIES F	\$ 0.12	\$ 2.59
SERIES O	\$ 0.25	\$ 2.77

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 3 475	\$ 43 743
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(9 253)	(8 107)
Change in unrealized loss (gain) on investments	12 859	(28 649)
(Increase) decrease in accrued receivables	(131)	(79)
Increase (decrease) in accrued payables	(4)	(1)
Cost of investments purchased	(429 556)	(454 225)
Proceeds on sales of investments	404 209	472 856
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(18 401)	25 538
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	32 507	32 703
Cash paid on redemption of redeemable units	(14 134)	(58 379)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 18 373	\$ (25 676)
Net increase (decrease) in cash for the period	(28)	(138)
Cash (bank overdraft), beginning of period	325	145
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 297	\$ 7
Interest received (paid)	\$ 101	\$ 73
Dividends received, net of withholding taxes	\$ 7 681	\$ 7 655

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 2 205	\$ 2 499	\$ 170	\$ 186	\$ 119 163	\$ 112 805	\$ 1 594	\$ 551
INCREASE (DECREASE) IN NAV	(5)	174	(1)	15	380	8 660	4	98
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	288	846	25	4	1 607	1 299	580	485
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(290)	(1 394)	(137)	—	(6 837)	(8 232)	(325)	(18)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(2)	(548)	(112)	4	(5 230)	(6 933)	255	467
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(7)	(374)	(113)	19	(4 850)	1 727	259	565
NAV AT END OF PERIOD	\$ 2 198	\$ 2 125	\$ 57	\$ 205	\$ 114 313	\$ 114 532	\$ 1 853	\$ 1 116

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 453 111	\$ 393 664	\$ 576 243	\$ 509 705
INCREASE (DECREASE) IN NAV	3 097	34 796	3 475	43 743
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	33 730	30 093	36 230	32 727
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(6 237)	(48 905)	(13 826)	(58 549)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	27 493	(18 812)	22 404	(25 822)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	30 590	15 984	25 879	17 921
NAV AT END OF PERIOD	\$ 483 701	\$ 409 648	\$ 602 122	\$ 527 626

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

June 30, 2017

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, 2016 – 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	34.3	34.3
Energy	20.5	21.1
Materials	9.9	11.1
Industrials	9.1	7.7
Consumer Discretionary	6.2	6.2
Consumer Staples	4.2	3.5
Information Technology	3.2	2.7
Telecommunication Services	3.2	3.0
Real Estate	2.7	3.6
Utilities	2.4	2.7
Health Care	0.6	0.6
Cash/Other	3.7	3.5
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 2017	December 31 2016
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.

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

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	574 092	3 777	1 667	579 536
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	19 277	–	19 277
Derivatives – assets	–	203	–	203
Derivatives – liabilities	–	(107)	–	(107)
Total financial instruments	574 092	23 150	1 667	598 909
% of total portfolio	95.8	3.9	0.3	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	554 483	–	1 500	555 983
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	19 014	–	19 014
Derivatives – assets	–	3	–	3
Derivatives – liabilities	–	(13)	–	(13)
Total financial instruments	554 483	19 004	1 500	574 987
% of total portfolio	96.4	3.3	0.3	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

During the periods ended June 30, 2017 and December 31, 2016, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2017	December 31 2016
Balance at beginning of period	1 500	1 500
Net purchases	–	–
Net sales	–	–
Net transfers in	–	–
Net transfers out	–	–
Realized gains (losses)	–	–
Unrealized gains (losses)	167	–
Balance at end of period	1 667	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

June 30, 2017

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, 2017, 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 0.0% (December 31, 2016 – 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 2017	December 31 2016
Units held		
Series A	19	19
Advisor Series	37	37
Series F	20	20
Series O	21	21
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, 2016 for the Fund were approximately:

Capital losses	5 883
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	61	81
Issued number of units	8	28
Reinvested number of units	—	—
Redeemed number of units	(8)	(45)
Ending number of units	61	64

Advisor Series		
Opening units	5	6
Issued number of units	1	—
Reinvested number of units	—	—
Redeemed number of units	(4)	—
Ending number of units	2	6

Series D		
Opening units	3 322	3 691
Issued number of units	44	42
Reinvested number of units	—	—
Redeemed number of units	(187)	(266)
Ending number of units	3 179	3 467

Series F		
Opening units	44	18
Issued number of units	16	17
Reinvested number of units	—	—
Redeemed number of units	(9)	(1)
Ending number of units	51	34

Series O		
Opening units	12 310	12 555
Issued number of units	902	988
Reinvested number of units	—	—
Redeemed number of units	(167)	(1 524)
Ending number of units	13 045	12 019

June 30, 2017

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	161	100	257	100
Related-party brokerage commissions*	46	29	19	7
Commission arrangements†	9	6	2	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 2017	December 31 2016
RBC Retirement 2025 Portfolio	—	—
RBC Retirement 2030 Portfolio	0.1	—
RBC Retirement 2035 Portfolio	0.1	—
RBC Retirement 2040 Portfolio	0.1	—
RBC Retirement 2045 Portfolio	0.1	—
RBC Retirement 2050 Portfolio	0.1	—
RBC Select Aggressive Growth Portfolio	17.1	15.5
RBC Select Choices Aggressive Growth Portfolio	1.8	1.8
RBC Select Choices Growth Portfolio	1.6	1.7
RBC Select Growth Portfolio	55.6	55.2
RBC Target 2030 Education Fund	2.7	2.9
Total	79.3	77.1

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

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

PHILLIPS, HAGER & NORTH CANADIAN INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
96 265	Cineplex Inc.	\$ 4 387	\$ 5 089	
126 000	Dollarama Inc.	10 525	15 613	
267 200	Gildan Activewear Inc., Class A	10 054	10 648	
586 200	Quebecor Inc., Class B	21 331	25 160	
55 200	Restaurant Brands International Inc.	4 487	4 479	
229 800	Shaw Communications Inc., Class B	6 913	6 501	
		57 697	67 490	7.2
Consumer Staples				
455 300	Alimentation Couche-Tard Inc.	26 514	28 301	
		26 514	28 301	3.0
Energy				
789 589	ARC Resources Ltd.	14 956	13 391	
399 500	Canadian Natural Resources Ltd.	15 958	14 948	
1 693 618	Cenovus Energy Inc.	30 010	16 191	
1 348 838	Crescent Point Energy Corp.	24 027	13 380	
1 189 390	Enbridge Inc.	62 254	61 444	
519 800	Keyera Corp.	19 960	21 218	
139 868	Parkland Fuel Corp., Restricted September 10, 2017	3 874	4 074	
56 265	Parkland Fuel Corp., Subscription Receipts	1 378	1 740	
188 700	Pembina Pipeline Corp.	6 058	8 105	
323 884	PrairieSky Royalty Ltd.	8 569	9 564	
375 600	Seven Generations Energy Ltd.	11 225	8 342	
333 091	Tourmaline Oil Corp.	10 768	9 287	
156 237	TransCanada Corp.	9 140	9 659	
		218 177	191 343	20.5
Financials				
198 100	Bank of Montreal	18 406	18 863	
750 100	Bank of Nova Scotia	53 405	58 515	
734 100	Brookfield Asset Management Inc., Class A	31 675	37 358	
307 200	Canadian Imperial Bank of Commerce	32 002	32 376	
17 400	CI Financial Corp.	500	481	
968 600	Element Fleet Management Corp.	11 646	8 621	
24 000	Fairfax Financial Holdings Ltd.	14 027	13 488	
51 700	Intact Financial Corp.	4 923	5 065	
32 225	Intact Financial Corp., Subscription Receipts	2 960	3 107	
1 185 100	Manulife Financial Corporation	24 686	28 810	
797 800	Royal Bank of Canada*	63 413	75 121	
420 900	Sun Life Financial Inc.	19 149	19 513	
124 500	Thomson Corp.	7 288	7 475	
1 204 500	Toronto-Dominion Bank	68 151	78 714	
		352 231	387 507	41.6

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
130 400	Canadian National Railway Co.	\$ 11 295	\$ 13 721	
81 000	Canadian Pacific Railway Ltd.	15 596	16 901	
500 800	Finning International Inc.	12 214	12 730	
119 400	Ritchie Bros. Auctioneers Inc.	5 065	4 449	
579 000	Stantec Inc.	18 349	18 904	
278 100	Waste Connections Inc.	18 581	23 230	
		81 100	89 935	9.6
Information Technology				
117 600	CGI Group Inc., Class A	7 368	7 792	
8 100	Constellation Software Inc.	4 398	5 495	
84 712	Open Text Corp.	3 346	3 467	
		15 112	16 754	1.8
Materials				
113 600	Agnico Eagle Mines Ltd.	6 390	6 643	
57 600	Agrium Inc.	6 936	6 770	
227 500	CCL Industries, Class B	11 043	14 926	
546 700	First Quantum Minerals Ltd.	7 843	5 997	
68 100	Franco-Nevada Corp.	5 873	6 372	
240 500	Goldcorp Inc.	4 532	4 021	
198 000	Teck Resources Ltd., Class B	5 701	4 451	
		48 318	49 180	5.3
Real Estate				
514 000	Brookfield Property Partners LP	14 763	15 770	
90 100	Canadian Real Estate Investment Trust	4 200	4 133	
448 200	First Capital Realty Inc.	8 973	8 856	
		27 936	28 759	3.1
Telecommunication Services				
92 292	Rogers Communications Inc., Class B	4 642	5 653	
98 100	TELUS Corp.	4 151	4 392	
		8 793	10 045	1.1
Utilities				
236 436	Boralex Inc., Class A	3 937	5 192	
233 200	Brookfield Infrastructure Partners LP	9 333	12 369	
406 600	Fortis Inc.	16 864	18 533	
		30 134	36 094	3.9
TOTAL CANADIAN EQUITIES		866 012	905 408	97.1

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

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

PHILLIPS, HAGER & NORTH CANADIAN INCOME FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2017

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
3 450	Baytex Energy Corp. USD	5.125	01-Jun-2021	\$ 3 664	\$ 3 993	
7 250	MEG Energy Corp. USD	6.500	15-Jan-2025	9 536	8 591	
598	Precision Drilling Corp. USD	6.625	15-Nov-2020	671	764	
3 786	Seven Generations Energy Ltd. USD	8.250	15-May-2020	5 011	5 143	
TOTAL CANADIAN BONDS				18 882	18 491	2.0
SHORT-TERM INVESTMENTS[†]				10 849	10 849	1.1
TOTAL INVESTMENTS				895 743	934 748	100.2
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	684	0.1
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(27)	—
TOTAL PORTFOLIO				\$ 895 743	935 405	100.3
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(3 059)	(0.3)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 932 346	100.0

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 14 598 Sold USD 10 938 @ 1.3346	18-Jul-2017	\$ 417
Bought CAD 273 Sold USD 200 @ 1.3648	18-Jul-2017	14
Bought CAD 1 182 Sold USD 880 @ 1.3430	18-Jul-2017	41
Bought CAD 6 079 Sold USD 4 530 @ 1.3420	12-Sep-2017	212
		\$ 684
Contracts	Maturity Date	Unrealized Loss
Bought USD 500 Sold CAD 665 @ 0.7516	18-Jul-2017	\$ (17)
Bought USD 350 Sold CAD 463 @ 0.7552	18-Jul-2017	(10)
		\$ (27)
TOTAL FOREIGN EXCHANGE		\$ 657

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 a rate of 0.78% and mature on July 4, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 934 748	\$ 927 624
Cash	3 615	3 346
Due from investment dealers	1 986	3 329
Subscriptions receivable	29	70
Unrealized gain on foreign exchange contracts	684	–
Dividends receivable, interest accrued and other assets	2 258	1 889
TOTAL ASSETS	943 320	936 258
LIABILITIES		
Due to investment dealers	10 684	299
Redemptions payable	156	92
Unrealized loss on foreign exchange contracts	27	161
Accounts payable and accrued expenses	107	112
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	10 974	664
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 932 346	\$ 935 594
Investments at cost	\$ 895 743	\$ 841 809
NAV		
SERIES A	\$ 4 021	\$ 4 698
ADVISOR SERIES	\$ 952	\$ 1 049
SERIES D	\$ 60 687	\$ 62 851
SERIES F	\$ 1 699	\$ 1 361
SERIES O	\$ 864 987	\$ 865 635
NAV PER UNIT		
SERIES A	\$ 15.43	\$ 15.61
ADVISOR SERIES	\$ 15.43	\$ 15.61
SERIES D	\$ 15.40	\$ 15.59
SERIES F	\$ 15.40	\$ 15.60
SERIES O	\$ 15.28	\$ 15.45

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 12 398	\$ 15 496
Interest for distribution purposes	645	206
Other income (loss)	215	713
Net realized gain (loss) on investments	35 572	(13 276)
Net gain (loss) on foreign currencies and other net assets	(332)	26
Change in unrealized gain (loss) on investments	(45 992)	86 835
TOTAL INCOME (LOSS)	2 506	90 000
EXPENSES (see notes – Fund Specific Information)		
Management fees	313	333
Administration fees	292	293
Independent Review Committee costs	1	2
GST/HST	54	56
Transaction costs	698	2 071
TOTAL EXPENSES	1 358	2 755
INCREASE (DECREASE) IN NAV	\$ 1 148	\$ 87 245
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (27)	\$ 364
ADVISOR SERIES	\$ (6)	\$ 71
SERIES D	\$ (180)	\$ 4 964
SERIES F	\$ (7)	\$ 68
SERIES O	\$ 1 368	\$ 81 778
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.10)	\$ 1.13
ADVISOR SERIES	\$ (0.09)	\$ 1.13
SERIES D	\$ (0.04)	\$ 1.20
SERIES F	\$ (0.07)	\$ 1.21
SERIES O	\$ 0.02	\$ 1.25

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 148	\$ 87 245
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(34 856)	15 711
Change in unrealized loss (gain) on investments	45 992	(86 835)
(Increase) decrease in accrued receivables	(369)	878
Increase (decrease) in accrued payables	(5)	(8)
Cost of investments purchased	(828 423)	(1 911 050)
Proceeds on sales of investments	821 073	2 065 846
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4 560	171 787
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	39 383	40 127
Cash paid on redemption of redeemable units	(43 024)	(211 076)
Distributions paid to holders of redeemable units	(650)	(710)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (4 291)	\$ (171 659)
Net increase (decrease) in cash for the period	269	128
Cash (bank overdraft), beginning of period	3 346	661
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 3 615	\$ 789
Interest received (paid)	\$ 435	\$ 77
Dividends received, net of withholding taxes	\$ 12 454	\$ 17 216

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 4 698	\$ 4 880	\$ 1 049	\$ 939	\$ 62 851	\$ 57 305	\$ 1 361	\$ 1 265
INCREASE (DECREASE) IN NAV	(27)	364	(6)	71	(180)	4 964	(7)	68
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	162	272	6	25	3 160	2 074	563	128
Reinvestments of distributions to holders of redeemable units	15	17	4	3	471	451	10	7
Redemption of redeemable units	(809)	(994)	(97)	(194)	(5 089)	(5 850)	(212)	(412)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(632)	(705)	(87)	(166)	(1 458)	(3 325)	361	(277)
Distributions from net income	(18)	(20)	(4)	(4)	(526)	(505)	(16)	(11)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(18)	(20)	(4)	(4)	(526)	(505)	(16)	(11)
NET INCREASE (DECREASE) IN NAV	(677)	(361)	(97)	(99)	(2 164)	1 134	338	(220)
NAV AT END OF PERIOD	\$ 4 021	\$ 4 519	\$ 952	\$ 840	\$ 60 687	\$ 58 439	\$ 1 699	\$ 1 045

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 865 635	\$ 920 098	\$ 935 594	\$ 984 487
INCREASE (DECREASE) IN NAV	1 368	81 778	1 148	87 245
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	35 451	37 632	39 342	40 131
Reinvestments of distributions to holders of redeemable units	10 369	10 945	10 869	11 423
Redemption of redeemable units	(36 881)	(198 804)	(43 088)	(206 254)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	8 939	(150 227)	7 123	(154 700)
Distributions from net income	(10 955)	(11 593)	(11 519)	(12 133)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(10 955)	(11 593)	(11 519)	(12 133)
NET INCREASE (DECREASE) IN NAV	(648)	(80 042)	(3 248)	(79 588)
NAV AT END OF PERIOD	\$ 864 987	\$ 840 056	\$ 932 346	\$ 904 899

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

June 30, 2017

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)**Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 0.6%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	41.6	37.2
Energy	20.5	19.7
Industrials	9.6	6.8
Consumer Discretionary	7.2	6.6
Materials	5.3	7.8
Utilities	3.9	4.9
Real Estate	3.1	4.7
Consumer Staples	3.0	3.1
Canadian Bonds	2.0	—
Information Technology	1.8	3.0
Telecommunication Services	1.1	3.2
Cash/Other	0.9	3.0
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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 1.0
S&P/TSX Capped Income		
Trust Total Return Index	+ or - 0.3	+ 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.

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

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	901 334	4 074	—	905 408
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	18 491	—	18 491
Short-term investments	—	10 849	—	10 849
Derivatives – assets	—	684	—	684
Derivatives – liabilities	—	(27)	—	(27)
Total financial instruments	901 334	34 071	—	935 405
% of total portfolio	96.4	3.6	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	902 237	5 434	—	907 671
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	13 129	—	13 129
Short-term investments	—	6 824	—	6 824
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	(161)	—	(161)
Total financial instruments	902 237	25 226	—	927 463
% of total portfolio	97.3	2.7	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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, 2017

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 2017	December 31 2016
Units held		
Series A	51	50
Advisor Series	100	99
Series D	53	53
Series F	55	54
Series O	58	58
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, 2016 for the Fund were approximately:

Capital losses	17 395
Non-capital losses	–

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	301	374
Issued number of units	11	21
Reinvested number of units	1	1
Redeemed number of units	(52)	(76)
Ending number of units	261	320
Advisor Series		
Opening units	67	72
Issued number of units	1	2
Reinvested number of units	–	–
Redeemed number of units	(6)	(15)
Ending number of units	62	59
Series D		
Opening units	4 033	4 395
Issued number of units	200	154
Reinvested number of units	30	33
Redeemed number of units	(323)	(443)
Ending number of units	3 940	4 139
Series F		
Opening units	87	97
Issued number of units	35	9
Reinvested number of units	1	1
Redeemed number of units	(13)	(33)
Ending number of units	110	74

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series O		
Opening units	56 030	71 280
Issued number of units	2 283	2 993
Reinvested number of units	667	817
Redeemed number of units	(2 356)	(15 048)
Ending number of units	56 624	60 042

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	698	100	2 071	100
Related-party brokerage commissions*	47	7	162	8
Commission arrangements†	67	10	175	8

* 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 2017	December 31 2016
RBC Managed Payout Solution	33.2	33.0
RBC Managed Payout Solution – Enhanced	14.8	14.5
RBC Managed Payout Solution – Enhanced Plus	35.4	34.9
Total	83.4	82.4

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
30 270	Aritzia Inc.	\$ 467	\$ 455	
4 800	Cineplex Inc.	238	254	
8 400	Dollarama Inc.	602	1 041	
15 300	Gildan Activewear Inc., Class A	534	610	
12 800	goeasy Ltd.	260	353	
53 900	Quebecor Inc., Class B	1 760	2 313	
7 316	Restaurant Brands International Inc.	403	594	
21 000	Shaw Communications Inc., Class B	632	594	
23 900	Sleep Country Canada Holdings Inc.	430	983	
		5 326	7 197	11.4
Consumer Staples				
34 500	Alimentation Couche-Tard Inc.	1 558	2 145	
13 300	Jamieson Wellness Inc.	209	209	
18 300	Maple Leaf Foods Inc.	412	599	
		2 179	2 953	4.7
Energy				
47 800	ARC Resources Ltd.	941	811	
45 900	Canadian Natural Resources Ltd.	1 709	1 718	
73 700	Cenovus Energy Inc.	1 329	705	
56 298	Crescent Point Energy Corp.	995	558	
66 500	Enbridge Inc.	3 346	3 436	
15 600	Keyera Corp.	601	637	
12 064	PrairieSky Royalty Ltd.	317	356	
78 000	Raging River Exploration Inc.	645	631	
67 400	Secure Energy Services Inc.	641	596	
26 700	Seven Generations Energy Ltd.	598	593	
38 321	Tourmaline Oil Corp.	1 211	1 068	
		12 333	11 109	17.6
Financials				
10 400	Bank of Montreal	980	990	
44 300	Bank of Nova Scotia	2 766	3 456	
51 400	Brookfield Asset Management Inc., Class A	2 051	2 616	
1 600	CI Financial Corp.	49	44	
76 600	Element Fleet Management Corp.	776	682	
2 000	Fairfax Financial Holdings Ltd.	1 155	1 124	
4 100	Intact Financial Corp.	392	402	
2 235	Intact Financial Corp., Subscription Receipts	205	215	
60 300	Manulife Financial Corporation	1 214	1 466	
47 400	Royal Bank of Canada*	3 375	4 463	
194 100	The Westaim Corp.	581	615	
14 500	Thomson Corp.	874	871	
68 800	Toronto-Dominion Bank	3 350	4 496	
		17 768	21 440	34.0

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
87 866	Badger Daylighting Ltd.	\$ 1 950	\$ 2 339	
12 300	Boyd Group Income Fund	854	1 183	
5 900	Canadian National Railway Co.	377	621	
4 600	Canadian Pacific Railway Ltd.	961	960	
19 900	Richelieu Hardware Ltd.	353	598	
14 630	Ritchie Bros. Auctioneers Inc.	491	545	
56 800	Stantec Inc.	1 838	1 855	
10 600	Waste Connections Inc.	710	885	
		7 534	8 986	14.2
Information Technology				
27 357	Blackline Safety Corp.	82	105	
126 748	Blackline Safety Corp., Restricted July 24, 2017	380	484	
13 300	CGI Group Inc., Class A	688	881	
800	Constellation Software Inc.	484	543	
7 200	Kinaxis Inc.	199	581	
21 736	Open Text Corp.	803	890	
		2 636	3 484	5.5
Materials				
18 900	CCL Industries, Class B	739	1 240	
51 800	First Quantum Minerals Ltd.	637	568	
10 100	Franco-Nevada Corp.	769	945	
104 700	Polaris Materials Corp.	155	104	
11 100	Stella-Jones Inc.	418	491	
27 900	Teck Resources Ltd., Class B	708	627	
		3 426	3 975	6.3
Real Estate				
29 700	First Capital Realty Inc.	597	587	
2 500	Mainstreet Equity Corp.	90	91	
50 985	Tricon Capital Group Inc.	539	592	
		1 226	1 270	2.0
Utilities				
13 750	Brookfield Infrastructure Partners LP	551	729	
17 500	Fortis Inc.	713	798	
		1 264	1 527	2.4
TOTAL CANADIAN EQUITIES		\$ 53 692	61 941	98.1
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			1 202	1.9
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		\$ 63 143		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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 61 941	\$ 62 023
Cash	–	98
Due from investment dealers	1 750	200
Subscriptions receivable	344	157
Dividends receivable, interest accrued and other assets	97	93
TOTAL ASSETS	64 132	62 571
LIABILITIES		
Bank overdraft	156	–
Due to investment dealers	744	38
Redemptions payable	46	97
Accounts payable and accrued expenses	43	45
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	989	180
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 63 143	\$ 62 391
Investments at cost	\$ 53 692	\$ 50 661
NAV		
SERIES A	\$ 1 413	\$ 1 702
ADVISOR SERIES	\$ 829	\$ 797
SERIES D	\$ 33 526	\$ 34 976
SERIES F	\$ 726	\$ 987
SERIES O	\$ 26 649	\$ 23 929
NAV PER UNIT		
SERIES A	\$ 29.29	\$ 29.64
ADVISOR SERIES	\$ 29.33	\$ 29.68
SERIES D	\$ 30.60	\$ 30.83
SERIES F	\$ 31.85	\$ 32.05
SERIES O	\$ 33.47	\$ 33.52

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 669	\$ 746
Interest for distribution purposes	4	3
Other income (loss)	8	6
Net realized gain (loss) on investments	2 385	(613)
Net gain (loss) on foreign currencies and other net assets	–	(2)
Change in unrealized gain (loss) on investments	(3 113)	4 983
TOTAL INCOME (LOSS)	(47)	5 123
EXPENSES (see notes – Fund Specific Information)		
Management fees	214	227
Administration fees	27	25
Independent Review Committee costs	1	2
GST/HST	18	19
Transaction costs	42	38
Expenses reimbursed by manager	–	(2)
TOTAL EXPENSES	302	309
INCREASE (DECREASE) IN NAV	\$ (349)	\$ 4 814
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (13)	\$ 125
ADVISOR SERIES	\$ (12)	\$ 40
SERIES D	\$ (253)	\$ 2 521
SERIES F	\$ (3)	\$ 253
SERIES O	\$ (68)	\$ 1 875
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.26)	\$ 2.02
ADVISOR SERIES	\$ (0.43)	\$ 2.02
SERIES D	\$ (0.23)	\$ 2.22
SERIES F	\$ (0.05)	\$ 2.34
SERIES O	\$ (0.09)	\$ 2.61

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (349)	\$ 4 814
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(2 338)	651
Change in unrealized loss (gain) on investments	3 113	(4 983)
(Increase) decrease in accrued receivables	(4)	14
Increase (decrease) in accrued payables	(2)	1
Cost of investments purchased	(75 886)	(72 461)
Proceeds on sales of investments	74 349	73 583
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1 117)	1 619
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	5 260	6 581
Cash paid on redemption of redeemable units	(4 397)	(8 195)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 863	\$ (1 614)
Net increase (decrease) in cash for the period	(254)	5
Cash (bank overdraft), beginning of period	98	271
CASH (BANK OVERDRAFT), END OF PERIOD	\$ (156)	\$ 276
Interest received (paid)	\$ 4	\$ 3
Dividends received, net of withholding taxes	\$ 673	\$ 763

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 702	\$ 1 781	\$ 797	\$ 453	\$ 34 976	\$ 31 096	\$ 987	\$ 2 585
INCREASE (DECREASE) IN NAV	(13)	125	(12)	40	(253)	2 521	(3)	253
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	104	169	102	298	1 341	743	66	464
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(380)	(302)	(58)	(77)	(2 538)	(3 079)	(324)	(2 473)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(276)	(133)	44	221	(1 197)	(2 336)	(258)	(2 009)
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(289)	(8)	32	261	(1 450)	185	(261)	(1 756)
NAV AT END OF PERIOD	\$ 1 413	\$ 1 773	\$ 829	\$ 714	\$ 33 526	\$ 31 281	\$ 726	\$ 829

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 23 929	\$ 16 583	\$ 62 391	\$ 52 498
INCREASE (DECREASE) IN NAV	(68)	1 875	(349)	4 814
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	3 834	4 934	5 447	6 608
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(1 046)	(2 284)	(4 346)	(8 215)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	2 788	2 650	1 101	(1 607)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	2 720	4 525	752	3 207
NAV AT END OF PERIOD	\$ 26 649	\$ 21 108	\$ 63 143	\$ 55 705

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

June 30, 2017

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)**Liquidity risk (%)**

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.0% (December 31, 2016 – 1.3%) 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:

	June 30 2017	December 31 2016
Investment mix		
Financials	34.0	32.2
Energy	17.6	19.6
Industrials	14.2	13.5
Consumer Discretionary	11.4	10.6
Materials	6.3	7.6
Information Technology	5.5	4.7
Consumer Staples	4.7	3.6
Utilities	2.4	2.5
Real Estate	2.0	1.6
Telecommunication Services	–	1.1
Cash/Other	1.9	3.0
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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	61 248	693	–	61 941
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	61 248	693	–	61 941
% of total portfolio	98.9	1.1	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	59 747	801	–	60 548
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 475	–	1 475
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	59 747	2 276	–	62 023
% of total portfolio	96.3	3.7	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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.

