PHILLIPS, HAGER & NORTH
Investment Management®

PHILLIPS, HAGER & NORTH FUNDS

2017 Pension Trusts Interim Report

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

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PHILLIPS, HAGER & NORTH
Investment Management®

BALANCED FUND

PHILLIPS, HAGER & NORTH BALANCED PENSION TRUST

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 10, 2017.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks 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. Its asset mix is adjusted periodically to reflect changing economic and market conditions. The magnitude and timing of all rebalancing decisions within the Fund are made by a team of investment professionals who focus on determining the best asset mix in any given economic environment. To achieve the Fund's investment objective, the portfolio manager invests a significant portion or even all of the net asset value of the Fund in other funds managed by RBC GAM where the investment is consistent with the investment objectives and strategies of the Fund.

Results of Operations

The Fund's net asset value was $1.2 billion as of June 30, 2017.

Over the past six months, the Fund's Series O units gained 4.3%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The economic uptick that began last year continued in the first half of 2017 amid a synchronized global expansion, with leading indicators pointing to a faster-than-normal clip across much of the world. Optimism about the potential impact of President Trump's pro-growth policies helped to bolster financial markets, at least early in the period. However, expectations for major public policy changes dimmed somewhat as the political landscape proved more difficult to navigate than initially anticipated, leading to more mixed results from stocks later in the period.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Global government bond markets posted modest returns during the first half of 2017, reversing earlier losses, as investors tempered their expectations for higher inflation. Corporate and other non-government bonds outperformed government fixed income, benefiting from modestly faster economic growth and demand for investments that offer adequate income. During the period, the U.S. Federal Reserve (the "Fed") increased its benchmark interest rate twice for a total of half a percentage point. The Fed also laid out a plan to begin reducing its US$4.5 trillion balance sheet, a further sign that the U.S. central bank is abandoning the extraordinary monetary stimulus that has been in place since the financial crisis. Both of the Fund's fixed-income holdings contributed positively to returns, led by the Phillips, Hager & North Bond Fund.

Most global equity markets showed moderate-to-strong returns during the period, while continuing to demonstrate unusually low volatility. Markets shrugged off numerous geopolitical concerns, terrorist attacks and the failure so far of U.S. politicians to pass pro-growth economic policies. Against a backdrop of modest global growth, stocks were supported by accommodative central-bank policies and rising profits. Canadian stocks, an exception to the positive performance trend, were held back by weaker commodity prices and concern that banks would at some point be hurt by an unsustainable rise in home prices in major Canadian cities. The Fund's global equity positions contributed positively to performance, led by the RBC Global Equity Focus Fund. However, the Fund's sole Canadian equity holding, the Phillips, Hager & North Canadian Equity Underlying Fund, detracted from returns.

Recent Developments

The portfolio manager is budgeting for a bit faster global economic growth over the next few years than has been the case in the recent past, and expects bond yields to rise over the long term. However, fading confidence in President Trump's ability to bolster growth and generate faster inflation has recently weighed on yields, reintroducing the fixed-income valuation risk that had been alleviated shortly after the election.

Many global equity markets have reached new highs and valuations may no longer be a driving force for stocks, especially in the U.S. Fortunately, profit growth is recovering from the recent decline and, if earnings continue to rise as analysts expect, the total-return potential for stocks remains quite positive, accounting for the Fund's equity overweight.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective December 1, 2016, Mr. Lloyd R. McGinnis retired and Ms. Élaine Cousineau was appointed as Chair of the Independent Review Committee (the "IRC"). Mr. Charles F. Macfarlane was appointed as Vice Chair of the IRC. Effective January 1, 2017, Ms. Suromitra Sanatani and Ms. Catherine Kloepfer were appointed as members of the IRC.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, 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 Fund also maintains 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 Fund in the course of their normal businesses are discussed below.

Distributor

RBC GAM is the principal distributor of the Fund.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

RBC GAM and RBC IS are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series A												
June 30, 2017	**19.70**	**0.12**	**(0.06)**	**0.10**	**0.72**	**0.88**	**(0.02)**	**(0.03)**	**–**	**–**	**(0.05)**	**20.43**
Dec. 31, 2016	19.01	0.54	(0.11)	0.64	0.42	1.49	(0.19)	(0.25)	(0.37)	–	(0.81)	19.70
Dec. 31, 2015	19.38	0.57	(0.12)	1.04	(0.48)	1.01	(0.20)	(0.27)	(0.90)	–	(1.37)	19.01
Dec. 31, 2014	18.46	0.51	(0.11)	1.76	0.04	2.20	(0.19)	(0.24)	(0.85)	–	(1.28)	19.38
Dec. 31, 2013	16.49	0.38	(0.10)	0.24	1.74	2.26	(0.16)	(0.14)	–	–	(0.30)	18.46
Dec. 31, 2012	15.65	0.45	(0.09)	(0.21)	1.09	1.24	(0.18)	(0.23)	–	–	(0.41)	16.49
Series O												
June 30, 2017	**19.53**	**0.12**	**–**	**0.10**	**0.59**	**0.81**	**(0.05)**	**(0.06)**	**–**	**–**	**(0.11)**	**20.26**
Dec. 31, 2016	18.86	0.53	–	0.64	0.42	1.59	(0.24)	(0.31)	(0.37)	–	(0.92)	19.53
Dec. 31, 2015	19.23	0.57	–	1.03	(0.48)	1.12	(0.25)	(0.34)	(0.89)	–	(1.48)	18.86
Dec. 31, 2014	18.30	0.51	–	1.75	0.04	2.30	(0.23)	(0.28)	(0.85)	–	(1.36)	19.23
Dec. 31, 2013	16.32	0.38	–	0.24	1.72	2.34	(0.19)	(0.17)	–	–	(0.36)	18.30
Dec. 31, 2012	15.48	0.45	–	(0.21)	1.08	1.32	(0.22)	(0.27)	–	–	(0.49)	16.32

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
[2] Distributions are reinvested in additional units of the Fund or paid in cash.

FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series A							
June 30, 2017	**20.43**	**306 056**	**14 979**	**0.61**	**0.61**	**7.72**	**0.07**
Dec. 31, 2016	19.70	382 349	19 414	0.60	0.60	13.63	0.08
Dec. 31, 2015	19.01	364 023	19 147	0.61	0.61	21.97	0.07
Dec. 31, 2014	19.38	357 027	18 425	0.60	0.60	40.26	0.07
Dec. 31, 2013	18.46	376 545	20 400	0.60	0.60	28.01	0.12
Dec. 31, 2012	16.49	318 627	19 324	0.60	0.60	14.62	0.12
Series O							
June 30, 2017	**20.26**	**920 171**	**45 418**	**0.04**	**0.04**	**7.72**	**0.07**
Dec. 31, 2016	19.53	814 076	41 684	0.04	0.04	13.63	0.08
Dec. 31, 2015	18.86	896 919	47 554	0.04	0.04	21.97	0.07
Dec. 31, 2014	19.23	956 262	49 722	0.04	0.04	40.26	0.07
Dec. 31, 2013	18.30	908 067	49 611	0.04	0.04	28.01	0.12
Dec. 31, 2012	16.32	906 186	55 526	0.04	0.04	14.62	0.12

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager and portfolio manager of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

		Breakdown of Services	
	Management Fees	Distribution	Other*
Series A	0.50%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

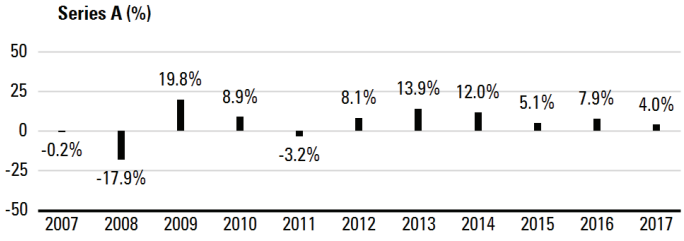
* Includes all costs related to management, investment advisory services, general administration and profit.

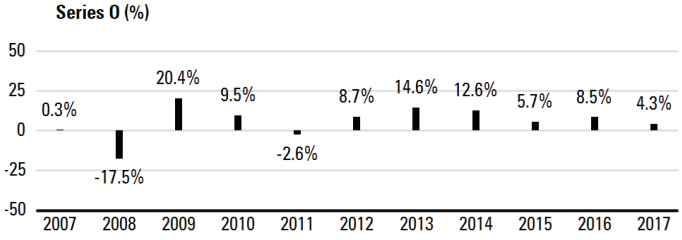
PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.





Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix

	% of Net Asset Value
Bonds	35.1
Global Equities	31.7
Canadian Equities	30.0
Cash/Other	3.2

Top 25 Holdings*

	% of Net Asset Value
Phillips, Hager & North Bond Fund	35.4
Phillips, Hager & North Canadian Equity Underlying Fund	30.1
RBC Global Equity Focus Fund	14.1
RBC QUBE Global Equity Fund	13.9
RBC Emerging Markets Equity Fund	4.1
Phillips, Hager & North Canadian Money Market Fund	1.5
RBC High Yield Bond Fund	1.0
Cash and Cash Equivalents	0.3
Total	100.4

* The Fund holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.

PHILLIPS, HAGER & NORTH
Investment Management®

CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH CONSERVATIVE EQUITY INCOME FUND

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with a high and sustainable level of income by investing primarily in common shares of dividend paying Canadian companies. To achieve the Fund's investment objective, the portfolio manager invests in companies that they believe have a superior management team, a leadership position in their industry, a high level of profitability compared to their peers, and the potential for strong earnings and dividend growth.

Results of Operations

The Fund's net asset value was $1.6 billion as of June 30, 2017.

Over the past six months, the Fund's Series O units gained 0.7%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian equity market delivered relatively weak returns over the first half of 2017, driven by poor performance in the Financials and Energy sectors. Canadian stocks reached record highs early in the period, but fell back as oil prices declined and investors became concerned about the possibility that fallout from housing booms in Toronto and Vancouver would eventually begin to weigh on bank results.

In the Energy sector, positions in Cenovus Energy, ARC Resources and Crescent Point Energy held back the Fund's returns. The Real Estate sector also weighed on performance, with a position in Granite Real Estate Investment Trust having a negative impact during the period.

In the Consumer Discretionary sector, the Fund's overweight position in Dollarama added significantly to returns. The Industrials sector also aided performance, with a contribution from a holding in Waste Connections.

Recent Developments

The investor optimism that followed the U.S. election last November has faded somewhat with the realization that economic-policy changes under the Trump administration will take longer than anticipated to implement. As a result, the global economic outlook has worsened slightly in recent months.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective December 1, 2016, Mr. Lloyd R. McGinnis retired and Ms. Élaine Cousineau