PHILLIPS, HAGER & NORTH VINTAGE FUND

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	28	28
Advisor Series	55	55
Series F	28	28
Series O	29	29
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, 2016 for the Fund were approximately:

Capital losses	30 096
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	57	73
Issued number of units	4	6
Reinvested number of units	—	—
Redeemed number of units	(13)	(12)
Ending number of units	48	67
Advisor Series		
Opening units	27	19
Issued number of units	3	11
Reinvested number of units	—	—
Redeemed number of units	(2)	(3)
Ending number of units	28	27
Series D		
Opening units	1 134	1 226
Issued number of units	44	28
Reinvested number of units	—	—
Redeemed number of units	(82)	(118)
Ending number of units	1 096	1 136
Series F		
Opening units	31	98
Issued number of units	2	18
Reinvested number of units	—	—
Redeemed number of units	(10)	(87)
Ending number of units	23	29

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Series O		
Opening units	714	602
Issued number of units	113	181
Reinvested number of units	—	—
Redeemed number of units	(31)	(82)
Ending number of units	796	701

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	42	100	38	100
Related-party brokerage commissions*	2	5	4	11
Commission arrangements†	5	12	2	5

* 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 U.S. DIVIDEND INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
81 200	Comcast Corp., Class A	\$ 3 420	\$ 4 098	
33 500	Delphi Automotive Plc.	2 885	3 809	
22 000	General Motors Co.	1 111	997	
26 328	McDonald's Corp.	3 134	5 229	
		10 550	14 133	6.8
Consumer Staples				
65 280	Altria Group Inc.	4 642	6 304	
48 600	CVS Health Corp.	6 126	5 073	
40 175	PepsiCo Inc.	2 811	6 018	
41 600	Philip Morris International Inc.	4 969	6 337	
		18 548	23 732	11.4
Energy				
30 300	Apache Corp.	2 106	1 883	
42 700	Chevron Corp.	4 999	5 778	
32 000	ConocoPhillips	2 036	1 823	
13 400	Occidental Petroleum Corp.	1 063	1 040	
22 000	ONEOK, Inc.	1 432	1 481	
18 000	Phillips 66 Company	1 989	1 930	
22 000	The Williams Companies Inc.	860	864	
4 900	Valero Energy Corp.	435	428	
		14 920	15 227	7.3
Financials				
162 700	Bank of America Corp.	3 144	5 119	
39 000	Citigroup Inc.	3 186	3 382	
46 000	Citizens Financial Group Inc.	1 454	2 128	
50 600	iShares Dow Jones US Real Estate Index Fund	5 276	5 233	
43 189	JPMorgan Chase & Co.	2 580	5 120	
88 000	KeyCorp	1 446	2 139	
34 760	Morgan Stanley	1 934	2 008	
16 900	PNC Bank Corp.	2 736	2 736	
22 400	Prudential Financial Inc.	2 439	3 141	
28 000	Suntrust Banks Inc.	1 538	2 060	
28 900	U.S. Bancorp	1 995	1 946	
14 548	Wells Fargo & Company	600	1 046	
		28 328	36 058	17.3
Health Care				
47 800	Cardinal Health Inc.	5 089	4 830	
55 988	Johnson & Johnson	3 979	9 607	
39 600	Medtronic Plc.	3 821	4 558	
47 918	Merck & Co. Inc.	3 370	3 983	
95 100	Pfizer Inc.	4 099	4 143	
33 200	UnitedHealth Group Incorporated	5 227	7 981	
		25 585	35 102	16.8

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
4 700	3M Co.	\$ 1 159	\$ 1 269	
13 000	Boeing Co.	2 383	3 334	
25 000	CSX Corp.	1 570	1 769	
25 000	Delta Air Lines Inc.	1 639	1 742	
29 300	Eaton Corp Plc.	2 478	2 958	
66 967	General Electric Company	2 450	2 346	
12 000	Honeywell International Inc.	2 155	2 074	
6 600	Northrop Grumman Corp.	2 036	2 197	
11 000	Raytheon Company	2 275	2 303	
11 500	Union Pacific Corp.	1 459	1 624	
7 000	United Technologies Corp.	1 061	1 109	
		20 665	22 725	10.9
Information Technology				
51 351	Apple Inc.	6 551	9 591	
7 500	Broadcom Ltd.	2 120	2 267	
114 452	Cisco Systems Inc.	3 828	4 646	
72 172	Intel Corp.	3 032	3 158	
23 000	Microchip Technology Inc.	1 965	2 302	
100 320	Microsoft Corp.	4 329	8 967	
47 900	Oracle Corporation	2 781	3 115	
19 300	Texas Instruments Inc.	2 016	1 925	
		26 622	35 971	17.3
Materials				
44 095	Dow Chemical Company	2 783	3 606	
27 030	LyondellBasell Industries N.V.	3 148	2 959	
		5 931	6 565	3.1
Real Estate				
12 200	Crown Castle International Corp. Real Estate Investment Trust	1 501	1 585	
		1 501	1 585	0.8
Telecommunication Services				
47 883	AT&T Inc.	2 104	2 343	
21 580	Verizon Communications Inc.	1 394	1 250	
		3 498	3 593	1.7
Utilities				
13 550	American Electric Power	1 275	1 221	
11 840	Dominion Energy Inc.	1 281	1 177	
11 260	Duke Energy Corp.	1 287	1 221	
23 000	NextEra Energy Inc.	3 089	4 180	
40 000	PPL Corporation	1 740	2 005	
		8 672	9 804	4.7
TOTAL UNITED STATES EQUITIES				
		164 820	204 495	98.1
SHORT-TERM INVESTMENTS*				
		1 663	1 654	0.8
TOTAL INVESTMENTS				
		\$ 166 483	206 149	98.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			2 261	1.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
		\$ 208 410		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 1.15% to 1.19% and mature between July 5, 2017 and July 25, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 206 149	\$ 198 942
Cash	2 215	2 229
Due from investment dealers	2 951	—
Subscriptions receivable	31	82
Dividends receivable, interest accrued and other assets	237	365
TOTAL ASSETS	211 583	201 618
LIABILITIES		
Due to investment dealers	2 940	—
Redemptions payable	105	180
Accounts payable and accrued expenses	128	118
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	3 173	298
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 208 410	\$ 201 320
Investments at cost	\$ 166 483	\$ 162 407
NAV		
SERIES A	\$ 13 638	\$ 13 461
ADVISOR SERIES	\$ 11 957	\$ 11 523
SERIES D	\$ 83 273	\$ 78 706
SERIES F	\$ 11 827	\$ 10 012
SERIES O	\$ 87 715	\$ 87 618
NAV PER UNIT		
SERIES A	\$ 14.91	\$ 14.30
ADVISOR SERIES	\$ 14.91	\$ 14.30
SERIES D	\$ 14.86	\$ 14.20
SERIES F	\$ 14.83	\$ 14.15
SERIES O	\$ 14.94	\$ 14.21

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 2 770	\$ 2 817
Interest for distribution purposes	16	24
Net realized gain (loss) on investments	5 286	12 255
Net gain (loss) on foreign currencies and other net assets	(93)	(282)
Change in unrealized gain (loss) on investments	3 131	(14 307)
TOTAL INCOME (LOSS)	11 110	507
EXPENSES (see notes – Fund Specific Information)		
Management fees	589	596
Administration fees	93	82
Independent Review Committee costs	1	2
GST/HST	58	57
Transaction costs	53	89
Withholding tax	389	400
TOTAL EXPENSES	1 183	1 226
INCREASE (DECREASE) IN NAV	\$ 9 927	\$ (719)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 560	\$ (124)
ADVISOR SERIES	\$ 508	\$ (142)
SERIES D	\$ 3 685	\$ (413)
SERIES F	\$ 525	\$ 11
SERIES O	\$ 4 649	\$ (51)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.60	\$ (0.13)
ADVISOR SERIES	\$ 0.63	\$ (0.13)
SERIES D	\$ 0.66	\$ (0.08)
SERIES F	\$ 0.68	\$ (0.06)
SERIES O	\$ 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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 9 927	\$ (719)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(5 236)	(12 148)
Change in unrealized loss (gain) on investments	(3 131)	14 307
(Increase) decrease in accrued receivables	128	161
Increase (decrease) in accrued payables	10	(12)
Cost of investments purchased	(160 295)	(262 997)
Proceeds on sales of investments	161 444	277 062
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2 847	15 654
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	14 235	7 428
Cash paid on redemption of redeemable units	(17 096)	(19 257)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (2 861)	\$ (11 829)
Net increase (decrease) in cash for the period	(14)	3 825
Cash (bank overdraft), beginning of period	2 229	58
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 215	\$ 3 883
Interest received (paid)	\$ 17	\$ 24
Dividends received, net of withholding taxes	\$ 2 508	\$ 2 579

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 13 461	\$ 12 974	\$ 11 523	\$ 12 585	\$ 78 706	\$ 78 132	\$ 10 012	\$ 7 349
INCREASE (DECREASE) IN NAV	560	(124)	508	(142)	3 685	(413)	525	11
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 267	956	989	584	5 855	3 157	2 718	1 942
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(1 650)	(1 539)	(1 063)	(2 529)	(4 973)	(7 716)	(1 428)	(685)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(383)	(583)	(74)	(1 945)	882	(4 559)	1 290	1 257
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	177	(707)	434	(2 087)	4 567	(4 972)	1 815	1 268
NAV AT END OF PERIOD	\$ 13 638	\$ 12 267	\$ 11 957	\$ 10 498	\$ 83 273	\$ 73 160	\$ 11 827	\$ 8 617

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 87 618	\$ 90 426	\$ 201 320	\$ 201 466
INCREASE (DECREASE) IN NAV	4 649	(51)	9 927	(719)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	3 355	785	14 184	7 424
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(7 907)	(6 796)	(17 021)	(19 265)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 552)	(6 011)	(2 837)	(11 841)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	97	(6 062)	7 090	(12 560)
NAV AT END OF PERIOD	\$ 87 715	\$ 84 364	\$ 208 410	\$ 188 906

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
Financials	17.3	15.6
Information Technology	17.3	17.2
Health Care	16.8	17.9
Consumer Staples	11.4	10.8
Industrials	10.9	8.0
Energy	7.3	8.1
Consumer Discretionary	6.8	4.4
Utilities	4.7	5.6
Materials	3.1	2.6
Telecommunication Services	1.7	3.6
Real Estate	0.8	3.6
Cash/Other	1.9	2.6
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:

	June 30 2017	December 31 2016
Currency		
United States dollar	99.9	99.9
Total	99.9	99.9

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
S&P 500 Total Return Index (CAD)	+ 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	204 495	–	–	204 495
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 654	–	1 654
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	204 495	1 654	–	206 149
% of total portfolio	99.2	0.8	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	196 104	–	–	196 104
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	2 838	–	2 838
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	196 104	2 838	–	198 942
% of total portfolio	98.6	1.4	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	43	43
Advisor Series	160	160
Series F	88	88
Series O	93	93
Value of all units	6	5

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	941	959
Issued number of units	85	73
Reinvested number of units	—	—
Redeemed number of units	(111)	(117)
Ending number of units	915	915

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	806	931
Issued number of units	67	44
Reinvested number of units	—	—
Redeemed number of units	(71)	(192)
Ending number of units	802	783
Series D		
Opening units	5 544	5 816
Issued number of units	398	243
Reinvested number of units	—	—
Redeemed number of units	(339)	(591)
Ending number of units	5 603	5 468
Series F		
Opening units	708	548
Issued number of units	184	150
Reinvested number of units	—	—
Redeemed number of units	(95)	(53)
Ending number of units	797	645
Series O		
Opening units	6 167	6 729
Issued number of units	227	60
Reinvested number of units	—	—
Redeemed number of units	(524)	(520)
Ending number of units	5 870	6 269

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	53	100	89	100
Related-party brokerage commissions*	2	4	19	21
Commission arrangements [†]	11	21	16	18

* 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 U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
SWITZERLAND EQUITIES				
Consumer Discretionary				
86 474	Garmin Ltd.	\$ 5 679	\$ 5 722	
TOTAL SWITZERLAND EQUITIES		5 679	5 722	0.1
UNITED STATES EQUITIES				
Consumer Discretionary				
46 611	Amazon.com, Inc.	43 510	58 511	
20 495	AMC Networks Inc.	1 522	1 420	
158 424	American Outdoor Brands Corp.	3 227	4 553	
12 852	Bed Bath & Beyond Inc.	509	507	
246 359	Best Buy Co. Inc.	13 067	18 316	
11 664	Big Lots Inc.	753	731	
37 040	Bright Horizons Family Solutions Inc.	3 442	3 709	
92 349	Brunswick Corp.	5 982	7 506	
44 395	Burlington Stores Inc.	4 790	5 298	
14 048	CalAtlantic Group Inc.	650	644	
1 886	Capella Education Co.	222	209	
83 747	Carnival Corp.	6 165	7 123	
96 290	Carriage Services Inc.	2 823	3 366	
7 060	Cavco Industries Inc.	759	1 187	
48 200	CBS Corp.	3 347	3 987	
19 132	Charter Communications Inc.	7 069	8 357	
1 349 479	Comcast Corp., Class A	66 289	68 110	
22 113	D.R. Horton Inc.	884	991	
55 670	Dana Inc.	1 328	1 612	
32 596	Darden Restaurants Inc.	2 791	3 824	
331 890	Destination XL Group Inc.	1 457	1 011	
30 900	Dick's Sporting Goods Inc.	1 683	1 596	
25 091	Dillards Inc.	1 755	1 876	
10 397	Discovery Communications Inc., Class A	354	348	
40 270	Dollar Tree Inc.	3 595	3 651	
21 173	Domino's Pizza Inc.	4 283	5 807	
185 810	Foot Locker Inc.	14 062	11 874	
214 030	Ford Motor Company	3 212	3 113	
75 426	Fox Factory Holding Corp.	1 384	3 482	
12 482	Gap Inc.	377	356	
327 322	General Motors Co.	14 973	14 827	
53 890	Grand Canyon Education Inc.	2 462	5 480	
258 579	Gray Television Inc.	4 341	4 594	
29 767	Hasbro Inc.	4 253	4 304	
4 300	Helen Of Troy Ltd.	338	524	
267 688	Home Depot Inc.	40 317	53 251	
6 157	HSN Inc.	282	255	
104 303	ILG Inc.	2 126	3 718	
738	Jack in the Box Inc.	99	94	
140 746	Kohl's Corp.	8 202	7 058	
36 820	Kona Grill Inc.	773	177	
42 547	Las Vegas Sands Corp.	3 321	3 525	
38 951	LCI Industries	2 427	5 172	
38 610	Lear Corp.	5 935	7 114	
77 350	Lennar Corp.	4 558	5 348	

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Discretionary (cont.)				
148 314	Libbey Inc.	\$ 4 169	\$ 1 550	
180 511	Liberty Interactive Corp.	5 401	5 744	
35 823	Lithia Motors Inc.	4 188	4 376	
8 592	Live Nation Inc.	390	388	
89 540	LKQ Corp.	2 362	3 826	
43 600	Lowe's Companies	4 339	4 384	
2 907	M/I Schottenstein Homes Inc.	106	108	
121 105	Macy's Inc.	3 766	3 650	
81 230	Malibu Boats Inc.	1 771	2 724	
34 810	Marriott International Inc., Class A	4 674	4 528	
1 848	Marriott Vacations Worldwide Corp.	292	282	
71 000	McDonald's Corp.	11 448	14 102	
4 363	Meredith Corp.	380	336	
24 661	Michael Kors Holdings Ltd.	1 649	1 159	
17 970	Mohawk Industries Inc.	4 522	5 632	
97 000	Motorcar Parts of America Inc.	3 943	3 550	
29 700	Netflix Inc.	5 237	5 755	
36 680	New Media Investment Group Inc.	840	641	
123 193	Newell Brands Inc.	7 925	8 566	
83 900	Nike Inc.	5 782	6 418	
37 290	Nordstrom Inc.	2 315	2 313	
10 967	NutriSystem Inc.	759	740	
9 121	O'Reilly Automotive Inc.	2 661	2 587	
9 510	Panera Bread Company	1 938	3 880	
16 554	Papa John's International Inc.	1 831	1 540	
3 408	PetMed Express Inc.	187	179	
16 420	Red Robin Gourmet Burgers Inc.	1 231	1 389	
337 275	Regal Entertainment Group, Class A	9 729	8 949	
475 794	Ross Stores Inc.	36 489	35 620	
20 643	Scholastic Corp.	1 193	1 166	
101 036	Scripps Networks Interactive Inc.	9 258	8 950	
24 100	Staples Inc.	283	315	
126 200	Starbucks Corp.	8 762	9 543	
100 316	Steven Madden Ltd.	3 994	5 197	
2 351	Sturm Ruger & Co. Inc.	210	189	
77 838	Tandy Leather Factory Inc.	831	898	
271 925	Target Corporation	22 869	18 439	
64 400	Taylor Morrison Home Corp.	1 395	2 005	
18 150	Tenneco Automotive Inc.	1 510	1 361	
3 796	The Cheesecake Factory	295	248	
12 485	The Children's Place Inc.	1 504	1 653	
13 017	The Michaels Cos Inc.	419	313	
3 500	The Priceline Group Inc.	6 304	8 490	
135 400	The Walt Disney Company	18 158	18 656	
10 552	Thor Industries Inc.	1 299	1 430	
76 348	Time Warner Inc.	7 491	9 941	
52 882	TJX Companies Inc.	4 781	4 949	
92 880	Toll Brothers Inc.	3 715	4 759	
45 110	Tractor Supply Co.	3 263	3 171	
257 975	TRI Pointe Homes Inc.	4 185	4 413	
20 065	Ultra Salon, Cosmetics & Fragrance, Inc.	7 139	7 477	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Discretionary (cont.)				
45 018	Under Armour Inc.	\$ 57	\$ 1 177	
44 700	Under Armour Inc., Class A	2 141	1 261	
72 214	Unifi Inc.	2 869	2 883	
102 259	Universal Electronics Inc.	4 517	8 865	
38 810	V.F. Corporation	3 213	2 899	
760	Whirlpool Corp.	166	189	
47 230	Williams-Sonoma Inc.	3 090	2 970	
5 762	Wynn Resorts Ltd.	967	1 002	
200 008	Zagg Inc.	1 746	2 244	
		553 646	620 485	12.5
Consumer Staples				
301 468	Altria Group Inc.	22 710	29 114	
62 816	Bunge Ltd.	6 455	6 077	
20 602	Campbell Soup Company	1 474	1 393	
19 200	Casey's General Stores Inc.	2 804	2 667	
56 360	Church & Dwight Co. Inc.	2 051	3 790	
161 268	Colgate-Palmolive Company	16 277	15 503	
257 223	Conagra Brands Inc.	12 988	11 928	
22 500	Constellation Brands Inc.	4 887	5 653	
55 302	Costco Wholesale Corp.	11 966	11 469	
126 077	CVS Health Corp.	13 328	13 159	
103 659	Dean Foods Co.	2 611	2 285	
39 600	Estée Lauder Companies Inc., Class A	4 329	4 929	
24 710	Ingredion Inc.	3 484	3 818	
171	J & J Snack Foods Corp.	31	29	
16 520	John B. Sanfilippo & Son Inc.	1 103	1 352	
81 689	Kimberly-Clark Corp.	13 211	13 677	
48 650	Lanec Corp.	758	937	
25 950	McCormick & Co. Inc.	1 933	3 282	
176 529	Mondelez International Inc.	10 670	9 887	
60 800	Monster Beverage Corp.	3 749	3 917	
8 918	Nu Skin Enterprises Inc.	595	727	
139 952	PepsiCo Inc.	18 322	20 963	
232 255	Philip Morris International Inc.	31 988	35 379	
100 115	Pilgrim's Pride Corp.	2 727	2 846	
39 239	Pinnacle Foods Inc.	3 139	3 023	
6 449	Sanderson Farms Inc.	775	967	
21 300	Spectrum Brands Holdings Inc.	3 510	3 454	
232 500	The Coca-Cola Co.	12 584	13 523	
103 361	The Hershey Co.	15 053	14 392	
34 589	The J.M. Smucker Company	5 685	5 308	
88 467	The Kraft Heinz Co.	10 101	9 822	
12 450	The Kroger Co.	376	377	
393 070	The Procter & Gamble Co.	44 021	44 423	
38 790	Treehouse Foods Inc.	2 901	4 109	
202 961	Tyson Foods Inc.	17 384	16 484	
49 140	United Natural Foods Inc.	3 180	2 339	
16 339	Universal Corp.	1 450	1 371	
629 684	Wal-Mart Stores, Inc.	56 735	61 798	
123 820	Walgreens Boots Alliance Inc.	13 695	12 572	
		381 040	398 743	8.0
Energy				
656 856	Callon Petroleum Co.	10 879	9 038	
223 008	Chevron Corp.	31 438	30 176	
40 950	Concho Resources Inc.	6 388	6 456	
10 960	Core Laboratories N.V.	1 513	1 439	

Holdings	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
67 700	Delek US Holdings Inc.	\$ 1 644	\$ 2 321	
1 158	Devon Energy Corporation	60	48	
64 042	EOG Resources Inc.	9 050	7 518	
178 673	EP Energy Corp.	1 556	848	
106 330	Extraction Oil & Gas Inc.	2 406	1 856	
690 358	Exxon Mobil Corp.	74 839	72 262	
111 980	Gulfport Energy Corp.	3 977	2 143	
128 285	Keane Group Inc.	2 570	2 662	
18 478	Marathon Oil Corp.	362	284	
16 278	Marathon Petroleum Corp.	1 120	1 105	
42 614	Murphy Oil Corp.	1 765	1 416	
55 999	Newfield Exploration Company	2 896	2 067	
108 874	Noble Energy Inc.	5 124	3 996	
42 380	Oceaneering International Inc.	2 251	1 255	
243 921	ONEOK, Inc.	17 297	16 434	
172 147	Parsley Energy Inc.	6 500	6 192	
60 474	Phillips 66 Company	6 622	6 486	
28 657	Pioneer Natural Resources Co.	5 888	5 930	
166 052	QEP Resources Inc.	3 537	2 175	
256 029	Range Resources Corp.	10 940	7 693	
337 208	Ring Energy Inc.	5 378	5 676	
69 440	RSP Permian Inc.	2 467	2 906	
40 963	Schlumberger Ltd.	4 734	3 497	
166 807	Southwestern Energy Co.	2 445	1 315	
21 384	Targa Resources Corp.	1 496	1 253	
124 800	Tesoro Petroleum Corp.	13 686	15 148	
466 151	The Williams Companies Inc.	18 719	18 304	
47 200	Transocean Ltd.	719	504	
68 410	US Silica Holdings Inc.	3 550	3 148	
280 436	Valero Energy Corp.	22 029	24 546	
		285 845	268 097	5.4
Financials				
12 700	Affiliated Managers Group Inc.	2 798	2 732	
40 921	Aflac Inc.	3 829	4 123	
35 547	Allstate Corp.	2 772	4 077	
258 607	Ally Financial Inc.	6 879	7 009	
39 178	American Financial Group Inc.	4 003	5 044	
436 785	American International Group Inc.	35 734	35 421	
3 149	American National Insurance Co.	490	476	
88 571	Amerisafe Inc.	3 911	6 541	
849 794	AmTrust Financial Services Inc.	22 385	16 684	
19 500	Aon Plc.	2 911	3 362	
3 917	Artisan Partners Asset Management Inc., Class A	153	156	
67 336	Assured Guaranty Ltd.	3 405	3 645	
8 500	Bancfirst Corp.	546	1 063	
2 177 947	Bank of America Corp.	49 038	68 519	
1 881	Bank of Hawaii Corp.	216	202	
184 438	Berkshire Hathaway Inc., Class B	39 427	40 531	
16 730	BlackRock Inc.	7 000	9 169	
2 015	BOK Financial Corporation	215	220	
58 460	Brown & Brown Inc.	2 001	3 266	
97 902	Capital One Financial Corp.	10 254	10 491	
100 759	Chemical Financial Corp.	4 374	6 325	
55 847	Chubb Ltd.	9 006	10 529	
727 930	Citigroup Inc.	51 806	63 133	
337 345	Citizens Financial Group Inc.	12 984	15 609	
24 635	CME Group Inc., Class A	3 266	4 001	

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**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
10 918	CNA Financial Corp.	\$ 605	\$ 690	
88 720	CoBiz Financial Inc.	1 560	2 000	
39 575	Comerica Inc.	3 738	3 759	
46 340	Community Bank System Inc.	2 097	3 350	
504 255	Compass Diversified Holdings	10 017	11 411	
7 861	Cullen/Frost Bankers Inc.	935	957	
11 884	Eaton Vance Corp.	746	729	
6 347	Everest Re Group Ltd.	2 167	2 095	
14 170	Factset Research Systems Inc.	2 173	3 053	
67 293	Franklin Resources Inc.	3 656	3 909	
22 567	Hancock Holding Co.	1 418	1 434	
99 030	Hanmi Financial Corp.	3 343	3 654	
64 602	Hartford Financial Services Inc.	3 985	4 404	
88 360	Heritage Financial Corp.	2 184	3 037	
97 218	Huntington Bancshares	1 646	1 704	
79 040	Invesco Ltd.	3 182	3 607	
524 094	JPMorgan Chase & Co.	49 201	62 130	
23 583	LegacyTexas Financial Group Inc.	853	1 166	
6 085	Leucadia National Corp.	202	206	
103 139	Lincoln National Corp.	8 427	9 039	
41 309	Loews Corp.	2 424	2 508	
27 106	LPL Financial Holdings Inc.	1 444	1 493	
13 501	MarketAxess Holdings Inc.	2 932	3 521	
126 253	Marsh & McLennan Companies Inc.	10 958	12 764	
60 670	Mercantile Bank Corp.	1 785	2 475	
363 774	Morgan Stanley	18 677	21 014	
17 305	MSCI Inc.	2 114	2 311	
688 188	National General Holdings Corp.	17 970	18 831	
270 572	Navient Corp.	5 313	5 842	
15 410	Northrim BanCorp Inc.	517	608	
48 703	OFG Bancorp	851	632	
130 532	Pacific Premier Bancorp Inc.	4 386	6 246	
16 290	Pinnacle Financial Partners Inc.	1 142	1 327	
86 009	PNC Bank Corp.	11 490	13 925	
72 495	Popular Inc.	3 628	3 921	
39 079	Principal Financial Group Inc.	3 044	3 247	
43 220	ProAssurance Corp.	2 410	3 408	
132 480	Prudential Financial Inc.	16 250	18 578	
42 760	Raymond James Financial Corp.	2 200	4 449	
389 893	Regions Financial Corp.	4 913	7 402	
15 460	Reinsurance Group of America Inc.	2 262	2 572	
36 320	RLI Corp.	2 738	2 573	
153 107	S&P Global Inc.	24 775	28 986	
81 260	Safeguard Scientifics Inc.	1 693	1 254	
109 273	Santander Consumer USA Holdings Inc.	1 872	1 808	
68 020	Signature Bank	11 607	12 661	
28 277	State Street Corp.	2 986	3 290	
88 220	Sterling Bancorp	1 778	2 660	
60 843	Suntrust Banks Inc.	3 340	4 475	
21 513	SVB Financial Group	3 852	4 904	
310 373	Synchrony Financial	12 031	12 002	
57 000	Synovus Financial Corp.	2 296	3 269	
23 880	T. Rowe Price Group Inc.	2 009	2 298	
66 740	Texas Capital Bancshares Inc.	4 666	6 699	
68 600	The Charles Schwab Corporation	2 820	3 822	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
131 563	The Goldman Sachs Group Inc.	\$ 33 317	\$ 37 844	
72 378	The Progressive Corp.	3 830	4 138	
176 953	U.S. Bancorp	12 092	11 918	
178 540	United Community Banks Inc.	5 048	6 437	
169 279	Voya Financial Inc.	8 182	8 098	
3 428	Walker & Dunlop Inc.	197	217	
328 672	Wells Fargo & Company	21 251	23 623	
27 740	Wintrust Financial Corp.	2 643	2 748	
9 514	XL Group Ltd.	469	540	
		663 740	768 000	15.5
Health Care				
382 949	AbbVie Inc.	31 949	36 002	
29 440	Abiomed Inc.	3 172	5 468	
57 266	Aetna Inc.	8 453	11 272	
25 500	Alexion Pharmaceuticals Inc.	4 086	4 023	
38 348	Align Technology Inc.	4 724	7 465	
10 400	Allergan plc	2 678	3 279	
4 754	AMAG Pharmaceuticals Inc.	173	113	
102 779	AmerisourceBergen Corp.	12 564	12 599	
25 221	Amgen Inc.	5 133	5 633	
40 114	Anthem Inc.	7 674	9 782	
88 674	Baxter International Inc.	5 691	6 962	
12 200	Becton Dickinson & Co.	2 726	3 087	
815	Bio-Rad Laboratories Inc., Class A	241	239	
24 700	Biogen Inc.	9 146	8 689	
9 270	Bioverativ Inc.	697	723	
153 000	Boston Scientific Corp.	4 611	5 500	
103 534	Bristol-Myers Squibb Co.	7 956	7 481	
11 360	C.R. Bard Inc.	2 426	4 660	
25 700	Cardinal Health Inc.	2 667	2 597	
82 618	Celgene Corp.	12 288	13 914	
258 148	Centene Corp.	24 575	26 723	
1 634	Chemed Corp.	444	433	
9 900	Cigna Corp.	1 807	2 148	
14 430	Cooper Co. Inc.	2 619	4 482	
59 115	Danaher Corp.	6 593	6 469	
27 090	DaVita Inc.	2 415	2 275	
5 813	Eagle Pharmaceuticals Inc.	589	595	
102 503	Eli Lilly & Co.	10 649	10 940	
59 020	Emergent Biosolutions Inc.	2 426	2 595	
27 207	Endo International Plc.	420	394	
85 742	Envision Healthcare Corp.	7 142	6 968	
459 291	Gilead Sciences Inc.	47 602	42 157	
173 230	Globus Medical Inc., Class A	5 652	7 441	
174 248	HCA Healthcare Inc.	18 643	19 696	
24 550	Henry Schein Inc.	2 779	5 826	
8 300	Humana Inc.	2 303	2 589	
58 195	IDEXX Laboratories Inc.	6 839	12 182	
1 100	Intuitive Surgical Inc.	1 371	1 334	
4 024	Ionis Pharmaceuticals Inc.	292	266	
82 271	Jazz Pharmaceuticals Plc.	14 403	16 590	
597 788	Johnson & Johnson	85 369	102 576	
31 020	Laboratory Corp. of America Holdings	5 073	6 201	
94 905	Mallinckrodt Plc.	6 516	5 515	
41 154	Masimo Corp.	3 001	4 864	
64 338	McKesson Corp.	12 040	13 729	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care (cont.)				
142 071	Medtronic Plc.	\$ 12 907	\$ 16 351	
518 292	Merck & Co. Inc.	41 890	43 076	
17 023	Mettler-Toledo International Inc.	8 000	12 990	
57 687	Molina Healthcare Inc.	4 466	5 175	
32 380	Parexel International Corp.	1 594	3 649	
165 480	Pfizer Inc.	7 132	7 208	
34 220	PharMerica Corp.	1 326	1 165	
33 550	STERIS Plc.	3 273	3 546	
6 640	Teleflex Inc.	1 194	1 789	
50 762	Thermo Fisher Scientific Inc.	9 463	11 487	
7 650	U.S. Physical Therapy Inc.	242	599	
42 193	United Therapeutics Corp.	7 442	7 098	
119 773	UnitedHealth Group Incorporated	24 186	28 792	
3 056	Universal Health Services Inc., Class B	491	484	
24 920	Varian Medical Systems Inc.	2 154	3 335	
58 003	Veeva Systems Inc.	3 106	4 612	
11 000	Vertex Pharmaceuticals Inc.	1 722	1 838	
29 915	Waters Corp.	5 657	7 131	
48 273	WellCare Health Plans Inc.	7 170	11 241	
58 242	West Pharmaceutical Services Inc.	2 834	7 137	
		546 866	633 179	12.8

Industrials				
30 300	3M Co.	6 697	8 183	
566 720	ACCO Brands Corp.	5 976	8 562	
12 970	Acuity Brands Inc.	3 875	3 419	
82 279	Alaska Airgroup Inc.	8 782	9 581	
34 871	American Airlines Group Inc.	2 125	2 276	
37 217	Ametek Inc.	1 609	2 923	
95 654	Astronics Corp.	3 638	3 777	
50 300	AZZ Inc.	1 708	3 640	
99 110	BMC Stock Holdings Inc.	2 977	2 799	
261 760	Boeing Co.	55 197	67 135	
2 493	BWX Technologies Inc.	163	158	
23 025	Carlisle Cos. Inc.	3 019	2 849	
144 900	Casella Waste Systems Inc., Class A	1 510	3 081	
147 296	Caterpillar Inc.	19 418	20 531	
28 230	Clean Harbors Inc.	1 563	2 043	
212 630	Columbus McKinnon Corp.	4 789	7 009	
22 072	Copa Holdings S.A., Class A	2 767	3 349	
92 310	Copart Inc.	1 938	3 806	
9 221	Crane Co.	956	949	
364 167	CSX Corp.	16 269	25 766	
66 616	Cummins Engine Inc.	12 258	14 014	
85 186	Deere & Co.	13 470	13 655	
38 555	Delta Air Lines Inc.	2 160	2 687	
124 890	Ducommun Inc.	3 899	5 115	
16 320	Dun & Bradstreet Corp.	2 377	2 289	
88 674	Eaton Corp Plc.	7 888	8 952	
3 433	EMCOR Group Inc.	298	291	
49 263	Emerson Electric Co.	3 866	3 809	
90 720	EnerSys	6 126	8 520	
62 710	Ennis Inc.	1 447	1 553	
23 400	FedEx Corporation	5 523	6 596	
22 996	Fluor Corp.	1 399	1 365	
148 665	Gardner Denver Holdings Inc.	4 306	4 166	

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
14 419	GATX Corp.	\$ 931	\$ 1 201	
41 894	General Dynamics Corp.	9 151	10 764	
711 378	General Electric Company	27 136	24 917	
7 480	Grainger (W.W.) Inc.	1 833	1 751	
15 483	Hawaiian Holdings Inc.	950	943	
48 900	Honeywell International Inc.	6 946	8 452	
57 515	IHS Markit Ltd.	2 150	3 285	
21 600	Illinois Tool Works Inc.	3 091	4 013	
6 380	Inspire Inc.	701	587	
92 795	Insteel Industries Inc.	2 079	3 967	
48 813	Interface Inc.	791	1 244	
23 450	J.B. Hunt Transport Services Inc.	1 712	2 780	
161 652	JetBlue Airways Corp.	4 361	4 786	
7 800	Kirby Corp.	691	676	
26 900	Landstar System Inc.	1 622	2 986	
74 093	Lockheed Martin Corporation	22 121	26 682	
87 806	Lydall Inc.	4 421	5 887	
25 400	Manpower Inc.	2 553	3 678	
37 570	Marten Transport Ltd.	1 027	1 335	
18 030	Middleby Corp.	2 149	2 841	
19 660	Miller (Herman) Inc.	707	775	
23 730	MSC Industrial Direct Co.	1 989	2 644	
67 580	NCI Building Systems Inc.	1 475	1 464	
199 576	NN Inc.	5 489	7 104	
16 800	Northrop Grumman Corp.	4 591	5 593	
3 007	Old Dominion Freight Line Inc.	130	371	
112 228	Oshkosh Truck Corp.	9 744	10 025	
35 111	Paccar Inc.	2 633	3 007	
130 157	Patrick Industries Inc.	5 645	12 296	
43 890	Pentair Plc.	3 277	3 787	
64 390	PGT Innovations Inc.	1 051	1 069	
41 687	Raytheon Company	7 305	8 730	
95 240	Republic Services Inc.	8 028	7 874	
2 106	Rockwell Collins Inc.	292	287	
15 099	Rollins Inc.	842	797	
15 440	Roper Technologies Inc.	2 582	4 637	
18 387	Ryder System Inc.	1 651	1 716	
97 795	Southwest Airlines	5 175	7 881	
81 177	Spirit Aerosystems Holdings Inc., Class A	5 626	6 099	
104 241	Spirit Airlines Inc.	6 655	6 982	
29 490	Stericycle Inc.	3 422	2 919	
65 320	Supreme Industries Inc., Class A	1 595	1 393	
124 425	The Greenbrier Co. Inc.	5 586	7 463	
84 121	Toro Co.	6 345	7 559	
14 072	Trex Co. Inc.	1 106	1 234	
47 821	Trinity Industries	1 553	1 738	
111 997	Union Pacific Corp.	15 798	15 811	
189 959	United Continental Holdings Inc.	14 176	18 537	
34 000	United Parcel Service Inc.	4 714	4 876	
33 117	United Rentals Inc.	3 607	4 840	
25 449	United Technologies Corp.	3 415	4 031	
28 980	Verisk Analytics Inc.	2 197	3 171	
31 740	Wabtec Corp.	3 431	3 766	
55 850	Waste Connections Inc.	2 652	4 666	
277 821	Waste Management Inc.	25 840	26 426	
43 020	Woodward Inc.	2 524	3 769	
		479 257	572 960	11.6

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology				
221 278	Accenture Plc., Class A	\$ 30 419	\$ 35 498	
58 200	Activision Blizzard Inc.	3 033	4 345	
58 575	Adobe Systems Inc.	8 571	10 744	
37 120	Akamai Technologies Inc.	3 192	2 398	
9 600	Alliance Data Systems Corp.	3 359	3 197	
32 400	Alphabet Inc., Class A	24 933	39 062	
49 296	Alphabet Inc., Class C	47 128	58 092	
13 930	Ambarella Inc.	1 153	877	
36 250	Amdocs Ltd.	3 097	3 030	
28 150	Ansys Inc.	2 384	4 440	
771 562	Apple Inc.	109 067	144 101	
667 138	Applied Materials Inc.	25 319	35 739	
25 722	ARRIS International Plc.	965	935	
42 305	Arrow Electronics Inc.	3 403	4 301	
52 830	Aspen Technology Inc.	2 853	3 786	
45 790	Autodesk Inc.	2 882	5 987	
66 548	Automatic Data Processing Inc.	8 963	8 842	
36 400	Broadcom Ltd.	7 193	11 001	
13 577	Cadence Design Systems Inc.	463	590	
21 995	Cars.com Inc.	798	760	
69 610	Cavium Inc.	5 395	5 608	
67 012	CDK Global Inc.	5 825	5 393	
1 047 083	Cisco Systems Inc.	38 827	42 501	
10 997	Citrix Systems Inc.	1 171	1 135	
3 075	Cognex Corp.	339	338	
31 250	Cognizant Technology Solutions Corp., Class A	2 388	2 691	
20 844	Coherent Inc.	3 657	6 080	
113 931	Convergys Corp.	3 687	3 513	
208 880	Cypress Semiconductor Corp.	3 707	3 697	
203 854	eBay Inc.	8 998	9 231	
46 239	Electronic Arts Inc.	6 626	6 339	
44 246	F5 Networks Inc.	7 676	7 290	
341 358	Facebook Inc., Class A	49 992	66 835	
73 202	Fidelity National Information Services Inc.	6 884	8 107	
27 333	Fortinet Inc.	1 361	1 327	
24 620	Global Payments Inc.	2 593	2 884	
123 454	Hewlett Packard Enterprise Co.	3 738	2 656	
546 202	HP Inc.	10 599	12 381	
78 521	Integrated Device Technology Inc.	2 508	2 626	
585 012	Intel Corp.	26 227	25 597	
68 168	InterDigital Inc.	4 693	6 833	
262 262	International Business Machines	54 843	52 336	
104 470	Intuit Inc.	18 541	17 993	
21 482	IPG Photonics Corp.	1 732	4 042	
56 307	Jabil Inc.	1 494	2 131	
134 607	Juniper Networks Inc.	5 078	4 867	
1 989	KLA-Tencor Corp.	259	236	
61 369	Lam Research Corp.	8 440	11 255	
10 398	Leidos Holdings Inc.	738	697	
34 419	LogMeIn Inc.	4 749	4 664	
45 782	MACOM Technology Solutions Holdings Inc.	2 787	3 311	
36 180	Manhattan Associates Inc.	2 824	2 255	
94 670	Mastercard Inc.	11 805	14 910	
20 680	MercadoLibre Inc.	2 543	6 728	

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
5 070	Microchip Technology Inc.	\$ 470	\$ 507	
110 110	Microsemi Corp.	6 566	6 683	
1 555 923	Microsoft Corp.	116 690	139 082	
57 680	MKS Instruments Inc.	3 909	5 034	
23 087	Motorola Solutions Inc.	2 302	2 597	
19 186	NCR Corporation	1 174	1 016	
95 122	NetApp Inc.	4 466	4 940	
21 408	NIC Inc.	599	526	
88 290	Novanta Inc.	1 789	4 113	
101 120	Nvidia Corp.	12 120	18 957	
269 289	ON Semiconductor Corporation	4 620	4 903	
265 081	Oracle Corporation	14 600	17 236	
314 020	Paychex Inc.	24 707	23 187	
92 292	PayPal Holdings Inc.	4 959	6 423	
66 260	PC Connection Inc.	2 355	2 323	
32 415	QUALCOMM Inc.	2 270	2 321	
33 110	Red Hat Inc.	2 636	4 112	
62 200	Salesforce.com Inc.	6 057	6 982	
86 046	Sapiens International Corp. N.V.	1 253	1 249	
29 848	Science Applications International Corp.	3 350	2 686	
25 501	Seagate Technology	1 351	1 281	
108 978	Symantec Corp.	4 418	3 992	
58 368	Synaptics Inc.	4 811	3 914	
74 647	Synchronoss Technologies Inc.	3 496	1 592	
98 009	SynOpsys Inc.	6 581	9 267	
59 528	Take-Two Interactive Software Inc.	2 187	5 665	
41 439	Teradata Corp.	1 531	1 585	
54 000	Tessco Technologies Inc.	1 163	931	
209 471	Texas Instruments Inc.	18 511	20 892	
70 829	The Western Union Co.	1 867	1 750	
36 622	TTM Technologies Inc.	739	824	
24 199	Twitter Inc.	593	561	
31 058	Tyler Technologies Inc.	4 669	7 075	
81 080	Verisign Inc.	8 275	9 774	
156 600	Visa Inc., Class A	14 569	19 048	
40 778	Vishay Precision Group Inc.	813	915	
157 455	VMware Inc.	18 884	17 853	
40 590	Western Digital Corp.	3 513	4 664	
31 060	WEX Inc.	2 968	4 200	
188 900	Xerox Corp.	8 924	7 038	
60 462	Yelp Inc.	2 551	2 353	
48 449	Zebra Technologies Corp.	5 471	6 316	
		936 676	1 112 579	22.4
Materials				
16 832	Air Products & Chemicals Inc.	3 236	3 123	
43 450	Aptargroup Inc.	3 293	4 894	
34 006	Avery Dennison Corp.	3 416	3 897	
46 204	Berry Plastics Group Inc.	3 542	3 416	
54 466	Crown Holdings Inc.	3 636	4 214	
25 498	Domtar Corp.	1 312	1 270	
95 769	Dow Chemical Company	7 812	7 833	
57 300	Du Pont (E.I.) de Nemours and Company	5 232	5 999	
7 020	Eagle Materials Inc.	853	841	
27 500	Ecolab Inc.	4 466	4 734	
75 010	Ferro Corp.	1 303	1 779	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
62 350	FutureFuel Corp.	\$ 901	\$ 1 219	
667	International Paper Co.	47	49	
12 780	Kaiser Aluminum Corp.	1 381	1 467	
96 698	Koppers Holdings Inc.	2 781	4 524	
188 985	LyondellBasell Industries N.V.	21 850	20 686	
28 200	Monsanto Co.	3 995	4 330	
115 283	Newmont Mining Corporation	3 940	4 846	
485 955	Omnova Solutions Inc.	4 453	6 144	
3 040	Packaging Corp. of America	419	439	
29 260	Reliance Steel & Aluminum Co.	2 568	2 762	
12 000	Sherwin-Williams Co.	4 333	5 461	
246 555	Steel Dynamics Inc.	9 384	11 450	
64 300	The Chemours Co.	2 814	3 162	
67 880	Universal Stainless & Alloy	2 037	1 717	
8 492	Valvoline Inc.	255	261	
118 689	WestRock Co.	7 722	8 721	
		106 981	119 238	2.4

Real Estate				
18 870	Alexandria Real Estate Equities Inc.	2 606	2 948	
161 955	American Tower Corp. Real Estate Investment Trust	26 586	27 787	
14 880	Apartment Investment & Management Co.	840	829	
4 147	AvalonBay Communities Inc. Real Estate Investment Trust	1 067	1 034	
6 420	Boston Properties Inc.	1 060	1 024	
140 913	Brixmor Property Group Inc. Real Estate Investment Trust	3 398	3 267	
243 130	CBL & Associates Properties Inc.	3 568	2 658	
112 191	Colony Starwood Homes Real Estate Investment Trust	4 557	4 992	
49 210	Columbia Property Trust Inc. Real Estate Investment Trust	1 472	1 430	
38 220	Community Healthcare Trust Inc. Real Estate Investment Trust	1 172	1 268	
15 700	Crown Castle International Corp. Real Estate Investment Trust	1 836	2 040	
60 320	CubeSmart Real Estate Investment Trust	2 179	1 880	
117 740	DiamondRock Hospitality Co. Real Estate Investment Trust	1 644	1 670	
45 290	DuPont Fabros Technology Inc. Real Estate Investment Trust	3 127	3 586	
7 540	EastGroup Properties Inc. Real Estate Investment Trust	590	819	
23 548	Equity Residential Properties Trust	1 876	2 010	
1 256	Essex Property Trust Inc.	442	419	
31 880	Extra Space Storage Inc. Real Estate Investment Trust	3 261	3 226	
12 490	Federal Realty Investment Trust	2 526	2 046	
107 610	First Industrial Realty Trust Inc. Real Estate Investment Trust	3 974	3 994	
23 170	Gramercy Property Trust Real Estate Investment Trust	695	893	
192 988	HCP Inc. Real Estate Investment Trust	8 138	7 999	

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate (cont.)				
159 711	Healthcare Trust of America Inc. Real Estate Investment Trust	\$ 6 563	\$ 6 448	
32 077	Hersha Hospitality Trust Real Estate Investment Trust	814	768	
223 518	Hospitality Properties Trust	8 282	8 449	
249 690	Host Marriott Corp.	5 722	5 916	
174 220	Invitation Homes Inc. Real Estate Investment Trust	4 913	4 887	
7 122	Lamar Advertising Co., Class A Real Estate Investment Trust	678	679	
202 897	LaSalle Hotel Properties	7 781	7 841	
56 868	Lexington Real Estate Investment Trust	632	730	
39 230	National Storage Affiliates Trust Real Estate Investment Trust	1 244	1 176	
36 649	Omega Healthcare Investors Inc. Real Estate Investment Trust	1 533	1 569	
130 200	Physicians Realty Trust Real Estate Investment Trust	3 358	3 398	
14 352	Potlatch Corp. Real Estate Investment Trust	884	851	
18 357	Retail Properties of America Inc., Class A Real Estate Investment Trust	285	291	
30 300	Rexford Industrial Realty Inc. Real Estate Investment Trust	668	1 078	
29 335	Simon Property Group Inc.	6 717	6 154	
190 099	Spirit Realty Capital Inc. Real Estate Investment Trust	2 528	1 827	
42 330	STAG Industrial Inc. Real Estate Investment Trust	1 200	1 514	
24 660	Terreno Realty Corp. Real Estate Investment Trust	743	1 076	
33 501	Urban Edge Properties Real Estate Investment Trust	1 093	1 031	
469 349	VEREIT Inc. Real Estate Investment Trust	5 208	4 954	
61 835	Washington Prime Group Inc. Real Estate Investment Trust	665	671	
14 622	Welltower Inc. Real Estate Investment Trust	1 454	1 419	
114 747	Weyerhaeuser Company Ltd.	4 798	4 987	
		144 377	145 533	2.9

Telecommunication Services				
851 055	AT&T Inc.	45 129	41 641	
48 592	Consolidated Communications Holdings Inc.	1 320	1 353	
68 832	Sprint Corp.	770	733	
59 443	T-Mobile US Inc.	3 619	4 673	
392 655	Verizon Communications Inc.	26 051	22 748	
199 360	Vonage Holdings Corp.	1 788	1 691	
		78 677	72 839	1.5

Utilities				
374 422	AES Corp.	5 699	5 394	
11 097	Ameren Corporation	744	787	
92 491	Avangrid Inc.	5 349	5 295	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
353 748	Centerpoint Energy Inc.	\$ 12 548	\$ 12 560	
129 965	CMS Energy Corp.	7 309	7 795	
20 812	Consolidated Edison Inc.	1 965	2 181	
79 708	Dominion Energy Inc.	8 076	7 921	
64 202	DTE Energy Company	7 391	8 808	
49 953	Duke Energy Corp.	5 157	5 415	
166 772	Edison International	15 832	16 910	
215 161	Entergy Corp.	20 999	21 420	
526 802	Exelon Corp.	23 163	24 641	
773 808	FirstEnergy Corporation	31 566	29 261	
69 973	NextEra Energy Inc.	10 642	12 716	
33 280	NorthWestern Corp.	2 242	2 633	
36 446	PG&E Corporation	3 296	3 137	
48 800	Portland General Electric Co.	2 394	2 891	
100 736	Public Service Enterprise Group	5 485	5 619	
72 800	Spire Inc.	4 866	6 573	
179 470	Vistra Energy Corp.	3 835	3 908	
		178 558	185 865	3.8
TOTAL UNITED STATES EQUITIES		4 355 663	4 897 518	98.8
TOTAL EQUITIES		4 361 342	4 903 240	98.9
SHORT-TERM INVESTMENTS*		14 813	14 601	0.3
TOTAL INVESTMENTS		\$4 376 155	4 917 841	99.2
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			39 927	0.8
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$4 957 768	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 0.94% to 1.15% and mature between July 5, 2017 and July 11, 2017.

**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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 4 917 841	\$ 4 676 664
Cash	18 493	19 442
Due from investment dealers	113 074	1 897
Subscriptions receivable	2 451	584
Dividends receivable, interest accrued and other assets	3 816	5 531
TOTAL ASSETS	5 055 675	4 704 118
LIABILITIES		
Due to investment dealers	97 593	4 552
Redemptions payable	46	571
Accounts payable and accrued expenses	268	250
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	97 907	5 373
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 4 957 768	\$ 4 698 745
Investments at cost	\$ 4 376 155	\$ 4 066 294
NAV		
SERIES A	\$ 3 289	\$ 2 427
ADVISOR SERIES	\$ 819	\$ 858
SERIES D	\$ 33 686	\$ 31 493
SERIES F	\$ 2 471	\$ 641
SERIES O	\$ 4 917 503	\$ 4 663 326
NAV PER UNIT		
SERIES A	\$ 17.07	\$ 16.46
ADVISOR SERIES	\$ 17.11	\$ 16.49
SERIES D	\$ 17.89	\$ 17.17
SERIES F	\$ 17.92	\$ 17.18
SERIES O	\$ 17.58	\$ 16.80

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 53 067	\$ 43 055
Interest for distribution purposes	117	33
Securities lending revenue (see note 6 in the generic notes)	175	96
Net realized gain (loss) on investments	248 051	6 873
Net gain (loss) on foreign currencies and other net assets	(855)	(405)
Change in unrealized gain (loss) on investments	(68 684)	(247 550)
TOTAL INCOME (LOSS)	231 871	(197 898)
EXPENSES (see notes – Fund Specific Information)		
Management fees	176	181
Administration fees	1 233	983
Independent Review Committee costs	1	2
GST/HST	138	112
Transaction costs	1 696	1 744
Withholding tax	6 858	6 425
TOTAL EXPENSES	10 102	9 447
INCREASE (DECREASE) IN NAV	\$ 221 769	\$ (207 345)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 96	\$ (166)
ADVISOR SERIES	\$ 27	\$ (53)
SERIES D	\$ 1 334	\$ (2 130)
SERIES F	\$ 15	\$ (30)
SERIES O	\$ 220 297	\$ (204 966)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.53	\$ (0.94)
ADVISOR SERIES	\$ 0.58	\$ (0.94)
SERIES D	\$ 0.71	\$ (0.92)
SERIES F	\$ 0.18	\$ (0.89)
SERIES O	\$ 0.79	\$ (0.81)

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 221 769	\$ (207 345)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(246 244)	(5 304)
Change in unrealized loss (gain) on investments	68 684	247 550
(Increase) decrease in accrued receivables	1 715	246
Increase (decrease) in accrued payables	18	(3)
Cost of investments purchased	(3 422 609)	(3 483 154)
Proceeds on sales of investments	3 340 856	3 006 176
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(35 811)	(441 834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	122 918	567 177
Cash paid on redemption of redeemable units	(88 056)	(102 441)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 34 862	\$ 464 736
Net increase (decrease) in cash for the period	(949)	22 902
Cash (bank overdraft), beginning of period	19 442	21 633
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 18 493	\$ 44 535
Interest received (paid)	\$ 115	\$ 31
Dividends received, net of withholding taxes	\$ 47 926	\$ 36 878

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

**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 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 2 427	\$ 2 558	\$ 858	\$ 870	\$ 31 493	\$ 34 522	\$ 641	\$ 459
INCREASE (DECREASE) IN NAV	96	(166)	27	(53)	1 334	(2 130)	15	(30)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	953	88	81	126	3 906	3 090	1 866	101
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(187)	(157)	(147)	(168)	(3 047)	(6 904)	(51)	(45)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	766	(69)	(66)	(42)	859	(3 814)	1 815	56
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	862	(235)	(39)	(95)	2 193	(5 944)	1 830	26
NAV AT END OF PERIOD	\$ 3 289	\$ 2 323	\$ 819	\$ 775	\$ 33 686	\$ 28 578	\$ 2 471	\$ 485

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 4 663 326	\$ 3 875 711	\$ 4 698 745	\$ 3 914 120
INCREASE (DECREASE) IN NAV	220 297	(204 966)	221 769	(207 345)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	117 979	563 610	124 785	567 015
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(84 099)	(94 656)	(87 531)	(101 930)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	33 880	468 954	37 254	465 085
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	254 177	263 988	259 023	257 740
NAV AT END OF PERIOD	\$ 4 917 503	\$ 4 139 699	\$ 4 957 768	\$ 4 171 860

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

Investment Management®

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
Information Technology	22.4	21.0
Financials	15.5	15.2
Health Care	12.7	12.9
Consumer Discretionary	12.6	12.3
Industrials	11.6	11.1
Consumer Staples	8.0	8.1
Energy	5.4	6.1
Utilities	3.9	4.1
Real Estate	2.9	3.2
Materials	2.4	2.9
Telecommunication Services	1.5	2.2
Cash/Other	1.1	0.9
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:

	June 30 2017	December 31 2016
Currency		
United States dollar	100.0	100.0
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	4 903 240	—	—	4 903 240
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	14 601	—	14 601
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	4 903 240	14 601	—	4 917 841
% of total portfolio	99.7	0.3	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	4 656 658	—	—	4 656 658
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	20 006	—	20 006
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	4 656 658	20 006	—	4 676 664
% of total portfolio	99.6	0.4	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

Investment Management®

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	47	47
Advisor Series	142	142
Series D	136	136
Series F	138	138
Series O	149	149
Value of all units	11	10

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	147	159
Issued number of units	57	7
Reinvested number of units	–	–
Redeemed number of units	(11)	(11)
Ending number of units	193	155

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	52	54
Issued number of units	5	9
Reinvested number of units	–	–
Redeemed number of units	(9)	(11)
Ending number of units	48	52

Series D		
Opening units	1 834	2 062
Issued number of units	219	196
Reinvested number of units	–	–
Redeemed number of units	(170)	(442)
Ending number of units	1 883	1 816

Series F		
Opening units	37	28
Issued number of units	104	6
Reinvested number of units	–	–
Redeemed number of units	(3)	(3)
Ending number of units	138	31

Series O		
Opening units	277 653	237 032
Issued number of units	6 789	36 972
Reinvested number of units	–	–
Redeemed number of units	(4 749)	(6 137)
Ending number of units	279 693	267 867

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	1 696	100	1 744	100
Related-party brokerage commissions*	70	4	15	1
Commission arrangements [†]	405	24	564	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.

**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 2017	June 30 2016
Fair value of securities loaned	550 290	388 422
Fair value of collateral received	561 296	396 190

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, 2017

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	276	100	160	100
RBC IS (paid)	(83)	(30)	(56)	(35)
Tax withheld	(18)	(6)	(8)	(5)
Fund revenue	175	64	96	60

**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 2017	December 31 2016
Phillips, Hager & North U.S. Multi-Style		
All-Cap Equity Class	0.7	0.7
RBC Managed Payout Solution	2.8	3.1
RBC Managed Payout Solution – Enhanced	3.1	3.3
RBC Managed Payout Solution – Enhanced Plus	3.5	3.9
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	–	–
RBC Retirement 2030 Portfolio	–	–
RBC Retirement 2035 Portfolio	–	–
RBC Retirement 2040 Portfolio	–	–
RBC Retirement 2045 Portfolio	–	–
RBC Retirement 2050 Portfolio	–	–
RBC Select Aggressive Growth Portfolio	3.3	3.0
RBC Select Balanced Portfolio	30.0	29.4
RBC Select Choices Aggressive Growth Portfolio	0.3	0.3
RBC Select Choices Balanced Portfolio	0.2	0.2
RBC Select Choices Conservative Portfolio	0.1	0.1
RBC Select Choices Growth Portfolio	0.5	0.5
RBC Select Conservative Portfolio	26.7	26.7
RBC Select Growth Portfolio	11.0	10.9
RBC Select Very Conservative Portfolio	15.4	15.5
RBC Target 2020 Education Fund	0.2	0.3
RBC Target 2025 Education Fund	0.7	0.8
RBC Target 2030 Education Fund	0.5	0.4
Total	99.0	99.1

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
13 591	Amazon.com, Inc.	\$ 10 566	\$ 17 061	
47 879	Carnival Corp.	3 401	4 072	
11 491	Charter Communications Inc.	4 804	5 020	
162 789	Comcast Corp., Class A	7 919	8 216	
33 516	Marriott International Inc., Class A	3 731	4 360	
13 406	Mohawk Industries Inc.	3 754	4 202	
76 283	Newell Brands Inc.	5 194	5 304	
22 000	PVH Corp.	3 160	3 267	
68 945	Starbucks Corp.	5 082	5 213	
31 600	The Walt Disney Company	4 533	4 354	
		52 144	61 069	10.4
Consumer Staples				
12 103	Altria Group Inc.	1 126	1 169	
20 167	Colgate-Palmolive Company	2 057	1 939	
40 227	Conagra Brands Inc.	2 356	1 865	
9 519	Costco Wholesale Corp.	2 082	1 974	
22 236	CVS Health Corp.	2 496	2 321	
31 428	Estée Lauder Companies Inc., Class A	3 309	3 912	
80 731	Mondelez International Inc.	4 901	4 522	
51 127	PepsiCo Inc.	3 909	7 658	
33 415	Philip Morris International Inc.	4 632	5 090	
47 219	The Kraft Heinz Co.	5 531	5 243	
57 963	The Procter & Gamble Co.	6 404	6 551	
15 562	Wal-Mart Stores, Inc.	1 395	1 527	
42 890	Walgreens Boots Alliance Inc.	4 776	4 355	
		44 974	48 126	8.2
Energy				
61 286	Chevron Corp.	8 963	8 293	
33 516	EOG Resources Inc.	4 426	3 935	
107 517	Exxon Mobil Corp.	11 500	11 255	
56 497	Halliburton Co.	4 147	3 129	
24 750	Marathon Petroleum Corp.	1 795	1 680	
47 884	Pioneer Natural Resources Co.	9 907	9 909	
		40 738	38 201	6.5
Financials				
39 109	Aflac Inc.	3 741	3 940	
16 223	American International Group Inc.	1 290	1 316	
387 666	Bank of America Corp.	8 721	12 196	
41 439	Berkshire Hathaway Inc., Class B	9 043	9 106	
8 521	BlackRock Inc.	4 405	4 670	
33 728	Chubb Ltd.	5 488	6 359	
88 319	Citigroup Inc.	6 271	7 660	
29 244	Citizens Financial Group Inc.	1 444	1 353	
7 154	CME Group Inc., Class A	1 109	1 162	
40 024	E*TRADE Financial Corp.	1 933	1 975	
103 573	JPMorgan Chase & Co.	11 535	12 278	
9 267	PNC Bank Corp.	1 550	1 500	
30 282	Prudential Financial Inc.	3 435	4 247	
7 784	S&P Global Inc.	960	1 474	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
26 661	State Street Corp.	\$ 3 045	\$ 3 102	
49 567	Suntrust Banks Inc.	2 697	3 646	
63 652	The Progressive Corp.	3 404	3 639	
74 692	U.S. Bancorp	5 124	5 030	
57 829	Wells Fargo & Company	4 239	4 156	
		79 434	88 809	15.1
Health Care				
88 099	Abbott Laboratories	4 721	5 554	
51 204	Aetna Inc.	7 664	10 079	
19 152	Anthem Inc.	3 830	4 670	
44 563	Bristol-Myers Squibb Co.	3 764	3 220	
37 562	Celgene Corp.	4 014	6 326	
38 303	Danaher Corp.	4 175	4 192	
42 818	Dentsply Sirona Inc.	3 599	3 600	
49 795	Eli Lilly & Co.	4 970	5 314	
34 472	HCA Healthcare Inc.	3 575	3 897	
7 298	iShares Nasdaq Biotechnology Index Fund	2 952	2 933	
63 027	Johnson & Johnson	6 037	10 815	
88 204	Medtronic Plc.	4 182	10 151	
47 660	Pfizer Inc.	2 013	2 076	
38 372	Thermo Fisher Scientific Inc.	6 380	8 683	
50 752	Zoetis Inc.	3 606	4 107	
		65 482	85 617	14.6
Industrials				
13 860	Caterpillar Inc.	1 937	1 932	
71 819	CSX Corp.	4 304	5 081	
39 261	Eaton Corp Plc.	3 602	3 963	
30 989	General Dynamics Corp.	5 990	7 962	
152 307	General Electric Company	5 383	5 335	
64 440	Honeywell International Inc.	8 611	11 138	
73 003	Ingersoll-Rand Plc., Class A	5 415	8 654	
75 454	Johnson Controls International Plc.	4 670	4 244	
17 237	Rockwell Automation Inc.	3 322	3 620	
52 630	Southwest Airlines	2 890	4 241	
44 648	Union Pacific Corp.	5 198	6 303	
36 388	United Technologies Corp.	5 174	5 763	
		56 496	68 236	11.6
Information Technology				
33 552	Adobe Systems Inc.	4 063	6 154	
16 548	Alphabet Inc., Class C	9 493	19 501	
115 248	Apple Inc.	12 790	21 524	
17 288	Broadcom Ltd.	3 299	5 225	
107 251	Cisco Systems Inc.	4 226	4 353	
19 736	Cognizant Technology Solutions Corp., Class A	1 443	1 699	
64 209	eBay Inc.	2 970	2 908	
20 703	Electronic Arts Inc.	2 322	2 838	
51 079	Facebook Inc., Class A	7 005	10 001	
40 588	Fidelity National Information Services Inc.	3 979	4 495	
71 771	Intel Corp.	3 516	3 140	

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

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

PHILLIPS, HAGER & NORTH U.S. EQUITY FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
18 685	Lam Research Corp.	\$ 1 811	\$ 3 427	
218 828	Microsoft Corp.	9 147	19 561	
89 340	Oracle Corporation	4 990	5 809	
13 617	Salesforce.com Inc.	1 388	1 529	
50 752	Texas Instruments Inc.	5 045	5 062	
24 922	Verisign Inc.	2 929	3 004	
65 143	Visa Inc., Class A	6 310	7 924	
13 003	Western Digital Corp.	1 044	1 494	
41 387	Xilinx Inc.	3 179	3 452	
		90 949	133 100	22.6
Materials				
33 468	Du Pont (E.I.) de Nemours and Company	3 405	3 504	
33 699	Newmont Mining Corporation	1 521	1 417	
17 507	Nucor Corp.	1 528	1 314	
27 658	PPG Industries Inc.	3 511	3 944	
20 730	WestRock Co.	1 288	1 523	
		11 253	11 702	2.0
Real Estate				
32 761	CBRE Group Inc.	1 485	1 546	
11 979	Crown Castle International Corp. Real Estate Investment Trust	1 460	1 556	
2 831	Equinix Inc. Real Estate Investment Trust	1 462	1 576	
4 652	Essex Property Trust Inc.	1 457	1 552	
96 301	GGP Inc. Real Estate Investment Trust	2 940	2 942	
33 727	Weyerhaeuser Company Ltd.	1 416	1 466	
		10 220	10 638	1.8
Telecommunication Services				
180 984	AT&T Inc.	9 983	8 855	
82 122	T-Mobile US Inc.	4 704	6 456	
		14 687	15 311	2.6
Utilities				
30 949	DTE Energy Company	3 622	4 246	
26 570	Duke Energy Corp.	3 059	2 880	
29 799	Exelon Corp.	1 421	1 394	
17 811	NextEra Energy Inc.	2 839	3 237	
44 250	NiSource Inc.	1 532	1 455	
53 008	NRG Energy Inc.	1 087	1 184	
		13 560	14 396	2.4
TOTAL UNITED STATES EQUITIES		479 937	575 205	97.8
SHORT-TERM INVESTMENTS*		12 284	12 263	2.1
TOTAL INVESTMENTS		<u>\$ 492 221</u>	587 468	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			910	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$ 588 378</u>	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 0.45% to 1.15% and mature between July 4, 2017 and July 5, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 587 468	\$ 581 384
Cash	1	249
Subscriptions receivable	1 181	110
Dividends receivable, interest accrued and other assets	299	747
TOTAL ASSETS	588 949	582 490
LIABILITIES		
Redemptions payable	433	229
Accounts payable and accrued expenses	138	136
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	571	365
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 588 378	\$ 582 125
Investments at cost	\$ 492 221	\$ 491 576
NAV		
SERIES A	\$ 4 034	\$ 4 076
ADVISOR SERIES	\$ 1 286	\$ 1 284
SERIES D	\$ 133 895	\$ 135 852
SERIES F	\$ 4 680	\$ 3 777
SERIES O	\$ 444 483	\$ 437 136
NAV PER UNIT		
SERIES A	\$ 61.89	\$ 58.44
ADVISOR SERIES	\$ 61.90	\$ 58.44
SERIES D	\$ 62.01	\$ 58.30
SERIES F	\$ 62.36	\$ 58.55
SERIES O	\$ 63.27	\$ 59.19

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 4 965	\$ 5 160
Interest for distribution purposes	25	4
Net realized gain (loss) on investments	31 233	(5 646)
Net gain (loss) on foreign currencies and other net assets	(393)	(84)
Change in unrealized gain (loss) on investments	5 439	(38 187)
TOTAL INCOME (LOSS)	41 269	(38 753)
EXPENSES (see notes – Fund Specific Information)		
Management fees	640	716
Administration fees	120	106
Independent Review Committee costs	1	2
GST/HST	59	64
Transaction costs	319	239
Withholding tax	784	726
TOTAL EXPENSES	1 923	1 853
INCREASE (DECREASE) IN NAV	\$ 39 346	\$ (40 606)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 242	\$ (364)
ADVISOR SERIES	\$ 77	\$ (152)
SERIES D	\$ 8 593	\$ (11 270)
SERIES F	\$ 263	\$ (256)
SERIES O	\$ 30 171	\$ (28 564)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 3.59	\$ (4.79)
ADVISOR SERIES	\$ 3.50	\$ (4.78)
SERIES D	\$ 3.84	\$ (4.55)
SERIES F	\$ 3.55	\$ (4.50)
SERIES O	\$ 4.19	\$ (4.32)

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 39 346	\$ (40 606)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(30 959)	5 871
Change in unrealized loss (gain) on investments	(5 439)	38 187
(Increase) decrease in accrued receivables	448	266
Increase (decrease) in accrued payables	2	(26)
Cost of investments purchased	(1 256 435)	(219 679)
Proceeds on sales of investments	1 286 749	251 670
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	33 712	35 683
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	18 035	30 500
Cash paid on redemption of redeemable units	(51 995)	(67 338)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (33 960)	\$ (36 838)
Net increase (decrease) in cash for the period	(248)	(1 155)
Cash (bank overdraft), beginning of period	249	4 912
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1	\$ 3 757
Interest received (paid)	\$ 25	\$ 4
Dividends received, net of withholding taxes	\$ 4 628	\$ 4 700

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 4 076	\$ 4 615	\$ 1 284	\$ 1 979	\$ 135 852	\$ 147 545	\$ 3 777	\$ 3 580
INCREASE (DECREASE) IN NAV	242	(364)	77	(152)	8 593	(11 270)	263	(256)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	581	284	84	67	3 856	2 922	1 797	707
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	1	—	—
Redemption of redeemable units	(865)	(541)	(159)	(703)	(14 406)	(11 003)	(1 157)	(675)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(284)	(257)	(75)	(636)	(10 550)	(8 080)	640	32
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	(42)	(621)	2	(788)	(1 957)	(19 351)	903	(224)
NAV AT END OF PERIOD	\$ 4 034	\$ 3 994	\$ 1 286	\$ 1 191	\$ 133 895	\$ 128 194	\$ 4 680	\$ 3 356

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 437 136	\$ 399 193	\$ 582 125	\$ 556 912
INCREASE (DECREASE) IN NAV	30 171	(28 564)	39 346	(40 606)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	12 788	26 667	19 106	30 647
Reinvestments of distributions to holders of redeemable units	—	—	—	1
Redemption of redeemable units	(35 612)	(55 064)	(52 199)	(67 986)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(22 824)	(28 397)	(33 093)	(37 338)
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	7 347	(56 961)	6 253	(77 945)
NAV AT END OF PERIOD	\$ 444 483	\$ 342 232	\$ 588 378	\$ 478 967

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
Information Technology	22.6	22.8
Financials	15.1	14.6
Health Care	14.6	12.1
Industrials	11.6	10.5
Consumer Discretionary	10.4	11.9
Consumer Staples	8.2	9.2
Energy	6.5	7.1
Telecommunication Services	2.6	1.1
Utilities	2.4	4.1
Materials	2.0	2.7
Real Estate	1.8	2.4
Cash/Other	2.2	1.5
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:

	June 30 2017	December 31 2016
Currency		
United States dollar	100.0	100.0
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	575 205	–	–	575 205
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	12 263	–	12 263
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	575 205	12 263	–	587 468
% of total portfolio	97.9	2.1	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	573 368	–	–	573 368
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	8 016	–	8 016
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	573 368	8 016	–	581 384
% of total portfolio	98.6	1.4	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	19	19
Advisor Series	36	36
Series D	19	19
Series F	20	20
Value of all units	6	5

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	399 316
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	70	81
Issued number of units	9	5
Reinvested number of units	—	—
Redeemed number of units	(14)	(10)
Ending number of units	65	76

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	22	35
Issued number of units	2	1
Reinvested number of units	—	—
Redeemed number of units	(3)	(13)
Ending number of units	21	23

Series D		
Opening units	2 330	2 585
Issued number of units	63	55
Reinvested number of units	—	—
Redeemed number of units	(234)	(210)
Ending number of units	2 159	2 430

Series F		
Opening units	65	62
Issued number of units	29	13
Reinvested number of units	—	—
Redeemed number of units	(19)	(12)
Ending number of units	75	63

Series O		
Opening units	7 386	6 891
Issued number of units	205	503
Reinvested number of units	—	—
Redeemed number of units	(566)	(1 038)
Ending number of units	7 025	6 356

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	319	100	239	100
Related-party brokerage commissions*	39	12	—	—
Commission arrangements [†]	19	6	74	31

* 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 2017	December 31 2016
BonaVista Balanced Fund	0.6	0.7
BonaVista Global Balanced Fund	—	0.1
BonaVista Private Balanced Fund	0.8	1.0
Phillips, Hager & North Currency-Hedged U.S. Equity Fund	7.6	8.1
Total	9.0	9.9

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

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**

June 30, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
702 597	Phillips, Hager & North U.S. Equity Fund*	\$ 30 394	\$ 44 453	
TOTAL MUTUAL FUND UNITS		30 394	44 453	97.0
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		—	1 238	2.7
TOTAL PORTFOLIO		<u>\$ 30 394</u>	45 691	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			138	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			<u>\$ 45 829</u>	100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 12 357 Sold USD 9 233 @ 1.3384	12-Jul-2017	\$ 386
Bought CAD 9 194 Sold USD 6 780 @ 1.3560	17-Aug-2017	409
Bought CAD 16 541 Sold USD 12 544 @ 1.3187	12-Sep-2017	293
Bought CAD 8 276 Sold USD 6 275 @ 1.3189	25-Sep-2017	150
TOTAL FOREIGN EXCHANGE		<u>\$ 1 238</u>

All counterparties have a credit rating of at least A.

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

**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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 44 453	\$ 46 871
Cash	150	136
Subscriptions receivable	52	1
Unrealized gain on foreign exchange contracts	1 238	46
TOTAL ASSETS	45 893	47 054
LIABILITIES		
Redemptions payable	48	—
Unrealized loss on foreign exchange contracts	—	626
Accounts payable and accrued expenses	16	15
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	64	641
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 45 829	\$ 46 413
Investments at cost	\$ 30 394	\$ 34 118
NAV		
SERIES A	\$ 950	\$ 888
ADVISOR SERIES	\$ 313	\$ 398
SERIES D	\$ 9 287	\$ 9 258
SERIES F	\$ 1 297	\$ 1 400
SERIES O	\$ 33 982	\$ 34 469
NAV PER UNIT		
SERIES A	\$ 11.18	\$ 10.20
ADVISOR SERIES	\$ 11.18	\$ 10.20
SERIES D	\$ 11.17	\$ 10.15
SERIES F	\$ 11.28	\$ 10.24
SERIES O	\$ 11.36	\$ 10.28

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Net realized gain (loss) on investments	\$ 1 846	\$ 1 405
Net gain (loss) on foreign currencies and other net assets	(304)	2 506
Change in unrealized gain (loss) on investments	3 124	(3 587)
TOTAL INCOME (LOSS)	4 666	324
EXPENSES (see notes – Fund Specific Information)		
Management fees	55	85
Administration fees	25	23
Independent Review Committee costs	1	2
GST/HST	5	9
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	85	117
INCREASE (DECREASE) IN NAV	\$ 4 581	\$ 207
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 82	\$ (41)
ADVISOR SERIES	\$ 34	\$ (90)
SERIES D	\$ 881	\$ 23
SERIES F	\$ 134	\$ 51
SERIES O	\$ 3 450	\$ 264
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.98	\$ (0.03)
ADVISOR SERIES	\$ 1.04	\$ (0.03)
SERIES D	\$ 1.03	\$ 0.01
SERIES F	\$ 1.07	\$ 0.02
SERIES O	\$ 1.10	\$ 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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 4 581	\$ 207
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(1 846)	(1 405)
Change in unrealized loss (gain) on investments	(3 124)	3 587
(Increase) decrease in accrued receivables	—	1
Increase (decrease) in accrued payables	1	2
Cost of investments purchased	(450)	(16 968)
Proceeds on sales of investments	6 020	5 930
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5 182	(8 646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	950	16 394
Cash paid on redemption of redeemable units	(6 118)	(7 683)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (5 168)	\$ 8 711
Net increase (decrease) in cash for the period	14	65
Cash (bank overdraft), beginning of period	136	77
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 150	\$ 142
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ —	\$ —

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 888	\$ 1 128	\$ 398	\$ 3 153	\$ 9 258	\$ 7 793	\$ 1 400	\$ 761
INCREASE (DECREASE) IN NAV	82	(41)	34	(90)	881	23	134	51
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	24	250	1	12	526	2 917	110	1 027
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(44)	(337)	(120)	(325)	(1 378)	(722)	(347)	(232)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(20)	(87)	(119)	(313)	(852)	2 195	(237)	795
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	62	(128)	(85)	(403)	29	2 218	(103)	846
NAV AT END OF PERIOD	\$ 950	\$ 1 000	\$ 313	\$ 2 750	\$ 9 287	\$ 10 011	\$ 1 297	\$ 1 607

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 34 469	\$ 27 937	\$ 46 413	\$ 40 772
INCREASE (DECREASE) IN NAV	3 450	264	4 581	207
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	340	12 234	1 001	16 440
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(4 277)	(6 245)	(6 166)	(7 861)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(3 937)	5 989	(5 165)	8 579
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(487)	6 253	(584)	8 786
NAV AT END OF PERIOD	\$ 33 982	\$ 34 190	\$ 45 829	\$ 49 558

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**

June 30, 2017

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.

Concentration risk (%)

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

	June 30 2017	December 31 2016
Investment mix		
Information Technology	21.9	23.0
Financials	14.6	14.7
Health Care	14.2	12.2
Industrials	11.3	10.7
Consumer Discretionary	10.1	12.0
Consumer Staples	8.0	9.4
Energy	6.3	7.2
Telecommunication Services	2.5	1.1
Utilities	2.3	4.1
Materials	1.9	2.7
Real Estate	1.7	2.4
Cash/Other	5.2	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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	44 453	—	—	44 453
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	1 238	—	1 238
Derivatives – liabilities	—	—	—	—
Total financial instruments	44 453	1 238	—	45 691
% of total portfolio	97.3	2.7	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	46 871	—	—	46 871
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	46	—	46
Derivatives – liabilities	—	(626)	—	(626)
Total financial instruments	46 871	(580)	—	46 291
% of total portfolio	101.3	(1.3)	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 CURRENCY-HEDGED
U.S. EQUITY FUND**

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	81	81
Advisor Series	157	157
Series D	117	117
Series F	87	87
Series O	91	91
Value of all units	6	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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
U.S. Equity Fund	97.0	7.6	101.0	8.1

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	154
Non-capital losses	—

Redeemable units (000s)

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)	2017	2016
Series A		
Opening units	87	115
Issued number of units	2	27
Reinvested number of units	—	—
Redeemed number of units	(4)	(37)
Ending number of units	85	105

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
Advisor Series		
Opening units	39	321
Issued number of units	—	2
Reinvested number of units	—	—
Redeemed number of units	(11)	(35)
Ending number of units	28	288
Series D		
Opening units	912	799
Issued number of units	48	328
Reinvested number of units	—	—
Redeemed number of units	(129)	(78)
Ending number of units	831	1 049
Series F		
Opening units	137	77
Issued number of units	9	115
Reinvested number of units	—	—
Redeemed number of units	(31)	(25)
Ending number of units	115	167
Series O		
Opening units	3 354	2 831
Issued number of units	32	1 371
Reinvested number of units	—	—
Redeemed number of units	(394)	(680)
Ending number of units	2 992	3 522

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

PHILLIPS, HAGER & NORTH U.S. GROWTH FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
2 483	Amazon.com, Inc.	\$ 1 826	\$ 3 117	
8 823	Carnival Corp.	627	750	
2 091	Charter Communications Inc.	874	913	
30 351	Comcast Corp., Class A	1 501	1 532	
6 168	Marriott International Inc., Class A	687	802	
2 461	Mohawk Industries Inc.	689	771	
14 353	Newell Brands Inc.	984	998	
4 000	PVH Corp.	575	594	
13 278	Starbucks Corp.	979	1 004	
5 885	The Walt Disney Company	844	811	
		9 586	11 292	10.3
Consumer Staples				
2 267	Altria Group Inc.	211	219	
3 780	Colgate-Palmolive Company	386	363	
7 552	Conagra Brands Inc.	449	350	
1 770	Costco Wholesale Corp.	387	367	
4 170	CVS Health Corp.	468	435	
5 857	Estée Lauder Companies Inc., Class A	617	729	
15 027	Mondelez International Inc.	918	842	
9 519	PepsiCo Inc.	607	1 426	
6 195	Philip Morris International Inc.	858	944	
8 814	The Kraft Heinz Co.	1 032	979	
10 909	The Procter & Gamble Co.	1 201	1 233	
2 909	Wal-Mart Stores, Inc.	261	285	
8 007	Walgreens Boots Alliance Inc.	892	813	
		8 287	8 985	8.2
Energy				
11 382	Chevron Corp.	1 663	1 540	
6 265	EOG Resources Inc.	826	735	
19 979	Exxon Mobil Corp.	2 111	2 092	
10 439	Halliburton Co.	766	578	
4 800	Marathon Petroleum Corp.	348	326	
8 977	Pioneer Natural Resources Co.	1 806	1 858	
		7 520	7 129	6.5
Financials				
7 265	Aflac Inc.	695	732	
3 016	American International Group Inc.	240	245	
72 420	Bank of America Corp.	1 575	2 278	
7 718	Berkshire Hathaway Inc., Class B	1 685	1 696	
1 586	BlackRock Inc.	820	869	
6 259	Chubb Ltd.	1 011	1 180	
16 134	Citigroup Inc.	1 126	1 399	
5 429	Citizens Financial Group Inc.	268	251	
1 343	CME Group Inc., Class A	209	218	
7 449	E*TRADE Financial Corp.	360	368	
19 312	JPMorgan Chase & Co.	2 151	2 289	
1 740	PNC Bank Corp.	291	282	
5 616	Prudential Financial Inc.	620	788	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
1 454	S&P Global Inc.	\$ 137	\$ 275	
5 000	State Street Corp.	571	582	
9 227	Suntrust Banks Inc.	480	679	
11 805	The Progressive Corp.	631	675	
13 922	U.S. Bancorp	955	938	
10 779	Wells Fargo & Company	790	775	
		14 615	16 519	15.1
Health Care				
16 139	Abbott Laboratories	865	1 017	
9 588	Aetna Inc.	1 405	1 887	
3 600	Anthem Inc.	720	878	
8 413	Bristol-Myers Squibb Co.	722	608	
6 839	Celgene Corp.	752	1 152	
7 121	Danaher Corp.	776	779	
7 929	Dentsply Sirona Inc.	656	667	
9 290	Eli Lilly & Co.	927	991	
6 449	HCA Healthcare Inc.	669	729	
1 358	iShares Nasdaq Biotechnology Index Fund	549	546	
11 896	Johnson & Johnson	1 005	2 041	
16 664	Medtronic Plc.	1 511	1 918	
9 043	Pfizer Inc.	382	394	
7 182	Thermo Fisher Scientific Inc.	1 162	1 625	
9 388	Zoetis Inc.	667	760	
		12 768	15 992	14.6
Industrials				
2 428	Caterpillar Inc.	339	338	
13 279	CSX Corp.	796	940	
7 306	Eaton Corp Plc.	670	738	
5 768	General Dynamics Corp.	1 085	1 482	
28 904	General Electric Company	994	1 012	
12 109	Honeywell International Inc.	1 581	2 093	
13 685	Ingersoll-Rand Plc., Class A	956	1 622	
14 100	Johnson Controls International Plc.	875	793	
3 230	Rockwell Automation Inc.	622	678	
9 799	Southwest Airlines	527	790	
8 338	Union Pacific Corp.	947	1 177	
6 829	United Technologies Corp.	971	1 082	
		10 363	12 745	11.7
Information Technology				
6 235	Adobe Systems Inc.	735	1 144	
3 015	Alphabet Inc., Class C	1 402	3 553	
21 634	Apple Inc.	2 362	4 040	
3 406	Broadcom Ltd.	625	1 029	
19 915	Cisco Systems Inc.	781	808	
3 667	Cognizant Technology Solutions Corp., Class A	268	316	
11 967	eBay Inc.	554	542	
3 850	Electronic Arts Inc.	432	528	
9 519	Facebook Inc., Class A	1 268	1 864	

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

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)
PHILLIPS, HAGER & NORTH U.S. GROWTH FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
7 554	Fidelity National Information Services Inc.	\$ 732	\$ 837	
13 459	Intel Corp.	659	589	
3 469	Lam Research Corp.	313	636	
41 460	Microsoft Corp.	1 418	3 706	
16 769	Oracle Corporation	938	1 090	
2 539	Salesforce.com Inc.	259	285	
9 456	Texas Instruments Inc.	940	943	
4 619	Verisign Inc.	543	557	
12 204	Visa Inc., Class A	1 161	1 484	
2 443	Western Digital Corp.	196	281	
7 715	Xilinx Inc.	593	644	
		16 179	24 876	22.8
Materials				
6 236	Du Pont (E.I.) de Nemours and Company	634	653	
6 254	Newmont Mining Corporation	282	263	
3 251	Nucor Corp.	284	244	
5 098	PPG Industries Inc.	644	727	
3 819	WestRock Co.	234	281	
		2 078	2 168	2.0
Real Estate				
6 101	CBRE Group Inc.	276	288	
2 230	Crown Castle International Corp. Real Estate Investment Trust	272	290	
525	Equinix Inc. Real Estate Investment Trust	271	292	
863	Essex Property Trust Inc.	271	288	
17 851	GGP Inc. Real Estate Investment Trust	545	545	
6 285	Weyerhaeuser Company Ltd.	264	273	
		1 899	1 976	1.8
Telecommunication Services				
33 202	AT&T Inc.	1 832	1 625	
15 318	T-Mobile US Inc.	841	1 204	
		2 673	2 829	2.6
Utilities				
5 774	DTE Energy Company	667	792	
4 950	Duke Energy Corp.	570	537	
5 546	Exelon Corp.	264	259	
3 386	NextEra Energy Inc.	540	615	
8 240	NiSource Inc.	285	271	
9 956	NRG Energy Inc.	204	222	
		2 530	2 696	2.5
TOTAL UNITED STATES EQUITIES		88 498	107 207	98.1
SHORT-TERM INVESTMENTS*		1 983	1 979	1.8
TOTAL INVESTMENTS		<u>\$ 90 481</u>	109 186	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			64	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 109 250</u>		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 1.15% and mature on July 5, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 109 186	\$ 109 510
Cash	76	81
Subscriptions receivable	10	20
Dividends receivable, interest accrued and other assets	56	141
TOTAL ASSETS	109 328	109 752
LIABILITIES		
Redemptions payable	34	40
Accounts payable and accrued expenses	44	42
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	78	82
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 109 250	\$ 109 670
Investments at cost	\$ 90 481	\$ 90 587
NAV		
SERIES A	\$ 2 022	\$ 1 532
ADVISOR SERIES	\$ 207	\$ 190
SERIES D	\$ 39 760	\$ 39 450
SERIES F	\$ 2 459	\$ 2 268
SERIES O	\$ 64 802	\$ 66 230
NAV PER UNIT		
SERIES A	\$ 23.53	\$ 22.22
ADVISOR SERIES	\$ 23.53	\$ 22.22
SERIES D	\$ 24.30	\$ 22.85
SERIES F	\$ 24.60	\$ 23.10
SERIES O	\$ 24.95	\$ 23.35

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 929	\$ 1 136
Interest for distribution purposes	3	–
Net realized gain (loss) on investments	7 042	(1 401)
Net gain (loss) on foreign currencies and other net assets	(93)	(52)
Change in unrealized gain (loss) on investments	(218)	(8 342)
TOTAL INCOME (LOSS)	7 663	(8 659)
EXPENSES (see notes – Fund Specific Information)		
Management fees	194	210
Administration fees	44	40
Independent Review Committee costs	1	2
GST/HST	17	18
Transaction costs	60	54
Withholding tax	135	146
TOTAL EXPENSES	451	470
INCREASE (DECREASE) IN NAV	\$ 7 212	\$ (9 129)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 82	\$ (163)
ADVISOR SERIES	\$ 11	\$ (13)
SERIES D	\$ 2 489	\$ (3 296)
SERIES F	\$ 135	\$ (67)
SERIES O	\$ 4 495	\$ (5 590)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.09	\$ (1.84)
ADVISOR SERIES	\$ 1.20	\$ (1.85)
SERIES D	\$ 1.48	\$ (1.81)
SERIES F	\$ 1.42	\$ (1.82)
SERIES O	\$ 1.66	\$ (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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 7 212	\$ (9 129)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(6 991)	1 453
Change in unrealized loss (gain) on investments	218	8 342
(Increase) decrease in accrued receivables	85	63
Increase (decrease) in accrued payables	2	(8)
Cost of investments purchased	(200 018)	(48 408)
Proceeds on sales of investments	207 115	58 251
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7 623	10 564
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	3 117	2 487
Cash paid on redemption of redeemable units	(10 745)	(13 733)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (7 628)	\$ (11 246)
Net increase (decrease) in cash for the period	(5)	(682)
Cash (bank overdraft), beginning of period	81	1 483
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 76	\$ 801
Interest received (paid)	\$ 3	\$ —
Dividends received, net of withholding taxes	\$ 879	\$ 1 052

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 1 532	\$ 2 289	\$ 190	\$ 166	\$ 39 450	\$ 43 208	\$ 2 268	\$ 764
INCREASE (DECREASE) IN NAV	82	(163)	11	(13)	2 489	(3 296)	135	(67)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	530	165	24	26	1 860	808	370	1 192
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(122)	(1 164)	(18)	(23)	(4 039)	(3 050)	(314)	(74)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	408	(999)	6	3	(2 179)	(2 242)	56	1 118
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	490	(1 162)	17	(10)	310	(5 538)	191	1 051
NAV AT END OF PERIOD	\$ 2 022	\$ 1 127	\$ 207	\$ 156	\$ 39 760	\$ 37 670	\$ 2 459	\$ 1 815

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 66 230	\$ 77 521	\$ 109 670	\$ 123 948
INCREASE (DECREASE) IN NAV	4 495	(5 590)	7 212	(9 129)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	323	287	3 107	2 478
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(6 246)	(9 409)	(10 739)	(13 720)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(5 923)	(9 122)	(7 632)	(11 242)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 428)	(14 712)	(420)	(20 371)
NAV AT END OF PERIOD	\$ 64 802	\$ 62 809	\$ 109 250	\$ 103 577

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
Information Technology	22.8	22.9
Financials	15.1	14.7
Health Care	14.6	12.1
Industrials	11.7	10.5
Consumer Discretionary	10.3	11.9
Consumer Staples	8.2	9.2
Energy	6.5	7.1
Telecommunication Services	2.6	1.1
Utilities	2.5	4.1
Materials	2.0	2.8
Real Estate	1.8	2.4
Cash/Other	1.9	1.2
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:

	June 30 2017	December 31 2016
Currency		
United States dollar	99.9	99.9
Total	99.9	99.9

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
S&P 500 Total Return 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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	107 207	–	–	107 207
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 979	–	1 979
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	107 207	1 979	–	109 186
% of total portfolio	98.2	1.8	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	108 298	–	–	108 298
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 212	–	1 212
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	108 298	1 212	–	109 510
% of total portfolio	98.9	1.1	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	50	50
Advisor Series	95	95
Series F	51	51
Series O	53	53
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, 2016 for the Fund were approximately:

Capital losses	30 249
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	69	105
Issued number of units	22	8
Reinvested number of units	—	—
Redeemed number of units	(5)	(57)
Ending number of units	86	56

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	9	8
Issued number of units	1	1
Reinvested number of units	—	—
Redeemed number of units	(1)	(1)
Ending number of units	9	8

Series D		
Opening units	1 726	1 925
Issued number of units	78	39
Reinvested number of units	—	—
Redeemed number of units	(168)	(147)
Ending number of units	1 636	1 817

Series F		
Opening units	98	34
Issued number of units	15	56
Reinvested number of units	—	—
Redeemed number of units	(13)	(4)
Ending number of units	100	86

Series O		
Opening units	2 836	3 381
Issued number of units	13	13
Reinvested number of units	—	—
Redeemed number of units	(252)	(445)
Ending number of units	2 597	2 949

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	60	100	54	100
Related-party brokerage commissions*	8	13	—	—
Commission arrangements [†]	4	7	17	31

* 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 OVERSEAS EQUITY FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Australia				
869 804	Amcor Ltd.	\$ 13 701	\$ 14 052	
5 248 159	Oil Search Ltd.	41 580	35 639	
		55 281	49 691	4.4
Belgium				
296 164	Anheuser-Busch InBev S.A./N.V.	37 938	42 419	
		37 938	42 419	3.8
Denmark				
467 229	Novo Nordisk A/S	31 413	26 053	
		31 413	26 053	2.3
France				
136 168	Air Liquide S.A.	18 520	21 825	
120 557	Pernod-Ricard S.A.	18 231	20 935	
217 791	Safran S.A.	16 005	25 901	
		52 756	68 661	6.1
Germany				
39 979	Continental AG	9 560	11 192	
1 100 372	Deutsche Post AG	38 898	53 566	
		48 458	64 758	5.7
Hong Kong				
4 746 783	AIA Group Ltd.	29 897	45 037	
		29 897	45 037	4.0
India				
792 671	HDFC Bank Ltd.	18 954	26 458	
225 570	HDFC Bank Ltd. ADR	13 081	25 440	
		32 035	51 898	4.6
Ireland				
680 716	CRH Plc.	31 042	31 462	
211 237	Paddy Power Betfair Plc.	37 043	29 206	
154 500	Ryanair Holdings Plc. ADR	17 500	21 560	
		85 585	82 228	7.3
Japan				
1 518 597	Astellas Pharma Inc.	25 135	24 137	
744 900	Komatsu Ltd.	24 195	24 794	
1 702 500	Kubota Corp.	35 126	37 318	
354 812	Nidec Corp.	29 146	47 273	
297 300	Nippon Telegraph & Telephone Corp.	17 548	18 199	
288 700	Oriental Land Co. Ltd.	23 369	25 374	
2 556 000	Tokyo Gas Co. Ltd.	14 857	17 266	
		169 376	194 361	17.2
Netherlands				
150 475	ASML Holding N.V.	18 316	25 437	
1 619 131	ING Groep N.V.	31 740	36 246	
		50 056	61 683	5.5

Holdings	Security	Cost	Fair Value	% of Net Assets
Philippines				
2 583 190	Universal Robina Corp.	\$ 14 820	\$ 10 821	
		14 820	10 821	1.0
South Africa				
182 658	Naspers Ltd.	27 838	46 648	
		27 838	46 648	4.1
South Korea				
28 138	NCSoft Corp.	10 572	12 095	
		10 572	12 095	1.1
Switzerland				
36 502	Partners Group Holding AG	15 632	29 391	
123 140	Roche Holdings AG Genusschein	32 851	40 803	
1 430 819	UBS Group AG	28 050	31 554	
		76 533	101 748	9.0
Taiwan				
1 107 055	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	29 517	50 190	
		29 517	50 190	4.4
Thailand				
2 154 000	Kasikornbank PCL	14 364	16 392	
		14 364	16 392	1.4
United Kingdom				
619 153	InterContinental Hotels Group Plc.	39 182	44 589	
22 583 605	Lloyds TSB Group Plc.	28 704	25 238	
332 020	Rio Tinto Plc.	18 011	18 235	
672 078	Royal Dutch Shell Plc., B Shares	27 870	23 398	
1 800 872	St. James's Place Plc.	27 099	35 996	
618 358	Unilever Plc.	43 891	43 396	
		184 757	190 852	16.9
TOTAL INTERNATIONAL EQUITIES		951 196	1 115 535	98.8
SHORT-TERM INVESTMENTS*		9 200	9 200	0.8
TOTAL INVESTMENTS		960 396	1 124 735	99.6
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		—	41	—
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		—	(2)	—
TOTAL PORTFOLIO		\$ 960 396	1 124 774	99.6
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			4 040	0.4
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
		\$1 128 814		100.0

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

June 30, 2017

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought GBP 4 741 Sold CAD 7 998 @ 0.5928	04-Jul-2017	\$ 9
Bought CAD 5 470 Sold JPY 471 986 @ 0.0116	05-Jul-2017	28
Bought CAD 810 Sold EUR 544 @ 1.4891	05-Jul-2017	4
		<u>\$ 41</u>

Contracts	Maturity Date	Unrealized Loss
Bought CAD 2 604 Sold EUR 1 759 @ 1.4801	04-Jul-2017	\$ (2)
		<u>\$ (2)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ 39</u>

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 0.45% to 0.95% and mature between July 4, 2017 and July 31, 2017.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 1 124 735	\$ 1 011 361
Cash	7 334	124
Due from investment dealers	12 992	—
Subscriptions receivable	2 030	3 532
Unrealized gain on foreign exchange contracts	41	—
Dividends receivable, interest accrued and other assets	1 973	481
TOTAL ASSETS	1 149 105	1 015 498
LIABILITIES		
Due to investment dealers	18 919	—
Redemptions payable	1 090	998
Unrealized loss on foreign exchange contracts	2	—
Accounts payable and accrued expenses	280	247
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	20 291	1 245
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 128 814	\$ 1 014 253
Investments at cost	\$ 960 396	\$ 947 548
NAV		
SERIES A	\$ 3 167	\$ 2 888
ADVISOR SERIES	\$ 1 183	\$ 1 013
SERIES D	\$ 186 661	\$ 165 905
SERIES F	\$ 10 772	\$ 9 150
SERIES O	\$ 927 031	\$ 835 297
NAV PER UNIT		
SERIES A	\$ 14.14	\$ 12.55
ADVISOR SERIES	\$ 14.14	\$ 12.55
SERIES D	\$ 14.10	\$ 12.46
SERIES F	\$ 13.46	\$ 11.88
SERIES O	\$ 14.47	\$ 12.72

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 19 153	\$ 23 773
Interest for distribution purposes	31	39
Securities lending revenue (see note 6 in the generic notes)	114	173
Net realized gain (loss) on investments	23 757	12 408
Net gain (loss) on foreign currencies and other net assets	(700)	217
Change in unrealized gain (loss) on investments	100 565	(122 673)
TOTAL INCOME (LOSS)	142 920	(86 063)
EXPENSES (see notes – Fund Specific Information)		
Management fees	963	1 008
Administration fees	499	443
Independent Review Committee costs	1	2
GST/HST	112	110
Transaction costs	1 313	1 146
Withholding tax	1 742	1 725
TOTAL EXPENSES	4 630	4 434
INCREASE (DECREASE) IN NAV	\$ 138 290	\$ (90 497)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 360	\$ (374)
ADVISOR SERIES	\$ 110	\$ (145)
SERIES D	\$ 21 754	\$ (18 209)
SERIES F	\$ 1 159	\$ (608)
SERIES O	\$ 114 907	\$ (71 161)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.61	\$ (1.32)
ADVISOR SERIES	\$ 1.42	\$ (1.32)
SERIES D	\$ 1.64	\$ (1.25)
SERIES F	\$ 1.51	\$ (1.18)
SERIES O	\$ 1.77	\$ (1.20)

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 138 290	\$ (90 497)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(22 758)	(11 692)
Change in unrealized loss (gain) on investments	(100 565)	122 673
(Increase) decrease in accrued receivables	(1 492)	(901)
Increase (decrease) in accrued payables	33	(26)
Cost of investments purchased	(431 477)	(507 944)
Proceeds on sales of investments	447 314	414 634
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	29 345	(73 753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	61 767	171 140
Cash paid on redemption of redeemable units	(83 902)	(98 514)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (22 135)	\$ 72 626
Net increase (decrease) in cash for the period	7 210	(1 127)
Cash (bank overdraft), beginning of period	124	1 648
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 7 334	\$ 521
Interest received (paid)	\$ 33	\$ 40
Dividends received, net of withholding taxes	\$ 15 917	\$ 21 146

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 2 888	\$ 3 664	\$ 1 013	\$ 1 401	\$ 165 905	\$ 186 721	\$ 9 150	\$ 5 569
INCREASE (DECREASE) IN NAV	360	(374)	110	(145)	21 754	(18 209)	1 159	(608)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	520	795	463	235	7 362	7 930	2 065	5 521
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(601)	(1 213)	(403)	(412)	(8 360)	(10 551)	(1 602)	(1 348)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(81)	(418)	60	(177)	(998)	(2 621)	463	4 173
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	279	(792)	170	(322)	20 756	(20 830)	1 622	3 565
NAV AT END OF PERIOD	\$ 3 167	\$ 2 872	\$ 1 183	\$ 1 079	\$ 186 661	\$ 165 891	\$ 10 772	\$ 9 134

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 835 297	\$ 778 286	\$ 1 014 253	\$ 975 641
INCREASE (DECREASE) IN NAV	114 907	(71 161)	138 290	(90 497)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	49 855	157 108	60 265	171 589
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(73 028)	(87 738)	(83 994)	(101 262)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(23 173)	69 370	(23 729)	70 327
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	91 734	(1 791)	114 561	(20 170)
NAV AT END OF PERIOD	\$ 927 031	\$ 776 495	\$ 1 128 814	\$ 955 471

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
Europe ex-United Kingdom Equities	39.7	45.5
Pacific Rim ex-Japan Equities	20.9	17.7
Japan Equities	17.2	18.2
United Kingdom Equities	16.9	13.6
Middle East and Africa Equities	4.1	3.9
Cash/Other	1.2	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 2017	December 31 2016
Euro	23.9	29.4
Pound sterling	19.5	16.4
Japanese yen	17.3	18.2
Swiss franc	9.0	8.6
United States dollar	8.6	7.5
Australian dollar	4.4	3.2
South African rand	4.1	3.9
Hong Kong dollar	4.0	3.6
Indian rupee	2.3	0.7
Danish krone	2.3	3.1
Thailand baht	1.5	1.0
South Korean won	1.1	—
Philippine peso	1.0	1.7
Swedish krona	—	1.8
Total	99.0	99.1

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	97 190	1 018 345	—	1 115 535
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	9 200	—	9 200
Derivatives – assets	—	41	—	41
Derivatives – liabilities	—	(2)	—	(2)
Total financial instruments	97 190	1 027 584	—	1 124 774
% of total portfolio	8.6	91.4	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	76 140	927 346	—	1 003 486
Mutual fund units	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	7 875	—	7 875
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	76 140	935 221	—	1 011 361
% of total portfolio	7.5	92.5	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	53	53
Advisor Series	103	103
Series D	56	56
Series F	60	60
Value of all units	4	3

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	228 021
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	230	265
Issued number of units	38	62
Reinvested number of units	—	—
Redeemed number of units	(44)	(96)
Ending number of units	224	231

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	81	101
Issued number of units	33	19
Reinvested number of units	—	—
Redeemed number of units	(30)	(33)
Ending number of units	84	87

Series D		
Opening units	13 316	13 614
Issued number of units	547	627
Reinvested number of units	—	—
Redeemed number of units	(624)	(837)
Ending number of units	13 239	13 404

Series F		
Opening units	770	426
Issued number of units	155	460
Reinvested number of units	—	—
Redeemed number of units	(125)	(113)
Ending number of units	800	773

Series O		
Opening units	65 680	55 634
Issued number of units	3 624	12 284
Reinvested number of units	—	—
Redeemed number of units	(5 252)	(6 788)
Ending number of units	64 052	61 130

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	1 313	100	1 146	100
Related-party brokerage commissions*	33	3	58	5
Commission arrangements [†]	645	49	—	—

* 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 2017	June 30 2016
Fair value of securities loaned	100 130	120 863
Fair value of collateral received	102 132	123 280

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

PHILLIPS, HAGER & NORTH OVERSEAS EQUITY FUND

June 30, 2017

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	168	100	266	100
RBC IS (paid)	(52)	(31)	(93)	(35)
Tax withheld	(2)	(1)	—	—
Fund revenue	114	68	173	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 2017	December 31 2016
BonaVista Balanced Fund	0.3	0.4
BonaVista Global Balanced Fund	—	0.1
Phillips, Hager & North Currency-Hedged Overseas Equity Fund	15.6	16.0
Phillips, Hager & North Overseas Equity Class	4.8	5.2
RBC Total Return Growth Fund	—	—
Total	20.7	21.7

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, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
12 143 371	Phillips, Hager & North Overseas Equity Fund*	\$ 135 068	\$ 175 753	
TOTAL MUTUAL FUND UNITS		135 068	175 753	98.2
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		–	4 041	2.3
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		–	(1 173)	(0.7)
TOTAL PORTFOLIO		\$ 135 068	178 621	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			404	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
		\$ 179 025		100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought AUD 46 Sold CAD 46 @ 1.0040	05-Jul-2017	\$ –
Bought AUD 175 Sold CAD 175 @ 1.0017	05-Jul-2017	–
Bought CAD 3 613 Sold AUD 3 567 @ 1.0128	05-Jul-2017	57
Bought CAD 4 078 Sold JPY 336 359 @ 0.0121	05-Jul-2017	199
Bought CAD 838 Sold AUD 825 @ 1.0152	05-Jul-2017	15
Bought CAD 4 561 Sold GBP 2 608 @ 1.7488	07-Jul-2017	156
Bought CAD 907 Sold GBP 526 @ 1.7245	07-Jul-2017	19
Bought CAD 2 081 Sold HKD 12 032 @ 0.1729	10-Jul-2017	82
Bought CAD 163 Sold DKK 800 @ 0.2037	10-Jul-2017	4
Bought CAD 143 Sold DKK 700 @ 0.2048	10-Jul-2017	4
Bought CAD 82 Sold DKK 400 @ 0.2041	10-Jul-2017	2
Bought DKK 114 Sold CAD 22 @ 5.2421	10-Jul-2017	1
Bought DKK 95 Sold CAD 19 @ 4.9511	10-Jul-2017	–
Bought CAD 3 813 Sold INR 186 945 @ 0.0204	11-Jul-2017	68
Bought CAD 1 733 Sold KRW 1 484 000 @ 0.0012	11-Jul-2017	52
Bought CAD 140 Sold KRW 120 000 @ 0.0012	11-Jul-2017	4
Bought CAD 83 Sold INR 4 000 @ 0.0207	11-Jul-2017	3
Bought CAD 59 Sold KRW 50 000 @ 0.0012	11-Jul-2017	3
Bought CAD 167 Sold INR 8 000 @ 0.0209	11-Jul-2017	7
Bought CAD 95 Sold INR 4 500 @ 0.0211	11-Jul-2017	5
Bought CAD 60 Sold KRW 50 000 @ 0.0012	11-Jul-2017	4
Bought CAD 36 Sold KRW 30 000 @ 0.0012	11-Jul-2017	2
Bought CAD 66 Sold KRW 55 000 @ 0.0012	11-Jul-2017	4
Bought CAD 47 Sold KRW 40 000 @ 0.0012	11-Jul-2017	2
Bought CAD 70 Sold KRW 60 000 @ 0.0012	11-Jul-2017	2
Bought CAD 133 Sold INR 6 500 @ 0.0205	11-Jul-2017	3
Bought CAD 115 Sold KRW 100 000 @ 0.0012	11-Jul-2017	2
Bought CAD 2 621 Sold THB 67 823 @ 0.0386	12-Jul-2017	32
Bought CAD 4 315 Sold USD 3 224 @ 1.3384	12-Jul-2017	135
Bought CAD 273 Sold USD 200 @ 1.3646	12-Jul-2017	14
Bought CAD 342 Sold USD 250 @ 1.3676	12-Jul-2017	18
Bought CAD 409 Sold USD 300 @ 1.3639	12-Jul-2017	20

SCHEDULE A (cont.)**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 39 Sold THB 1 000 @ 0.0394	12-Jul-2017	\$ 1
Bought CAD 270 Sold USD 200 @ 1.3490	12-Jul-2017	10
Bought CAD 467 Sold EUR 310 @ 1.5071	14-Jul-2017	8
Bought EUR 531 Sold CAD 753 @ 0.7054	14-Jul-2017	34
Bought EUR 145 Sold CAD 215 @ 0.6739	14-Jul-2017	–
Bought EUR 2 000 Sold CAD 2 963 @ 0.6749	14-Jul-2017	–
Bought CAD 5 213 Sold CHF 3 833 @ 1.3600	17-Jul-2017	26
Bought CAD 210 Sold CHF 150 @ 1.3988	17-Jul-2017	7
Bought CAD 881 Sold CHF 636 @ 1.3850	17-Jul-2017	20
Bought CAD 1 804 Sold HKD 10 492 @ 0.1720	18-Jul-2017	61
Bought CAD 715 Sold HKD 4 155 @ 0.1721	18-Jul-2017	25
Bought CAD 8 213 Sold JPY 681 170 @ 0.0121	19-Jul-2017	357
Bought CAD 416 Sold JPY 35 000 @ 0.0119	19-Jul-2017	13
Bought CAD 2 867 Sold GBP 1 657 @ 1.7301	20-Jul-2017	67
Bought CAD 1 726 Sold PHP 65 430 @ 0.0264	25-Jul-2017	50
Bought CAD 53 Sold PHP 2 000 @ 0.0263	25-Jul-2017	1
Bought CAD 4 897 Sold EUR 3 239 @ 1.5118	26-Jul-2017	95
Bought CAD 695 Sold CHF 498 @ 1.3959	26-Jul-2017	21
Bought CAD 3 566 Sold ZAR 35 618 @ 0.1001	28-Jul-2017	54
Bought CAD 2 584 Sold HKD 14 708 @ 0.1757	28-Jul-2017	141
Bought CAD 199 Sold ZAR 2 000 @ 0.0993	28-Jul-2017	1
Bought CAD 200 Sold ZAR 2 000 @ 0.0999	28-Jul-2017	3
Bought CAD 202 Sold ZAR 2 000 @ 0.1011	28-Jul-2017	5
Bought CAD 1 979 Sold ZAR 18 853 @ 0.1050	28-Jul-2017	120
Bought CAD 170 Sold HKD 1 000 @ 0.1699	28-Jul-2017	4
Bought CAD 778 Sold DKK 3 873 @ 0.2009	04-Aug-2017	6
Bought CAD 1 377 Sold CHF 991 @ 1.3895	04-Aug-2017	35
Bought CAD 405 Sold AUD 400 @ 1.0114	04-Aug-2017	6
Bought CAD 1 577 Sold AUD 1 559 @ 1.0115	04-Aug-2017	25
Bought CAD 91 Sold DKK 450 @ 0.2029	04-Aug-2017	2
Bought CAD 413 Sold CHF 300 @ 1.3774	04-Aug-2017	7
Bought DKK 500 Sold CAD 100 @ 5.0165	04-Aug-2017	–
Bought CAD 2 016 Sold AUD 2 000 @ 1.0079	11-Aug-2017	25
Bought CAD 847 Sold GBP 500 @ 1.6932	11-Aug-2017	2
Bought CAD 8 299 Sold JPY 681 771 @ 0.0122	15-Aug-2017	430
Bought CAD 3 490 Sold USD 2 574 @ 1.3560	17-Aug-2017	155
Bought CAD 23 043 Sold EUR 15 097 @ 1.5263	01-Sep-2017	629
Bought CAD 6 482 Sold GBP 3 724 @ 1.7407	01-Sep-2017	187
Bought EUR 800 Sold CAD 1 186 @ 0.6743	01-Sep-2017	1
Bought CAD 3 069 Sold USD 2 280 @ 1.3460	15-Sep-2017	116
Bought CAD 335 Sold USD 250 @ 1.3417	15-Sep-2017	12
Bought CAD 3 630 Sold USD 2 752 @ 1.3189	25-Sep-2017	66
Bought CAD 8 165 Sold CHF 5 992 @ 1.3627	25-Sep-2017	28
Bought CAD 11 477 Sold JPY 971 074 @ 0.0118	27-Sep-2017	252
Bought CAD 3 780 Sold AUD 3 796 @ 0.9958	28-Sep-2017	6
Bought CAD 3 897 Sold JPY 336 359 @ 0.0116	06-Oct-2017	8

\$ 4 041

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

June 30, 2017

SCHEDULE A (cont.)**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Loss
Bought AUD 200 Sold CAD 201 @ 0.9969	05-Jul-2017	\$ (1)
Bought AUD 175 Sold CAD 176 @ 0.9941	05-Jul-2017	(2)
Bought AUD 3 796 Sold CAD 3 789 @ 1.0017	05-Jul-2017	(6)
Bought JPY 336 359 Sold CAD 3 887 @ 86.5308	05-Jul-2017	(9)
Bought CAD 11 026 Sold GBP 6 639 @ 1.6608	07-Jul-2017	(188)
Bought CAD 3 078 Sold DKK 15 958 @ 0.1929	10-Jul-2017	(101)
Bought DKK 700 Sold CAD 142 @ 4.9129	10-Jul-2017	(3)
Bought DKK 600 Sold CAD 120 @ 4.9939	10-Jul-2017	(1)
Bought KRW 70 000 Sold CAD 85 @ 821.5000	11-Jul-2017	(6)
Bought KRW 160 000 Sold CAD 186 @ 859.3000	11-Jul-2017	(5)
Bought KRW 45 000 Sold CAD 52 @ 860.3001	11-Jul-2017	(1)
Bought KRW 70 000 Sold CAD 82 @ 854.7000	11-Jul-2017	(3)
Bought CAD 470 Sold ZAR 4 900 @ 0.0959	12-Jul-2017	(15)
Bought CAD 1 783 Sold ZAR 18 590 @ 0.0959	12-Jul-2017	(57)
Bought THB 1 500 Sold CAD 59 @ 25.3040	12-Jul-2017	(2)
Bought THB 1 500 Sold CAD 59 @ 25.4022	12-Jul-2017	(2)
Bought THB 1 000 Sold CAD 39 @ 25.4020	12-Jul-2017	(1)
Bought ZAR 3 280 Sold CAD 330 @ 9.9351	12-Jul-2017	(6)
Bought ZAR 1 620 Sold CAD 170 @ 9.5357	12-Jul-2017	(10)
Bought CAD 13 194 Sold EUR 9 287 @ 1.4207	14-Jul-2017	(566)
Bought EUR 700 Sold CAD 1 060 @ 0.6602	14-Jul-2017	(23)
Bought CHF 400 Sold CAD 558 @ 0.7174	17-Jul-2017	(16)
Bought CHF 250 Sold CAD 350 @ 0.7150	17-Jul-2017	(11)
Bought HKD 300 Sold CAD 53 @ 5.6683	18-Jul-2017	(3)
Bought CAD 1 298 Sold GBP 770 @ 1.6863	20-Jul-2017	(2)
Bought GBP 200 Sold CAD 348 @ 0.5749	20-Jul-2017	(10)
Bought PHP 1 200 Sold CAD 32 @ 37.9285	25-Jul-2017	(1)
Bought EUR 200 Sold CAD 298 @ 0.6711	26-Jul-2017	(2)
Bought ZAR 2 000 Sold CAD 208 @ 9.6255	28-Jul-2017	(11)
Bought ZAR 3 500 Sold CAD 360 @ 9.7161	28-Jul-2017	(15)
Bought AUD 175 Sold CAD 177 @ 0.9892	11-Aug-2017	(3)
Bought CAD 5 973 Sold GBP 3 562 @ 1.6768	11-Aug-2017	(47)
Bought JPY 74 000 Sold CAD 858 @ 86.2020	15-Aug-2017	(4)
Bought CAD 844 Sold GBP 500 @ 1.6884	01-Sep-2017	(1)
Bought EUR 500 Sold CAD 754 @ 0.6635	01-Sep-2017	(11)
Bought CAD 8 136 Sold EUR 5 494 @ 1.4809	25-Sep-2017	(27)
Bought EUR 70 Sold CAD 105 @ 0.6677	25-Sep-2017	(1)
		\$ (1 173)
TOTAL FOREIGN EXCHANGE		\$ 2 868

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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 175 753	\$ 162 487
Cash	485	452
Subscriptions receivable	77	96
Unrealized gain on foreign exchange contracts	4 041	3 347
TOTAL ASSETS	180 356	166 382
LIABILITIES		
Redemptions payable	115	22
Unrealized loss on foreign exchange contracts	1 173	1 234
Accounts payable and accrued expenses	43	38
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1 331	1 294
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 179 025	\$ 165 088
Investments at cost	\$ 135 068	\$ 141 416
NAV		
SERIES A	\$ 578	\$ 570
ADVISOR SERIES	\$ 1 404	\$ 1 675
SERIES D	\$ 15 119	\$ 13 610
SERIES F	\$ 2 496	\$ 2 956
SERIES O	\$ 159 428	\$ 146 277
NAV PER UNIT		
SERIES A	\$ 10.43	\$ 9.38
ADVISOR SERIES	\$ 10.43	\$ 9.39
SERIES D	\$ 10.19	\$ 9.13
SERIES F	\$ 10.30	\$ 9.22
SERIES O	\$ 10.39	\$ 9.26

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ –	\$ (1)
Net realized gain (loss) on investments	3 013	3 224
Net gain (loss) on foreign currencies and other net assets	(3 259)	702
Change in unrealized gain (loss) on investments	20 369	(13 377)
TOTAL INCOME (LOSS)	20 123	(9 452)
EXPENSES (see notes – Fund Specific Information)		
Management fees	100	110
Administration fees	124	116
Independent Review Committee costs	1	2
GST/HST	19	20
TOTAL EXPENSES	244	248
INCREASE (DECREASE) IN NAV	\$ 19 879	\$ (9 700)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 63	\$ (49)
ADVISOR SERIES	\$ 163	\$ (105)
SERIES D	\$ 1 563	\$ (644)
SERIES F	\$ 290	\$ (177)
SERIES O	\$ 17 800	\$ (8 725)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.07	\$ (0.62)
ADVISOR SERIES	\$ 1.05	\$ (0.61)
SERIES D	\$ 1.06	\$ (0.57)
SERIES F	\$ 1.12	\$ (0.56)
SERIES O	\$ 1.13	\$ (0.53)

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)	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 19 879	\$ (9 700)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(3 013)	(3 224)
Change in unrealized loss (gain) on investments	(20 369)	13 377
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	5	1
Cost of investments purchased	(4 350)	(23 740)
Proceeds on sales of investments	13 711	19 438
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5 863	(3 848)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	10 505	23 431
Cash paid on redemption of redeemable units	(16 335)	(19 820)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (5 830)	\$ 3 611
Net increase (decrease) in cash for the period	33	(237)
Cash (bank overdraft), beginning of period	452	466
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 485	\$ 229
Interest received (paid)	\$ —	\$ (1)
Dividends received, net of withholding taxes	\$ —	\$ —

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 570	\$ 733	\$ 1 675	\$ 1 675	\$ 13 610	\$ 11 977	\$ 2 956	\$ 3 268
INCREASE (DECREASE) IN NAV	63	(49)	163	(105)	1 563	(644)	290	(177)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	46	8	106	329	505	3 725	494	988
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(101)	(68)	(540)	(97)	(559)	(845)	(1 244)	(648)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(55)	(60)	(434)	232	(54)	2 880	(750)	340
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	8	(109)	(271)	127	1 509	2 236	(460)	163
NAV AT END OF PERIOD	\$ 578	\$ 624	\$ 1 404	\$ 1 802	\$ 15 119	\$ 14 213	\$ 2 496	\$ 3 431

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 146 277	\$ 153 811	\$ 165 088	\$ 171 464
INCREASE (DECREASE) IN NAV	17 800	(8 725)	19 879	(9 700)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	9 335	18 432	10 486	23 482
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(13 984)	(17 944)	(16 428)	(19 602)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 649)	488	(5 942)	3 880
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	13 151	(8 237)	13 937	(5 820)
NAV AT END OF PERIOD	\$ 159 428	\$ 145 574	\$ 179 025	\$ 165 644

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

Investment Management®

June 30, 2017

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.

Concentration risk (%)

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

	June 30 2017	December 31 2016
Investment mix		
Europe ex-United Kingdom Equities	39.0	45.0
Japan Equities	20.5	17.9
Pacific Rim ex-Japan Equities	16.9	17.4
United Kingdom Equities	16.6	13.4
Middle East and Africa Equities	4.0	3.8
Cash/Other	3.0	2.5
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 2017	December 31 2016
MSCI EAFE Total Return Net Index (hedged to CAD)	+ 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.

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

**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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	175 753	—	—	175 753
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	4 041	—	4 041
Derivatives – liabilities	—	(1 173)	—	(1 173)
Total financial instruments	175 753	2 868	—	178 621
% of total portfolio	98.4	1.6	—	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Mutual fund units	162 487	—	—	162 487
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	3 347	—	3 347
Derivatives – liabilities	—	(1 234)	—	(1 234)
Total financial instruments	162 487	2 113	—	164 600
% of total portfolio	98.7	1.3	—	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%	0.15%
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.

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

Investment Management®

June 30, 2017

**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 2017	December 31 2016
Units held		
Series A	66	66
Advisor Series	130	130
Series D	72	72
Series F	72	72
Series O	76	76
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North Overseas Equity Fund	98.2	15.6	98.4	16.0

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	5 127
Non-capital losses	—

Redeemable units (000s)

There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

	2017	2016
For the periods ended June 30 (see note 2 in the generic notes)		
Series A		
Opening units	61	75
Issued number of units	4	2
Reinvested number of units	—	—
Redeemed number of units	(10)	(8)
Ending number of units	55	69

	2017	2016
For the periods ended June 30 (see note 2 in the generic notes)		
Advisor Series		
Opening units	178	172
Issued number of units	11	37
Reinvested number of units	—	—
Redeemed number of units	(54)	(11)
Ending number of units	135	198
Series D		
Opening units	1 490	1 266
Issued number of units	51	430
Reinvested number of units	—	—
Redeemed number of units	(58)	(95)
Ending number of units	1 483	1 601
Series F		
Opening units	321	342
Issued number of units	48	112
Reinvested number of units	—	—
Redeemed number of units	(127)	(72)
Ending number of units	242	382
Series O		
Opening units	15 799	16 036
Issued number of units	964	2 058
Reinvested number of units	—	—
Redeemed number of units	(1 417)	(2 013)
Ending number of units	15 346	16 081

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
GLOBAL EQUITIES				
Belgium				
48 921	Anheuser-Busch InBev S.A./N.V.	\$ 6 898	\$ 7 007	
		6 898	7 007	3.4
Germany				
156 006	Deutsche Post AG	6 164	7 594	
		6 164	7 594	3.7
Hong Kong				
256 704	AIA Group Ltd.	1 819	2 436	
		1 819	2 436	1.2
India				
76 024	HDFC Bank Ltd. ADR	5 431	8 574	
		5 431	8 574	4.2
Ireland				
31 705	Paddy Power Betfair Plc.	5 188	4 384	
		5 188	4 384	2.1
Japan				
54 300	Nidec Corp.	6 831	7 235	
		6 831	7 235	3.5
Netherlands				
104 307	Unilever N.V.	7 626	7 467	
		7 626	7 467	3.6
South Africa				
26 235	Naspers Ltd.	4 438	6 700	
		4 438	6 700	3.3
Switzerland				
24 203	Roche Holdings AG Genusscheine	8 082	8 020	
		8 082	8 020	3.9
Taiwan				
142 186	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4 722	6 446	
		4 722	6 446	3.1
United Kingdom				
91 582	InterContinental Hotels Group Plc.	5 708	6 595	
40 043	Rio Tinto Plc.	2 122	2 199	
198 898	St. James's Place Plc.	3 048	3 976	
		10 878	12 770	6.2

Holdings	Security	Cost	Fair Value	% of Net Assets
United States				
82 000	Activision Blizzard Inc.	\$ 4 545	\$ 6 122	
6 536	Alphabet Inc., Class A	5 906	7 880	
5 348	Amazon.com, Inc.	3 796	6 713	
174 224	Blackstone Group LP	6 497	7 535	
139 100	CF Industries Holdings Inc.	6 135	5 044	
40 578	Citigroup Inc.	2 721	3 519	
65 729	Danaher Corp.	5 961	7 193	
76 688	EOG Resources Inc.	8 847	9 001	
68 318	Estée Lauder Companies Inc., Class A	7 101	8 503	
62 399	First Republic Bank	4 584	8 099	
97 052	Fortive Corp.	6 435	7 973	
38 065	Gartner Inc.	4 891	6 095	
43 064	Intuit Inc.	5 959	7 417	
26 700	Kite Pharma Inc.	1 915	3 590	
14 100	MarketAxess Holdings Inc.	3 220	3 677	
24 205	Occidental Petroleum Corp.	2 362	1 880	
26 694	Sempra Energy	3 800	3 903	
21 100	SVB Financial Group	4 317	4 810	
69 816	TJX Companies Inc.	5 818	6 534	
37 950	UnitedHealth Group Incorporated	5 726	9 123	
		100 536	124 611	60.6
TOTAL GLOBAL EQUITIES		168 613	203 244	98.8
SHORT-TERM INVESTMENTS*		1 449	1 449	0.7
TOTAL INVESTMENTS		\$ 170 062	204 693	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			\$ 205 734	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 0.78% to 0.89% and mature between July 24, 2017 and July 28, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 204 693	\$ 159 445
Cash	1 839	323
Due from investment dealers	1 955	—
Subscriptions receivable	555	194
Dividends receivable, interest accrued and other assets	261	77
TOTAL ASSETS	209 303	160 039
LIABILITIES		
Due to investment dealers	3 451	114
Redemptions payable	17	212
Accounts payable and accrued expenses	101	81
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	3 569	407
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 205 734	\$ 159 632
Investments at cost	\$ 170 062	\$ 141 481
NAV		
SERIES A	\$ 7 843	\$ 6 953
ADVISOR SERIES	\$ 4 142	\$ 3 353
SERIES D	\$ 63 226	\$ 52 931
SERIES F	\$ 11 260	\$ 7 292
SERIES O	\$ 119 263	\$ 89 103
NAV PER UNIT		
SERIES A	\$ 16.02	\$ 14.36
ADVISOR SERIES	\$ 16.01	\$ 14.36
SERIES D	\$ 16.43	\$ 14.67
SERIES F	\$ 16.66	\$ 14.86
SERIES O	\$ 16.96	\$ 15.06

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 2 158	\$ 1 696
Interest for distribution purposes	8	3
Securities lending revenue (see note 6 in the generic notes)	12	4
Net realized gain (loss) on investments	2 911	3 304
Net gain (loss) on foreign currencies and other net assets	(22)	(33)
Change in unrealized gain (loss) on investments	16 667	(11 028)
TOTAL INCOME (LOSS)	21 734	(6 054)
EXPENSES (see notes – Fund Specific Information)		
Management fees	424	353
Administration fees	72	45
Independent Review Committee costs	1	2
GST/HST	44	35
Transaction costs	172	112
Withholding tax	207	117
TOTAL EXPENSES	920	664
INCREASE (DECREASE) IN NAV	\$ 20 814	\$ (6 718)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 792	\$ (437)
ADVISOR SERIES	\$ 358	\$ (237)
SERIES D	\$ 6 468	\$ (2 966)
SERIES F	\$ 882	\$ (153)
SERIES O	\$ 12 314	\$ (2 925)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.64	\$ (0.90)
ADVISOR SERIES	\$ 1.53	\$ (0.90)
SERIES D	\$ 1.73	\$ (0.86)
SERIES F	\$ 1.63	\$ (0.85)
SERIES O	\$ 1.88	\$ (0.79)

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 20 814	\$ (6 718)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(2 770)	(3 206)
Change in unrealized loss (gain) on investments	(16 667)	11 028
(Increase) decrease in accrued receivables	(184)	(99)
Increase (decrease) in accrued payables	20	(3)
Cost of investments purchased	(99 557)	(44 615)
Proceeds on sales of investments	75 128	49 186
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(23 216)	5 573
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	33 250	14 397
Cash paid on redemption of redeemable units	(8 518)	(20 157)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 24 732	\$ (5 760)
Net increase (decrease) in cash for the period	1 516	(187)
Cash (bank overdraft), beginning of period	323	475
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1 839	\$ 288
Interest received (paid)	\$ 8	\$ 3
Dividends received, net of withholding taxes	\$ 1 767	\$ 1 479

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2017	2016	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 6 953	\$ 7 246	\$ 3 353	\$ 3 686	\$ 52 931	\$ 52 874	\$ 7 292	\$ 2 536
INCREASE (DECREASE) IN NAV	792	(437)	358	(237)	6 468	(2 966)	882	(153)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 125	734	884	638	6 852	5 144	4 279	1 088
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(1 027)	(631)	(453)	(1 036)	(3 025)	(4 389)	(1 193)	(782)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	98	103	431	(398)	3 827	755	3 086	306
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	890	(334)	789	(635)	10 295	(2 211)	3 968	153
NAV AT END OF PERIOD	\$ 7 843	\$ 6 912	\$ 4 142	\$ 3 051	\$ 63 226	\$ 50 663	\$ 11 260	\$ 2 689

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 89 103	\$ 54 566	\$ 159 632	\$ 120 908
INCREASE (DECREASE) IN NAV	12 314	(2 925)	20 814	(6 718)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	20 471	6 540	33 611	14 144
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(2 625)	(14 171)	(8 323)	(21 009)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	17 846	(7 631)	25 288	(6 865)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	30 160	(10 556)	46 102	(13 583)
NAV AT END OF PERIOD	\$ 119 263	\$ 44 010	\$ 205 734	\$ 107 325

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

June 30, 2017

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:

	June 30 2017	December 31 2016
Investment mix		
United States Equities	60.6	59.4
Europe ex-United Kingdom Equities	16.7	22.1
Pacific Rim ex-Japan Equities	8.5	6.8
United Kingdom Equities	6.2	4.9
Japan Equities	3.5	3.2
Middle East and Africa Equities	3.3	2.8
Cash/Other	1.2	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:

	June 30 2017	December 31 2016
Currency		
United States dollar	68.2	65.3
Euro	10.8	14.8
Pound sterling	8.4	7.5
Swiss franc	3.9	2.6
Japanese yen	3.5	3.2
South African rand	3.3	2.8
Hong Kong dollar	1.2	1.1
Danish krone	–	2.2
Total	99.3	99.5

As at June 30, 2017, 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, 2016 – 1.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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 2017	December 31 2016
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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	139 631	63 613	–	203 244
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 449	–	1 449
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	139 631	65 062	–	204 693
% of total portfolio	68.2	31.8	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	103 926	54 424	–	158 350
Mutual fund units	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	1 095	–	1 095
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	103 926	55 519	–	159 445
% of total portfolio	65.2	34.8	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2017

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 2017	December 31 2016
Units held		
Series A	67	67
Advisor Series	130	130
Series D	69	69
Series F	70	70
Series O	73	73
Value of all units	7	6

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

The non-capital and capital losses as at December 31, 2016 for the Fund were approximately:

Capital losses	64 164
Non-capital losses	—

Redeemable units (000s)

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)

	2017	2016
Series A		
Opening units	484	501
Issued number of units	73	54
Reinvested number of units	—	—
Redeemed number of units	(67)	(47)
Ending number of units	490	508

For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
Advisor Series		
Opening units	233	255
Issued number of units	56	46
Reinvested number of units	—	—
Redeemed number of units	(30)	(77)
Ending number of units	259	224

Series D		
Opening units	3 609	3 600
Issued number of units	431	374
Reinvested number of units	—	—
Redeemed number of units	(192)	(320)
Ending number of units	3 848	3 654

Series F		
Opening units	491	171
Issued number of units	260	76
Reinvested number of units	—	—
Redeemed number of units	(75)	(56)
Ending number of units	676	191

Series O		
Opening units	5 917	3 619
Issued number of units	1 275	466
Reinvested number of units	—	—
Redeemed number of units	(162)	(1 010)
Ending number of units	7 030	3 075

Transaction costs (\$000s except %)

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

	June 30 2017		June 30 2016	
	\$	%	\$	%
Total transaction costs	172	100	112	100
Related-party brokerage commissions*	—	—	2	2
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 2017	June 30 2016
Fair value of securities loaned	9 733	6 514
Fair value of collateral received	9 928	6 644

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

PHILLIPS, HAGER & NORTH GLOBAL EQUITY FUND

June 30, 2017

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 2017		June 30 2016	
	\$	%	\$	%
Gross revenue	18	100	6	100
RBC IS (paid)	(5)	(29)	(2)	(35)
Tax withheld	(1)	(5)	—	(1)
Fund revenue	12	66	4	64

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
3 263	Vanguard Real Estate Investment Trust Fund	\$ 276	\$ 352	
TOTAL UNITED STATES EQUITIES		276	352	4.1
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
257 909	Phillips, Hager & North Bond Fund*	\$ 2 714	\$ 2 662	
46 310	Phillips, Hager & North Canadian Equity Underlying Fund*	500	541	
4 626	Phillips, Hager & North Canadian Money Market Fund*	46	46	
44 044	Phillips, Hager & North Conservative Equity Income Fund*	456	529	
257 265	Phillips, Hager & North Inflation-Linked Bond Fund*	2 926	2 779	
88 937	RBC QUBE Low Volatility Global Equity Fund*	1 440	1 660	
TOTAL MUTUAL FUND UNITS		8 082	8 217	95.8
TOTAL INVESTMENTS		\$ 8 358	8 569	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			4	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 8 573	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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 8 569	\$ 9 640
Cash	8	87
Due from investment dealers	–	–
Subscriptions receivable	–	1
TOTAL ASSETS	8 577	9 728
LIABILITIES		
Due to investment dealers	–	30
Redemptions payable	1	2
Distributions payable	–	5
Accounts payable and accrued expenses	3	4
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	4	41
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 8 573	\$ 9 687
Investments at cost	\$ 8 358	\$ 9 346
NAV		
SERIES D	\$ 4 926	\$ 6 306
SERIES O	\$ 3 647	\$ 3 381
NAV PER UNIT		
SERIES D	\$ 11.37	\$ 11.16
SERIES O	\$ 11.37	\$ 11.12

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 6	\$ 7
Other income received from underlying funds	216	68
Capital gains received from underlying funds	–	–
Net realized gain (loss) on investments	78	(14)
Net gain (loss) on foreign currencies and other net assets	–	–
Change in unrealized gain (loss) on investments	(83)	437
TOTAL INCOME (LOSS)	217	498
EXPENSES (see notes – Fund Specific Information)		
Management fees	21	21
Administration fees	3	2
Independent Review Committee costs	1	2
GST/HST	2	2
Withholding tax	–	1
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	26	26
INCREASE (DECREASE) IN NAV	\$ 191	\$ 472
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 111	\$ 304
SERIES O	\$ 80	\$ 168
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.23	\$ 0.60
SERIES O	\$ 0.26	\$ 0.64

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 191	\$ 472
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(78)	14
Change in unrealized loss (gain) on investments	83	(437)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	(1)	3
Cost of investments purchased	(1 451)	(8 583)
Proceeds on sales of investments	2 487	7 425
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1 231	(1 108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	839	2 805
Cash paid on redemption of redeemable units	(2 144)	(1 712)
Distributions paid to holders of redeemable units	(5)	(10)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (1 310)	\$ 1 083
Net increase (decrease) in cash for the period	(79)	(25)
Cash (bank overdraft), beginning of period	87	86
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 8	\$ 61
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 6	\$ 6

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 6 306	\$ 5 187	\$ 3 381	\$ 2 750	\$ 9 687	\$ 7 937
INCREASE (DECREASE) IN NAV	111	304	80	168	191	472
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	276	2 116	562	683	838	2 799
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(1 767)	(1 300)	(376)	(363)	(2 143)	(1 663)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 491)	816	186	320	(1 305)	1 136
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 380)	1 120	266	488	(1 114)	1 608
NAV AT END OF PERIOD	\$ 4 926	\$ 6 307	\$ 3 647	\$ 3 238	\$ 8 573	\$ 9 545

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 63.5% (December 31, 2016 – 61.7%) 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 2017	December 31 2016
AAA	65.1	64.5
AA	21.7	17.3
A	6.5	10.6
BBB	6.4	7.3
Unrated	0.3	0.3
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 2017	December 31 2016
Bonds	62.3	61.6
Global Equities	19.3	20.8
Canadian Equities	12.4	12.5
United States Equities	4.1	4.1
Cash/Other	1.9	1.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 63.5% (December 31, 2016 – 61.7%) 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 2017	December 31 2016
Less than 1 year	1.6	1.7
1 – 5 years	29.2	19.1
5 – 10 years	13.8	21.8
> 10 years	55.4	57.4
Total	100.0	100.0

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

As at June 30, 2017, 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 7.1% (December 31, 2016 – 7.3%). 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 2017	December 31 2016
United States dollar	14.2	16.6
Japanese yen	2.5	2.7
Euro	1.3	1.3
Hong Kong dollar	0.9	0.9
Swiss franc	0.8	0.9
Israeli new shekel	–	0.5
Other currencies	1.2	1.0
Total	20.9	23.9

As at June 30, 2017, 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 0.2% (December 31, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.2	+ or - 0.2
MSCI EAFE Total Return		
Net Index (CAD)	+ or - 0.3	+ 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.

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	352	–	–	352
Mutual fund units	8 217	–	–	8 217
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	8 569	–	–	8 569
% of total portfolio	100.0	–	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	395	–	–	395
Mutual fund units	9 245	–	–	9 245
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	9 640	–	–	9 640
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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	0.75%	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 2017	December 31 2016
Units held		
Series D	65	65
Series O	58	58
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 2017 NAV	June 30 2017 Ownership	December 31 2016 NAV	December 31 2016 Ownership
Phillips, Hager & North Bond Fund	31.0	–	26.9	–
Phillips, Hager & North Canadian Equity Underlying Fund	6.3	–	6.2	–
Phillips, Hager & North Canadian Money Market Fund	0.5	–	0.5	–
Phillips, Hager & North Conservative Equity Income Fund	6.2	–	6.3	–
Phillips, Hager & North Inflation-Linked Bond Fund	32.4	3.2	34.7	4.0
RBC QUBE Low Volatility Global Equity Fund	19.4	0.2	20.8	0.3

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

The Fund had no capital or non-capital losses as at December 31, 2016.

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	565	473
Issued number of units	25	191
Reinvested number of units	—	—
Redeemed number of units	(157)	(117)
Ending number of units	433	547
Series O		
Opening units	304	252
Issued number of units	51	61
Reinvested number of units	—	—
Redeemed number of units	(34)	(33)
Ending number of units	321	280

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
10 063	Vanguard Real Estate Investment Trust Fund	\$ 883	\$ 1 086	
TOTAL UNITED STATES EQUITIES		883	1 086	3.5
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
169 571	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 1 854	\$ 1 980	
10 981	Phillips, Hager & North Canadian Equity Value Fund*	139	156	
14 930	Phillips, Hager & North Canadian Money Market Fund*	149	149	
147 296	Phillips, Hager & North Conservative Equity Income Fund*	1 552	1 768	
81 304	Phillips, Hager & North High Yield Bond Fund*	925	940	
1 532 364	Phillips, Hager & North Inflation-Linked Bond Fund*	17 487	16 556	
39 694	RBC Emerging Markets Equity Fund*	554	662	
76 755	RBC Global Equity Focus Fund*	946	1 156	
29 575	RBC QUBE Global Equity Fund*	371	383	
297 411	RBC QUBE Low Volatility Global Equity Fund*	4 868	5 552	
24 549	RBC U.S. Mid-Cap Value Equity Fund*	322	349	
8 948	RBC U.S. Small-Cap Value Equity Fund*	93	115	
TOTAL MUTUAL FUND UNITS		29 260	29 766	95.4
SHORT-TERM INVESTMENTS†		208	208	0.6
TOTAL INVESTMENTS		\$ 30 351	31 060	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			151	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 31 211	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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 31 060	\$ 32 631
Cash	21	58
Due from investment dealers	–	75
Subscriptions receivable	178	52
TOTAL ASSETS	31 259	32 816
LIABILITIES		
Redemptions payable	33	7
Distributions payable	–	19
Accounts payable and accrued expenses	15	16
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	48	42
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 31 211	\$ 32 774
Investments at cost	\$ 30 351	\$ 31 357
NAV		
SERIES D	\$ 18 471	\$ 21 368
SERIES O	\$ 12 740	\$ 11 406
NAV PER UNIT		
SERIES D	\$ 12.68	\$ 12.42
SERIES O	\$ 12.64	\$ 12.33

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 19	\$ 21
Other income received from underlying funds	1 004	118
Net realized gain (loss) on investments	334	(21)
Change in unrealized gain (loss) on investments	(565)	1 277
TOTAL INCOME (LOSS)	792	1 395
EXPENSES (see notes – Fund Specific Information)		
Management fees	77	61
Administration fees	8	6
Independent Review Committee costs	1	2
GST/HST	8	7
Withholding tax	–	3
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	93	77
INCREASE (DECREASE) IN NAV	\$ 699	\$ 1 318
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 406	\$ 807
SERIES O	\$ 293	\$ 511
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.26	\$ 0.62
SERIES O	\$ 0.30	\$ 0.68

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 699	\$ 1 318
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(334)	21
Change in unrealized loss (gain) on investments	565	(1 277)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	(1)	5
Cost of investments purchased	(24 371)	(37 509)
Proceeds on sales of investments	25 786	31 050
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2 344	(6 394)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4 199	8 531
Cash paid on redemption of redeemable units	(6 561)	(2 134)
Distributions paid to holders of redeemable units	(19)	(8)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (2 381)	\$ 6 389
Net increase (decrease) in cash for the period	(37)	(5)
Cash (bank overdraft), beginning of period	58	24
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 21	\$ 19
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 19	\$ 18

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 21 368	\$ 14 303	\$ 11 406	\$ 8 448	\$ 32 774	\$ 22 751
INCREASE (DECREASE) IN NAV	406	807	293	511	699	1 318
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	2 363	6 873	1 962	1 667	4 325	8 540
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(5 666)	(1 664)	(921)	(478)	(6 587)	(2 142)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(3 303)	5 209	1 041	1 189	(2 262)	6 398
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(2 897)	6 016	1 334	1 700	(1 563)	7 716
NAV AT END OF PERIOD	\$ 18 471	\$ 20 319	\$ 12 740	\$ 10 148	\$ 31 211	\$ 30 467

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 56.1% (December 31, 2016 – 54.5%) 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 2017	December 31 2016
AAA	84.2	84.7
AA	9.8	3.9
A	0.1	5.5
BBB	0.9	1.6
BB	2.0	1.3
B	2.1	2.1
CCC	0.8	0.8
Unrated	0.1	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 2017	December 31 2016
Bonds	55.5	54.5
Global Equities	24.7	25.9
Canadian Equities	12.4	12.8
United States Equities	4.9	5.9
Cash/Other	2.5	0.9
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 56.4% (December 31, 2016 – 54.5%) 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:

	June 30 2017	December 31 2016
Term to maturity		
Less than 1 year	0.5	–
1 – 5 years	18.8	11.6
5 – 10 years	4.2	14.3
> 10 years	76.5	74.1
Total	100.0	100.0

As at June 30, 2017, 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 8.0% (December 31, 2016 – 8.5%). 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 2017	December 31 2016
United States dollar	17.7	20.2
Japanese yen	2.5	2.4
Euro	1.8	1.9
Hong Kong dollar	1.1	1.2
Swiss franc	0.9	0.9
Pound sterling	0.8	0.9
Other currencies	2.5	3.0
Total	27.3	30.5

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.3	+ or - 0.3
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.

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 086	–	–	1 086
Mutual fund units	29 766	–	–	29 766
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	208	–	208
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	30 852	208	–	31 060
% of total portfolio	99.3	0.7	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 290	–	–	1 290
Mutual fund units	31 341	–	–	31 341
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	32 631	–	–	32 631
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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	0.80%	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 2017	December 31 2016
Units held		
Series D	61	61
Series O	54	54
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	6.3	0.1	6.4	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	0.5	–	1.0	–
Phillips, Hager & North				
Canadian Money				
Market Fund	0.5	–	0.5	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	5.7	0.1	5.4	0.1
Phillips, Hager & North				
High Yield Bond Fund	3.0	–	3.1	–
Phillips, Hager & North				
Inflation-Linked Bond Fund	53.1	18.9	46.0	18.1
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	–	–	5.3	2.5
RBC Emerging Markets				
Equity Fund	2.1	–	3.0	–
RBC Global Equity				
Focus Fund	3.7	–	4.8	0.1
RBC QUBE Global				
Equity Fund	1.2	0.1	1.7	0.2
RBC QUBE Low Volatility				
Global Equity Fund	17.8	0.6	16.4	0.7
RBC U.S. Mid-Cap Value				
Equity Fund	1.1	0.1	1.5	0.1
RBC U.S. Small-Cap Value				
Equity Fund	0.4	0.2	0.5	0.2

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

June 30, 2017

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	1 720	1 198
Issued number of units	190	564
Reinvested number of units	—	—
Redeemed number of units	(453)	(140)
Ending number of units	1 457	1 622

Series O		
Opening units	925	713
Issued number of units	157	140
Reinvested number of units	—	—
Redeemed number of units	(74)	(40)
Ending number of units	1 008	813

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
14 270	Vanguard Real Estate Investment Trust Fund	\$ 1 258	\$ 1 540	
TOTAL UNITED STATES EQUITIES		1 258	1 540	4.5
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
207 181	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 260	\$ 2 419	
72 750	Phillips, Hager & North Canadian Equity Value Fund*	933	1 032	
15 288	Phillips, Hager & North Canadian Money Market Fund*	153	153	
93 865	Phillips, Hager & North Conservative Equity Income Fund*	999	1 126	
89 922	Phillips, Hager & North High Yield Bond Fund*	1 026	1 039	
756 766	Phillips, Hager & North Inflation-Linked Bond Fund*	8 623	8 175	
711 476	Phillips, Hager & North Long Inflation-linked Bond Fund*	8 304	8 323	
81 418	RBC Emerging Markets Equity Fund*	1 145	1 359	
189 175	RBC Global Equity Focus Fund*	2 328	2 850	
72 100	RBC QUBE Global Equity Fund*	912	933	
224 777	RBC QUBE Low Volatility Global Equity Fund*	3 673	4 196	
44 304	RBC U.S. Mid-Cap Value Equity Fund*	579	631	
16 234	RBC U.S. Small-Cap Value Equity Fund*	180	210	
TOTAL MUTUAL FUND UNITS		31 115	32 446	94.9
SHORT-TERM INVESTMENTS†		204	204	0.6
TOTAL INVESTMENTS		\$ 32 577	34 190	100.0
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			15	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 34 205	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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 34 190	\$ 32 057
Cash	27	62
Subscriptions receivable	7	57
TOTAL ASSETS	34 224	32 176
LIABILITIES		
Redemptions payable	7	58
Distributions payable	–	3
Accounts payable and accrued expenses	12	12
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	19	73
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 34 205	\$ 32 103
Investments at cost	\$ 32 577	\$ 30 645
NAV		
SERIES D	\$ 12 823	\$ 13 440
SERIES O	\$ 21 382	\$ 18 663
NAV PER UNIT		
SERIES D	\$ 12.83	\$ 12.53
SERIES O	\$ 12.79	\$ 12.44

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 26	\$ 26
Other income received from underlying funds	513	70
Net realized gain (loss) on investments	187	37
Net gain (loss) on foreign currencies and other net assets	(2)	–
Change in unrealized gain (loss) on investments	201	1 399
TOTAL INCOME (LOSS)	925	1 532
EXPENSES (see notes – Fund Specific Information)		
Management fees	55	44
Administration fees	5	6
Independent Review Committee costs	1	2
GST/HST	6	5
Withholding tax	–	4
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	66	59
INCREASE (DECREASE) IN NAV	\$ 859	\$ 1 473
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 304	\$ 585
SERIES O	\$ 555	\$ 888
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.30	\$ 0.66
SERIES O	\$ 0.35	\$ 0.72

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 859	\$ 1 473
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(187)	(37)
Change in unrealized loss (gain) on investments	(201)	(1 399)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	—	5
Cost of investments purchased	(18 525)	(31 115)
Proceeds on sales of investments	16 780	26 850
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1 274)	(4 225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	3 920	5 914
Cash paid on redemption of redeemable units	(2 678)	(1 691)
Distributions paid to holders of redeemable units	(3)	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 1 239	\$ 4 223
Net increase (decrease) in cash for the period	(35)	(2)
Cash (bank overdraft), beginning of period	62	26
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 27	\$ 24
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 26	\$ 22

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 13 440	\$ 9 384	\$ 18 663	\$ 13 925	\$ 32 103	\$ 23 309
INCREASE (DECREASE) IN NAV	304	585	555	888	859	1 473
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	841	3 229	3 029	2 685	3 870	5 914
Reinvestments of distributions to holders of redeemable units	—	—	—	1	—	1
Redemption of redeemable units	(1 762)	(645)	(865)	(1 060)	(2 627)	(1 705)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(921)	2 584	2 164	1 626	1 243	4 210
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(617)	3 169	2 719	2 514	2 102	5 683
NAV AT END OF PERIOD	\$ 12 823	\$ 12 553	\$ 21 382	\$ 16 439	\$ 34 205	\$ 28 992

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 51.3% (December 31, 2016 – 51.0%) 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 2017	December 31 2016
AAA	89.0	90.0
AA	4.8	1.7
A	0.1	2.5
BBB	0.6	1.3
BB	2.2	1.4
B	2.3	2.2
CCC	0.9	0.8
Unrated	0.1	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 2017	December 31 2016
Bonds	50.8	51.1
Global Equities	27.0	27.0
Canadian Equities	13.2	13.1
United States Equities	6.9	7.8
Cash/Other	2.1	1.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 51.3% (December 31, 2016 – 51.1%) 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 2017	December 31 2016
Less than 1 year	0.6	–
1 – 5 years	11.0	7.1
5 – 10 years	3.2	7.8
> 10 years	85.2	85.1
Total	100.0	100.0

As at June 30, 2017, 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 9.9% (December 31, 2016 – 10.5%). 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 2017	December 31 2016
United States dollar	20.8	22.3
Euro	2.0	2.4
Japanese yen	2.0	1.9
Pound sterling	1.3	1.3
Hong Kong dollar	1.2	1.1
Swiss franc	0.9	0.9
South African rand	0.7	0.7
South Korean won	0.5	–
Indian rupee	0.5	–
Other currencies	1.7	2.7
Total	31.6	33.3

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.4	+ or - 0.3
MSCI EAFE Total Return		
Net Index (CAD)	+ or - 0.5	+ or - 0.5

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 540	–	–	1 540
Mutual fund units	32 446	–	–	32 446
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	204	–	204
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	33 986	204	–	34 190
% of total portfolio	99.4	0.6	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 635	–	–	1 635
Mutual fund units	30 290	–	–	30 290
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	132	–	132
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	31 925	132	–	32 057
% of total portfolio	99.6	0.4	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%

* 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 2017	December 31 2016
Units held		
Series D	61	61
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.1	0.1	6.9	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	3.0	0.1	3.6	0.1
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.5	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	3.3	0.1	2.8	0.1
Phillips, Hager & North				
High Yield Bond Fund	3.0	–	3.1	–
Phillips, Hager & North				
Inflation-Linked Bond Fund	24.0	9.3	19.1	7.4
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	24.4	10.6	28.7	13.1
RBC Emerging Markets				
Equity Fund	4.0	–	3.8	–
RBC Global Equity				
Focus Fund	8.3	0.1	9.0	0.1
RBC QUBE Global				
Equity Fund	2.7	0.3	3.1	0.3
RBC QUBE Low Volatility				
Global Equity Fund	12.3	0.5	11.1	0.5
RBC U.S. Mid-Cap Value				
Equity Fund	1.8	0.1	2.0	0.1
RBC U.S. Small-Cap Value				
Equity Fund	0.6	0.3	0.7	0.3

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

June 30, 2017

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	1 073	781
Issued number of units	67	267
Reinvested number of units	—	—
Redeemed number of units	(140)	(54)
Ending number of units	1 000	994

Series O		
Opening units	1 501	1 168
Issued number of units	239	224
Reinvested number of units	—	—
Redeemed number of units	(68)	(87)
Ending number of units	1 672	1 305

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
15 510	Vanguard Real Estate Investment Trust Fund	\$ 1 455	\$ 1 674	
TOTAL UNITED STATES EQUITIES		1 455	1 674	4.8
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
217 642	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 381	\$ 2 541	
135 838	Phillips, Hager & North Canadian Equity Value Fund*	1 748	1 926	
13 057	Phillips, Hager & North Canadian Money Market Fund*	131	131	
14 554	Phillips, Hager & North Conservative Equity Income Fund*	169	175	
151 625	Phillips, Hager & North High Yield Bond Fund*	1 730	1 753	
32 034	Phillips, Hager & North Inflation-Linked Bond Fund*	362	346	
1 308 374	Phillips, Hager & North Long Inflation-linked Bond Fund*	15 326	15 305	
93 970	RBC Emerging Markets Equity Fund*	1 322	1 568	
284 508	RBC Global Equity Focus Fund*	3 549	4 286	
110 961	RBC QUBE Global Equity Fund*	1 397	1 437	
117 368	RBC QUBE Low Volatility Global Equity Fund*	1 960	2 191	
58 606	RBC U.S. Mid-Cap Value Equity Fund*	769	834	
25 676	RBC U.S. Small-Cap Value Equity Fund*	298	331	
TOTAL MUTUAL FUND UNITS		31 142	32 824	94.7
SHORT-TERM INVESTMENTS†		144	144	0.4
TOTAL INVESTMENTS		\$ 32 741	34 642	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			11	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 34 653	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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 34 642	\$ 31 767
Cash	14	29
Subscriptions receivable	7	24
TOTAL ASSETS	34 663	31 820
LIABILITIES		
Redemptions payable	3	29
Distributions payable	–	1
Accounts payable and accrued expenses	7	7
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	10	37
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 34 653	\$ 31 783
Investments at cost	\$ 32 741	\$ 30 564
NAV		
SERIES D	\$ 7 221	\$ 7 614
SERIES O	\$ 27 432	\$ 24 169
NAV PER UNIT		
SERIES D	\$ 12.63	\$ 12.32
SERIES O	\$ 12.60	\$ 12.23

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 26	\$ 24
Other income received from underlying funds	76	41
Net realized gain (loss) on investments	193	115
Net gain (loss) on foreign currencies and other net assets	–	(3)
Change in unrealized gain (loss) on investments	698	1 191
TOTAL INCOME (LOSS)	993	1 368
EXPENSES (see notes – Fund Specific Information)		
Management fees	33	19
Administration fees	10	6
Independent Review Committee costs	1	2
GST/HST	4	2
Withholding tax	–	4
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	47	31
INCREASE (DECREASE) IN NAV	\$ 946	\$ 1 337
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 183	\$ 237
SERIES O	\$ 763	\$ 1 100
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.31	\$ 0.65
SERIES O	\$ 0.37	\$ 0.71

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 946	\$ 1 337
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(193)	(115)
Change in unrealized loss (gain) on investments	(698)	(1 191)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	—	3
Cost of investments purchased	(21 441)	(16 081)
Proceeds on sales of investments	19 457	12 045
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1 929)	(4 004)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4 547	4 834
Cash paid on redemption of redeemable units	(2 633)	(770)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 1 914	\$ 4 064
Net increase (decrease) in cash for the period	(15)	60
Cash (bank overdraft), beginning of period	29	36
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 14	\$ 96
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 26	\$ 20

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 7 614	\$ 3 752	\$ 24 169	\$ 17 077	\$ 31 783	\$ 20 829
INCREASE (DECREASE) IN NAV	183	237	763	1 100	946	1 337
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	836	1 633	3 694	3 194	4 530	4 827
Reinvestments of distributions to holders of redeemable units	—	—	1	1	1	1
Redemption of redeemable units	(1 412)	(127)	(1 195)	(630)	(2 607)	(757)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(576)	1 506	2 500	2 565	1 924	4 071
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(393)	1 743	3 263	3 665	2 870	5 408
NAV AT END OF PERIOD	\$ 7 221	\$ 5 495	\$ 27 432	\$ 20 742	\$ 34 653	\$ 26 237

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 50.2% (December 31, 2016 – 49.3%) 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 2017	December 31 2016
AAA	88.7	90.4
AA	0.7	–
A	0.5	0.1
BBB	0.7	1.8
BB	3.8	2.4
B	3.9	3.7
CCC	1.6	1.4
Unrated	0.1	0.2
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 2017	December 31 2016
Bonds	49.6	49.3
Global Equities	27.1	28.0
Canadian Equities	13.1	13.2
United States Equities	8.1	8.5
Cash/Other	2.1	1.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 50.2% (December 31, 2016 – 49.4%) 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:

	June 30 2017	December 31 2016
Term to maturity		
Less than 1 year	1.0	–
1 – 5 years	5.7	5.6
5 – 10 years	3.6	4.2
> 10 years	89.7	90.2
Total	100.0	100.0

As at June 30, 2017, 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, 2016 – 11.7%). 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 2017	December 31 2016
United States dollar	22.3	22.9
Euro	2.2	2.9
Pound sterling	1.7	1.7
Japanese yen	1.4	1.4
Hong Kong dollar	1.1	1.1
South African rand	0.9	0.9
Swiss franc	0.9	0.8
Indian rupee	0.6	–
South Korean won	0.5	0.5
New Taiwan dollar	0.5	–
Other currencies	1.4	2.7
Total	33.5	34.9

As at June 30, 2017, 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, 2016 – 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 2017	December 31 2016
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 - 0.5

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

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 674	–	–	1 674
Mutual fund units	32 824	–	–	32 824
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	144	–	144
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	34 498	144	–	34 642
% of total portfolio	99.6	0.4	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 566	–	–	1 566
Mutual fund units	30 022	–	–	30 022
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	179	–	179
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	31 588	179	–	31 767
% of total portfolio	99.4	0.6	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%

* 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 2017	December 31 2016
Units held		
Series D	63	63
Series O	56	56
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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.3	0.1	7.2	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	5.6	0.2	5.7	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.4	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	0.5	–	0.3	–
Phillips, Hager & North				
High Yield Bond Fund	5.1	–	4.9	–
Phillips, Hager & North				
Inflation-Linked Bond Fund	1.0	0.4	–	–
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	44.1	19.5	44.4	20.0
RBC Emerging Markets				
Equity Fund	4.5	0.1	4.9	0.1
RBC Global Equity				
Focus Fund	12.4	0.2	13.1	0.2
RBC QUBE Global				
Equity Fund	4.1	0.5	4.5	0.4
RBC QUBE Low Volatility				
Global Equity Fund	6.3	0.3	5.5	0.2
RBC U.S. Mid-Cap Value				
Equity Fund	2.4	0.1	2.6	0.1
RBC U.S. Small-Cap Value				
Equity Fund	1.0	0.5	1.0	0.4

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

June 30, 2017

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	618	316
Issued number of units	68	136
Reinvested number of units	—	—
Redeemed number of units	(114)	(11)
Ending number of units	572	441

Series O		
Opening units	1 976	1 450
Issued number of units	297	271
Reinvested number of units	—	—
Redeemed number of units	(96)	(53)
Ending number of units	2 177	1 668

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
17 784	Vanguard Real Estate Investment Trust Fund	\$ 1 566	\$ 1 919	
TOTAL UNITED STATES EQUITIES		1 566	1 919	4.6
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
261 363	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 853	\$ 3 052	
185 330	Phillips, Hager & North Canadian Equity Value Fund*	2 390	2 628	
17 803	Phillips, Hager & North Canadian Money Market Fund*	178	178	
182 942	Phillips, Hager & North High Yield Bond Fund*	2 095	2 115	
1 463 256	Phillips, Hager & North Long Inflation-linked Bond Fund*	17 099	17 119	
163 901	RBC Emerging Markets Equity Fund*	2 288	2 735	
452 145	RBC Global Equity Focus Fund*	5 570	6 811	
172 962	RBC QUBE Global Equity Fund*	2 178	2 239	
41 487	RBC QUBE Low Volatility Global Equity Fund*	698	774	
92 460	RBC U.S. Mid-Cap Value Equity Fund*	1 209	1 316	
39 303	RBC U.S. Small-Cap Value Equity Fund*	434	507	
TOTAL MUTUAL FUND UNITS		36 992	39 474	95.0
SHORT-TERM INVESTMENTS†		185	185	0.4
TOTAL INVESTMENTS		\$ 38 743	41 578	100.0
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			(3)	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		\$ 41 575		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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 41 578	\$ 37 132
Cash	15	45
Subscriptions receivable	7	65
TOTAL ASSETS	41 600	37 242
LIABILITIES		
Due to investment dealers	–	50
Redemptions payable	17	1
Distributions payable	–	10
Accounts payable and accrued expenses	8	7
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	25	68
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 41 575	\$ 37 174
Investments at cost	\$ 38 743	\$ 35 474
NAV		
SERIES D	\$ 6 715	\$ 6 356
SERIES O	\$ 34 860	\$ 30 818
NAV PER UNIT		
SERIES D	\$ 12.91	\$ 12.52
SERIES O	\$ 12.88	\$ 12.43

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 31	\$ 30
Other income received from underlying funds	65	49
Net realized gain (loss) on investments	120	179
Net gain (loss) on foreign currencies and other net assets	–	(2)
Change in unrealized gain (loss) on investments	1 177	1 168
TOTAL INCOME (LOSS)	1 393	1 424
EXPENSES (see notes – Fund Specific Information)		
Management fees	31	26
Administration fees	10	5
Independent Review Committee costs	1	2
GST/HST	4	3
Withholding tax	–	5
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	45	39
INCREASE (DECREASE) IN NAV	\$ 1 348	\$ 1 385
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 197	\$ 242
SERIES O	\$ 1 151	\$ 1 143
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.38	\$ 0.52
SERIES O	\$ 0.45	\$ 0.59

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 348	\$ 1 385
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(120)	(179)
Change in unrealized loss (gain) on investments	(1 177)	(1 168)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	1	1
Cost of investments purchased	(25 969)	(24 810)
Proceeds on sales of investments	22 770	21 036
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3 147)	(3 737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	5 241	4 732
Cash paid on redemption of redeemable units	(2 115)	(945)
Distributions paid to holders of redeemable units	(9)	(26)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 3 117	\$ 3 761
Net increase (decrease) in cash for the period	(30)	24
Cash (bank overdraft), beginning of period	45	17
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 15	\$ 41
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 31	\$ 25

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 6 356	\$ 5 209	\$ 30 818	\$ 21 230	\$ 37 174	\$ 26 439
INCREASE (DECREASE) IN NAV	197	242	1 151	1 143	1 348	1 385
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	572	613	4 611	4 100	5 183	4 713
Reinvestments of distributions to holders of redeemable units	—	—	1	2	1	2
Redemption of redeemable units	(410)	(110)	(1 721)	(864)	(2 131)	(974)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	162	503	2 891	3 238	3 053	3 741
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	359	745	4 042	4 381	4 401	5 126
NAV AT END OF PERIOD	\$ 6 715	\$ 5 954	\$ 34 860	\$ 25 611	\$ 41 575	\$ 31 565

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 46.3% (December 31, 2016 – 45.3%) 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 2017	December 31 2016
AAA	89.0	89.6
A	0.3	0.2
BBB	0.4	1.9
BB	4.2	2.6
B	4.3	4.0
CCC	1.7	1.5
Unrated	0.1	0.2
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 2017	December 31 2016
Bonds	45.7	45.3
Global Equities	29.8	30.3
Canadian Equities	13.4	13.6
United States Equities	8.9	9.7
Cash/Other	2.2	1.1
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 46.3% (December 31, 2016 – 45.2%) 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 2017	December 31 2016
Less than 1 year	1.1	–
1 – 5 years	5.8	6.2
5 – 10 years	3.9	4.6
> 10 years	89.2	89.2
Total	100.0	100.0

As at June 30, 2017, 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 10.7% (December 31, 2016 – 10.6%). 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 2017	December 31 2016
United States dollar	24.3	25.0
Euro	2.4	3.4
Pound sterling	2.1	2.1
South African rand	1.3	1.2
Hong Kong dollar	1.2	1.1
Japanese yen	1.0	1.0
Indian rupee	0.9	0.5
Swiss franc	0.9	0.8
South Korean won	0.8	0.7
New Taiwan dollar	0.7	0.6
Danish krone	–	0.6
Other currencies	1.8	1.7
Total	37.4	38.7

As at June 30, 2017, 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 0.4% (December 31, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.4	+ or - 0.4
MSCI EAFE Total Return		
Net Index (CAD)	+ or - 0.6	+ or - 0.6

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

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 919	–	–	1 919
Mutual fund units	39 474	–	–	39 474
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	185	–	185
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	41 393	185	–	41 578
% of total portfolio	99.6	0.4	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 839	–	–	1 839
Mutual fund units	35 115	–	–	35 115
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	178	–	178
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	36 954	178	–	37 132
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%

* 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 2017	December 31 2016
Units held		
Series D	63	63
Series O	55	55
Value of all units	2	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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.3	0.1	7.3	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	6.3	0.2	6.2	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.5	–
Phillips, Hager & North				
High Yield Bond Fund	5.1	0.1	5.0	–
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	41.2	21.8	40.4	21.2
RBC Emerging Markets				
Equity Fund	6.6	0.1	6.4	0.1
RBC Global Equity				
Focus Fund	16.4	0.3	17.3	0.3
RBC QUBE Global				
Equity Fund	5.4	0.8	5.8	0.6
RBC QUBE Low Volatility				
Global Equity Fund	1.9	0.1	0.8	–
RBC U.S. Mid-Cap Value				
Equity Fund	3.2	0.2	3.5	0.2
RBC U.S. Small-Cap Value				
Equity Fund	1.2	0.7	1.3	0.7

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

June 30, 2017

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

The Fund had no capital or non-capital losses as at December 31, 2016.

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	508	432
Issued number of units	44	51
Reinvested number of units	—	—
Redeemed number of units	(32)	(9)
Ending number of units	520	474

Series O		
Opening units	2 480	1 771
Issued number of units	363	343
Reinvested number of units	—	—
Redeemed number of units	(137)	(72)
Ending number of units	2 706	2 042

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
18 041	Vanguard Real Estate Investment Trust Fund	\$ 1 636	\$ 1 947	
TOTAL UNITED STATES EQUITIES		1 636	1 947	4.8
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
254 542	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 805	\$ 2 972	
208 973	Phillips, Hager & North Canadian Equity Value Fund*	2 719	2 963	
17 993	Phillips, Hager & North Canadian Money Market Fund*	180	180	
178 127	Phillips, Hager & North High Yield Bond Fund*	2 039	2 060	
1 216 064	Phillips, Hager & North Long Inflation-linked Bond Fund*	14 180	14 226	
195 609	RBC Emerging Markets Equity Fund*	2 758	3 264	
515 176	RBC Global Equity Focus Fund*	6 390	7 761	
200 361	RBC QUBE Global Equity Fund*	2 527	2 594	
117 979	RBC U.S. Mid-Cap Value Equity Fund*	1 546	1 679	
45 830	RBC U.S. Small-Cap Value Equity Fund*	512	591	
TOTAL MUTUAL FUND UNITS		35 656	38 290	94.8
SHORT-TERM INVESTMENTS†		162	162	0.4
TOTAL INVESTMENTS		\$ 37 454	40 399	100.0
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(10)	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 40 389	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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 40 399	\$ 35 349
Cash	15	46
Subscriptions receivable	8	112
TOTAL ASSETS	40 422	35 507
LIABILITIES		
Redemptions payable	27	14
Distributions payable	–	3
Accounts payable and accrued expenses	6	6
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	33	23
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 40 389	\$ 35 484
Investments at cost	\$ 37 454	\$ 33 765
NAV		
SERIES D	\$ 4 190	\$ 4 048
SERIES O	\$ 36 199	\$ 31 436
NAV PER UNIT		
SERIES D	\$ 13.06	\$ 12.60
SERIES O	\$ 13.03	\$ 12.50

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 30	\$ 28
Other income received from underlying funds	63	46
Net realized gain (loss) on investments	94	132
Net gain (loss) on foreign currencies and other net assets	(1)	–
Change in unrealized gain (loss) on investments	1 361	951
TOTAL INCOME (LOSS)	1 547	1 157
EXPENSES (see notes – Fund Specific Information)		
Management fees	20	17
Administration fees	8	8
Independent Review Committee costs	1	2
GST/HST	3	2
Withholding tax	–	4
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	31	31
INCREASE (DECREASE) IN NAV	\$ 1 516	\$ 1 126
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 146	\$ 119
SERIES O	\$ 1 370	\$ 1 007
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.45	\$ 0.45
SERIES O	\$ 0.52	\$ 0.51

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 516	\$ 1 126
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(94)	(132)
Change in unrealized loss (gain) on investments	(1 361)	(951)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	—	3
Cost of investments purchased	(26 396)	(23 357)
Proceeds on sales of investments	22 801	19 875
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3 534)	(3 438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	5 678	4 793
Cash paid on redemption of redeemable units	(2 173)	(1 365)
Distributions paid to holders of redeemable units	(2)	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 3 503	\$ 3 428
Net increase (decrease) in cash for the period	(31)	(10)
Cash (bank overdraft), beginning of period	46	34
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 15	\$ 24
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 30	\$ 24

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 4 048	\$ 3 294	\$ 31 436	\$ 22 083	\$ 35 484	\$ 25 377
INCREASE (DECREASE) IN NAV	146	119	1 370	1 007	1 516	1 126
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	523	650	5 051	4 048	5 574	4 698
Reinvestments of distributions to holders of redeemable units	—	—	1	3	1	3
Redemption of redeemable units	(527)	(354)	(1 659)	(945)	(2 186)	(1 299)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4)	296	3 393	3 106	3 389	3 402
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	142	415	4 763	4 113	4 905	4 528
NAV AT END OF PERIOD	\$ 4 190	\$ 3 709	\$ 36 199	\$ 26 196	\$ 40 389	\$ 29 905

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 40.3% (December 31, 2016 – 40.7%) 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 2017	December 31 2016
AAA	87.3	88.3
A	0.3	0.2
BBB	0.5	2.2
BB	4.8	2.9
B	5.0	4.5
CCC	1.9	1.7
Unrated	0.2	0.2
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 2017	December 31 2016
Bonds	39.7	40.7
Global Equities	33.3	33.2
Canadian Equities	14.3	14.2
United States Equities	10.4	10.6
Cash/Other	2.3	1.3
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 40.3% (December 31, 2016 – 40.8%) 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 2017	December 31 2016
Less than 1 year	1.3	–
1 – 5 years	6.6	6.9
5 – 10 years	4.5	5.1
> 10 years	87.6	88.0
Total	100.0	100.0

As at June 30, 2017, 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 9.1% (December 31, 2016 – 9.5%). 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 2017	December 31 2016
United States dollar	23.2	22.7
Euro	2.7	3.7
Pound sterling	2.5	2.3
South African rand	1.5	1.4
Hong Kong dollar	1.3	1.3
Indian rupee	1.1	0.6
Swiss franc	1.0	0.8
South Korean won	0.9	0.9
Japanese yen	0.9	1.0
New Taiwan dollar	0.8	0.7
Danish krone	–	0.6
Other currencies	2.4	2.0
Total	38.3	38.0

As at June 30, 2017, 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 0.4% (December 31, 2016 – 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 2017	December 31 2016
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.5	+ or - 0.4
MSCI EAFE Total Return		
Net Index (CAD)	+ or - 0.6	+ or - 0.6

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

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	1 947	–	–	1 947
Mutual fund units	38 290	–	–	38 290
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	162	–	162
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	40 237	162	–	40 399
% of total portfolio	99.6	0.4	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 762	–	–	1 762
Mutual fund units	33 411	–	–	33 411
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	176	–	176
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	35 173	176	–	35 349
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%

* 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 2017	December 31 2016
Units held		
Series D	63	63
Series O	55	55
Value of all units	2	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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.4	0.1	7.1	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	7.3	0.3	7.1	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.4	–
Phillips, Hager & North				
High Yield Bond Fund	5.1	0.1	5.0	–
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	35.2	18.1	35.7	17.9
RBC Emerging Markets				
Equity Fund	8.1	0.1	7.8	0.1
RBC Global Equity				
Focus Fund	19.2	0.3	19.0	0.3
RBC QUBE Global				
Equity Fund	6.4	0.9	6.4	0.6
RBC U.S. Mid-Cap Value				
Equity Fund	4.2	0.3	4.1	0.2
RBC U.S. Small-Cap Value				
Equity Fund	1.5	0.8	1.5	0.8

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

The Fund had no capital or non-capital losses as at December 31, 2016.

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	321	271
Issued number of units	41	55
Reinvested number of units	–	–
Redeemed number of units	(41)	(30)
Ending number of units	321	296
Series O		
Opening units	2 515	1 833
Issued number of units	393	338
Reinvested number of units	–	–
Redeemed number of units	(129)	(79)
Ending number of units	2 779	2 092

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
36 964	Vanguard Real Estate Investment Trust Fund	\$ 3 409	\$ 3 989	
TOTAL UNITED STATES EQUITIES		3 409	3 989	4.9
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
586 371	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 6 509	\$ 6 845	
487 541	Phillips, Hager & North Canadian Equity Value Fund*	6 390	6 913	
31 851	Phillips, Hager & North Canadian Money Market Fund*	319	319	
359 057	Phillips, Hager & North High Yield Bond Fund*	4 100	4 152	
1 770 131	Phillips, Hager & North Long Inflation-linked Bond Fund*	20 653	20 708	
468 458	RBC Emerging Markets Equity Fund*	6 586	7 817	
1 256 032	RBC Global Equity Focus Fund*	15 486	18 921	
485 072	RBC QUBE Global Equity Fund*	6 143	6 280	
290 687	RBC U.S. Mid-Cap Value Equity Fund*	3 802	4 138	
109 720	RBC U.S. Small-Cap Value Equity Fund*	1 184	1 416	
TOTAL MUTUAL FUND UNITS		71 172	77 509	94.7
SHORT-TERM INVESTMENTS†		374	374	0.5
TOTAL INVESTMENTS		\$ 74 955	81 872	100.1
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(60)	(0.1)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 81 812	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, 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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 81 872	\$ 70 883
Cash	35	100
Subscriptions receivable	9	45
TOTAL ASSETS	81 916	71 028
LIABILITIES		
Redemptions payable	94	60
Distributions payable	–	2
Accounts payable and accrued expenses	10	9
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	104	71
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS ("NAV")	\$ 81 812	\$ 70 957
Investments at cost	\$ 74 955	\$ 67 297
NAV		
SERIES D	\$ 6 411	\$ 5 875
SERIES O	\$ 75 401	\$ 65 082
NAV PER UNIT		
SERIES D	\$ 13.75	\$ 13.16
SERIES O	\$ 13.73	\$ 13.07

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 64	\$ 55
Interest for distribution purposes	1	–
Other income received from underlying funds	127	91
Net realized gain (loss) on investments	205	295
Net gain (loss) on foreign currencies and other net assets	(3)	(5)
Change in unrealized gain (loss) on investments	3 331	1 087
TOTAL INCOME (LOSS)	3 725	1 523
EXPENSES (see notes – Fund Specific Information)		
Management fees	33	24
Administration fees	18	12
Independent Review Committee costs	1	2
GST/HST	5	4
Withholding tax	–	8
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	56	48
INCREASE (DECREASE) IN NAV	\$ 3 669	\$ 1 475
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 275	\$ 102
SERIES O	\$ 3 394	\$ 1 373
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.59	\$ 0.28
SERIES O	\$ 0.65	\$ 0.35

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)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 3 669	\$ 1 475
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(205)	(295)
Change in unrealized loss (gain) on investments	(3 331)	(1 087)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	1	—
Cost of investments purchased	(41 584)	(35 653)
Proceeds on sales of investments	34 131	27 553
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(7 319)	(8 009)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	11 620	10 972
Cash paid on redemption of redeemable units	(4 365)	(2 922)
Distributions paid to holders of redeemable units	(1)	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 7 254	\$ 8 050
Net increase (decrease) in cash for the period	(65)	41
Cash (bank overdraft), beginning of period	100	67
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 35	\$ 108
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 64	\$ 47

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 5 875	\$ 4 379	\$ 65 082	\$ 45 335	\$ 70 957	\$ 49 714
INCREASE (DECREASE) IN NAV	275	102	3 394	1 373	3 669	1 475
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	1 295	1 405	10 289	9 664	11 584	11 069
Reinvestments of distributions to holders of redeemable units	—	—	1	—	1	—
Redemption of redeemable units	(1 034)	(831)	(3 365)	(2 053)	(4 399)	(2 884)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	261	574	6 925	7 611	7 186	8 185
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	536	676	10 319	8 984	10 855	9 660
NAV AT END OF PERIOD	\$ 6 411	\$ 5 055	\$ 75 401	\$ 54 319	\$ 81 812	\$ 59 374

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 30.4% (December 31, 2016 – 27.4%) 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 2017	December 31 2016
AAA	83.3	82.7
A	0.4	0.3
BBB	0.7	3.2
BB	6.3	4.3
B	6.5	6.7
CCC	2.6	2.5
Unrated	0.2	0.3
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 2017	December 31 2016
Global Equities	39.8	41.7
Bonds	29.8	27.4
Canadian Equities	16.4	17.4
United States Equities	11.6	12.5
Cash/Other	2.4	1.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 30.4% (December 31, 2016 – 27.5%) 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 2017	December 31 2016
Less than 1 year	1.7	–
1 – 5 years	8.8	10.3
5 – 10 years	5.9	7.5
> 10 years	83.6	82.2
Total	100.0	100.0

As at June 30, 2017, 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 6.6% (December 31, 2016 – 6.0%). 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 2017	December 31 2016
United States dollar	32.0	32.7
Euro	3.2	4.6
Pound sterling	3.0	2.9
South African rand	1.8	1.7
Hong Kong dollar	1.6	1.6
Indian rupee	1.3	0.8
Swiss franc	1.2	1.0
South Korean won	1.1	1.1
Japanese yen	1.1	1.3
New Taiwan dollar	1.0	0.8
Danish krone	–	0.8
Other currencies	2.7	2.4
Total	50.0	51.7

As at June 30, 2017, 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 0.5% (December 31, 2016 – 0.5%). 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 2017	December 31 2016
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

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

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	3 989	–	–	3 989
Mutual fund units	77 509	–	–	77 509
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	374	–	374
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	81 498	374	–	81 872
% of total portfolio	99.5	0.5	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	3 538	–	–	3 538
Mutual fund units	67 001	–	–	67 001
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	344	–	344
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	70 539	344	–	70 883
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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%

* 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 2017	December 31 2016
Units held		
Series D	63	63
Series O	54	54
Value of all units	2	2

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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	8.4	0.3	8.7	0.2
Phillips, Hager & North				
Canadian Equity				
Value Fund	8.5	0.6	8.7	0.5
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.4	–
Phillips, Hager & North				
High Yield Bond Fund	5.1	0.1	5.0	0.1
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	25.2	26.4	22.4	22.5
RBC Emerging Markets				
Equity Fund	9.6	0.3	9.7	0.3
RBC Global Equity				
Focus Fund	23.0	0.7	23.9	0.8
RBC QUBE Global				
Equity Fund	7.7	2.2	8.1	1.6
RBC U.S. Mid-Cap Value				
Equity Fund	5.1	0.6	5.5	0.7
RBC U.S. Small-Cap Value				
Equity Fund	1.7	2.0	2.0	2.0

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

The Fund had no capital or non-capital losses as at December 31, 2016.

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

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	446	348
Issued number of units	96	114
Reinvested number of units	—	—
Redeemed number of units	(76)	(67)
Ending number of units	466	395
Series O		
Opening units	4 981	3 625
Issued number of units	759	785
Reinvested number of units	—	—
Redeemed number of units	(249)	(167)
Ending number of units	5 491	4 243

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, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
8 264	Vanguard Real Estate Investment Trust Fund	\$ 893	\$ 892	
TOTAL UNITED STATES EQUITIES		893	892	5.0
Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
147 345	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 1 673	\$ 1 720	
121 444	Phillips, Hager & North Canadian Equity Value Fund*	1 635	1 722	
5 988	Phillips, Hager & North Canadian Money Market Fund*	60	60	
78 559	Phillips, Hager & North High Yield Bond Fund*	889	908	
246 335	Phillips, Hager & North Long Inflation-linked Bond Fund*	2 918	2 882	
117 288	RBC Emerging Markets Equity Fund*	1 737	1 957	
312 869	RBC Global Equity Focus Fund*	4 244	4 713	
122 095	RBC QUBE Global Equity Fund*	1 542	1 581	
72 184	RBC U.S. Mid-Cap Value Equity Fund*	978	1 028	
28 286	RBC U.S. Small-Cap Value Equity Fund*	336	365	
TOTAL MUTUAL FUND UNITS		16 012	16 936	94.7
TOTAL INVESTMENTS		\$ 16 905	17 828	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			60	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 17 888	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 2017	December 31 2016
ASSETS		
Investments at fair value	\$ 17 828	\$ 11 855
Cash	73	77
Subscriptions receivable	9	49
TOTAL ASSETS	17 910	11 981
LIABILITIES		
Due to investment dealers	–	45
Redemptions payable	20	5
Distributions payable	–	2
Accounts payable and accrued expenses	2	1
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	22	53
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 17 888	\$ 11 928
Investments at cost	\$ 16 905	\$ 11 627
NAV		
SERIES D	\$ 778	\$ 610
SERIES O	\$ 17 110	\$ 11 318
NAV PER UNIT		
SERIES D	\$ 11.37	\$ 10.81
SERIES O	\$ 11.33	\$ 10.71

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	\$ 12	\$ 6
Other income received from underlying funds	26	10
Net realized gain (loss) on investments	28	(18)
Net gain (loss) on foreign currencies and other net assets	–	(1)
Change in unrealized gain (loss) on investments	695	199
TOTAL INCOME (LOSS)	761	196
EXPENSES (see notes – Fund Specific Information)		
Management fees	3	2
Administration fees	4	3
Independent Review Committee costs	1	2
GST/HST	1	–
Withholding tax	1	1
Expenses reimbursed by manager	(1)	(2)
TOTAL EXPENSES	9	6
INCREASE (DECREASE) IN NAV	\$ 752	\$ 190
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 35	\$ 10
SERIES O	\$ 717	\$ 180
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.54	\$ 0.33
SERIES O	\$ 0.56	\$ 0.37

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

For the periods ended June 30

(see note 2 in the generic notes)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 752	\$ 190
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net realized loss (gain) on investments	(28)	18
Change in unrealized loss (gain) on investments	(695)	(199)
(Increase) decrease in accrued receivables	—	(2)
Increase (decrease) in accrued payables	1	2
Cost of investments purchased	(9 168)	(4 240)
Proceeds on sales of investments	3 873	1 029
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(5 265)	(3 202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	6 158	3 719
Cash paid on redemption of redeemable units	(897)	(491)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 5 261	\$ 3 228
Net increase (decrease) in cash for the period	(4)	26
Cash (bank overdraft), beginning of period	77	4
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 73	\$ 30
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 11	\$ 5

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

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	
	2017	2016	2017	2016	2017	2016
NAV AT BEGINNING OF PERIOD	\$ 610	\$ 417	\$ 11 318	\$ 3 140	\$ 11 928	\$ 3 557
INCREASE (DECREASE) IN NAV	35	10	717	180	752	190
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	206	247	5 912	3 411	6 118	3 658
Reinvestments of distributions to holders of redeemable units	—	—	2	4	2	4
Redemption of redeemable units	(73)	(156)	(839)	(280)	(912)	(436)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	133	91	5 075	3 135	5 208	3 226
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	168	101	5 792	3 315	5 960	3 416
NAV AT END OF PERIOD	\$ 778	\$ 518	\$ 17 110	\$ 6 455	\$ 17 888	\$ 6 973

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

June 30, 2017

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 (%)

Credit-exposed securities, excluding short-term investments, comprise 21.2% (December 31, 2016 – 21.5%) 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 2017	December 31 2016
AAA	75.9	77.9
A	0.6	0.3
BBB	1.0	4.1
BB	9.1	5.5
B	9.4	8.6
CCC	3.7	3.2
Unrated	0.3	0.4
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 2017	December 31 2016
Global Equities	45.5	46.2
Bonds	20.6	21.5
Canadian Equities	18.8	18.8
United States Equities	12.7	12.5
Cash/Other	2.4	1.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 21.2% (December 31, 2016 – 21.5%) 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:

	June 30 2017	December 31 2016
Term to maturity		
Less than 1 year	2.4	–
1 – 5 years	12.7	13.2
5 – 10 years	8.4	9.7
> 10 years	76.5	77.1
Total	100.0	100.0

As at June 30, 2017, 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 4.2% (December 31, 2016 – 4.4%). 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 2017	December 31 2016
United States dollar	36.0	34.6
Euro	3.7	5.0
Pound sterling	3.4	3.2
South African rand	2.1	1.9
Hong Kong dollar	1.8	1.8
Indian rupee	1.5	0.9
Swiss franc	1.4	1.1
South Korean won	1.3	1.2
Japanese yen	1.3	1.4
New Taiwan dollar	1.1	0.9
Danish krone	–	0.9
Other currencies	2.8	2.8
Total	56.4	55.7

As at June 30, 2017, 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 0.6% (December 31, 2016 – 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 34-month (December 31, 2016 – 28-month) historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2017	December 31 2016
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

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

June 30, 2017

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, 2017 and December 31, 2016.

June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	892	–	–	892
Mutual fund units	16 936	–	–	16 936
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	17 828	–	–	17 828
% of total portfolio	100.0	–	–	100.0

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	544	–	–	544
Mutual fund units	11 311	–	–	11 311
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	11 855	–	–	11 855
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2017 and December 31, 2016, 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 2017	December 31 2016
Units held		
Series D	113	113
Series O	17 500	17 500
Value of all units	199	189

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 2017		December 31 2016	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North Canadian Equity Underlying Fund	9.7	0.1	9.4	–
Phillips, Hager & North Canadian Equity Value Fund	9.7	0.1	9.5	0.1
Phillips, Hager & North Canadian Money Market Fund	0.3	–	0.4	–
Phillips, Hager & North High Yield Bond Fund	5.1	–	5.0	–
Phillips, Hager & North Long Inflation-linked Bond Fund	16.1	3.7	16.5	2.8
RBC Emerging Markets Equity Fund	10.9	0.1	11.0	0.1
RBC Global Equity Focus Fund	26.3	0.2	26.3	0.1
RBC QUBE Global Equity Fund	8.9	0.5	8.8	0.3
RBC U.S. Mid-Cap Value Equity Fund	5.7	0.2	5.7	0.1
RBC U.S. Small-Cap Value Equity Fund	2.0	0.5	2.2	0.4

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

The Fund had no capital or non-capital losses as at December 31, 2016.

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

June 30, 2017

Redeemable units (000s)

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)

	2017	2016
Series D		
Opening units	56	40
Issued number of units	18	25
Reinvested number of units	—	—
Redeemed number of units	(6)	(15)
Ending number of units	68	50
Series O		
Opening units	1 057	306
Issued number of units	529	341
Reinvested number of units	—	—
Redeemed number of units	(75)	(28)
Ending number of units	1 511	619

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

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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, 2017.

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 DZ, Series F, Series FT5, Series FT8, 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 and Series DZ units have no sales charges and have lower fees than Series A units. Series D units and Series DZ 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, Series FT5 units and Series FT8 units have no sales charges and have lower fees than Series A units. Series F units, Series FT5 units and Series FT8 units are only available to investors who have fee-based accounts with their dealer.

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 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, 2017 and 2016, or as at June 30, 2017 and December 31, 2016. 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:

Classification of Financial Assets and Liabilities The Funds’ financial assets and financial liabilities, other than derivatives, are designated at fair value through profit or loss at inception, as those financial assets and liabilities are managed together and their performance evaluated on a fair value basis in accordance with the Funds’ documented investment strategy. Derivatives are classified as held for trading and measured at fair value through profit or loss. Redemption units are measured at their respective redemption values. All other assets and liabilities are measured at amortized cost. Unrealized gains (losses) arising on derivatives are shown on the respective Fund’s Statements of Financial Position and such amounts are included in the Statements of Comprehensive Income in “Change in unrealized gain (loss) on investments,” where applicable. Realized gains arising on derivatives during a period are included in the Statements of Comprehensive Income in “Other derivatives,” where applicable. Refer to note 3 for net gains (losses) on financial instruments by category.

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Classification of Redeemable Units The Funds have multiple features across the different series of the Funds. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

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

The Investee Funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective Fund's net assets.

The Funds do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the Funds are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the Funds meet the following criteria:

- (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services,
- (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both and
- (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

Therefore, the fair value of the investment in the Investee Fund is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the Fund's Statements of Financial Position. The change in fair value of the investment held in the Investee Fund is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

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 an 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.

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The premium received for written options is recorded as a liability 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 unrealized 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.

Total Return Swaps – The Funds may enter into total return swaps to gain or mitigate exposure of the underlying reference securities. Total return swaps on commodities involve commitments where cash flows are exchanged based on the price of a commodity and based on a fixed or variable rate. One party would receive payments based on the market value of the commodity involved and pay a fixed amount. Total return swaps on indices or individual securities involve commitments to pay interest in exchange for a market-linked return. One counterparty pays out the total return of a specific reference asset, which may be an equity, index, or bond, and in return receives a regular stream of payments. To the extent the total return of the security or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Fund will receive a payment from or make a payment to the counterparty.

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 – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the manager and are approved by the manager. The VC provides oversight of the Funds’ valuation policies and procedures.

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

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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 Unit Increase (decrease) in NAV per 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:

ARS – Argentinian peso	KRW – South Korean won
AUD – Australian dollar	MXN – Mexican peso
BRL – Brazilian real	MYR – Malaysian ringgit
CAD – Canadian dollar	NOK – Norwegian krone
CHF – Swiss franc	NZD – New Zealand dollar
CLP – Chilean peso	PEN – Peruvian nuevo sol
CNH/CNY – Chinese renminbi	PHP – Philippine peso
COP – Colombian peso	PLN – Polish zloty
CZK – Czech koruna	RON – Romanian leu
DKK – Danish krone	RUB – Russian ruble
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	THB – Thailand baht
HUF – Hungarian forint	TRY – Turkish new lira
IDR – Indonesian rupiah	TWD – New Taiwan dollar
ILS – Israeli new shekel	USD – United States dollar
INR – Indian rupee	UYU – Uruguay peso
JPY – Japanese yen	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."

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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%

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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. The management fee is calculated and accrued daily as a percentage of the net asset value of each series of units of the Funds. 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. The fixed administration fee is calculated and accrued daily as a percentage of the net asset value of each series of units of the Funds. 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.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Funds also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund and Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (for a portion of the Fund). RBC Global Asset Management (UK) Limited is the sub-advisor for the RBC Bond Fund (for a portion of the Fund), RBC Global Bond Fund (for a portion of the Fund), RBC Global Corporate Bond Fund (for a portion of the Fund), RBC Global High Yield Bond Fund (for a portion of the Fund), RBC Emerging Markets Bond Fund, RBC U.S. Monthly Income Fund (for a portion of the Fund), RBC Balanced Fund (for the European equity portion of the Fund), RBC Global Balanced Fund (for the European equity portion of the Fund), RBC Vision Balanced Fund (formerly, RBC Jantzi Balanced Fund) (for the European equity portion of the Fund), RBC International Dividend Growth Fund, RBC International Equity Fund (for the European equity portion of the Fund), RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund, RBC Emerging Markets Small-Cap Equity Fund, RBC Global Dividend Growth Fund, RBC Global Dividend Growth Currency Neutral Fund, RBC Global Equity Fund, RBC Global Equity Focus Fund, RBC Vision Global Equity Fund (formerly, RBC Jantzi Global Equity Fund),

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RBC Vision Fossil Fuel Free Global Equity Fund, Phillips, Hager & North Overseas Equity Fund and Phillips, Hager & North Global Equity Fund. RBC Investment Management (Asia) Limited is the sub-advisor for the RBC Balanced Fund (for the Asian equity portion of the Fund), RBC Global Balanced Fund (for the Asian equity portion of the Fund), RBC Vision Balanced Fund (formerly, RBC Jantzi Balanced Fund) (for the Asian equity portion of the Fund), RBC International Dividend Growth Fund (for the Asian equity portion of the Fund), RBC International Equity Fund (for the Asian equity portion of the Fund), RBC Asian Equity Fund, RBC Asia Pacific Ex-Japan Equity Fund and RBC Japanese Equity Fund. BlueBay Asset Management LLP is the sub-advisor of the BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada) and BlueBay \$U.S. Global Convertible Bond Fund (Canada).

The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Funds. The sub-advisors are paid by the manager from the management fee paid by the Funds.

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. The trustee earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

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. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by 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. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Brokers and Dealers

The Funds have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

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

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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.

RBC Funds and RBC Private Pools**By Phone**Investors: **1-800-463-FUND (3863)**Dealers: **1-800-662-0652****On the Internet**Visit our website at: **www.rbcgam.com/funds**Email us at: **funds.investments@rbc.com****Phillips, Hager & North Funds****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**

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Management**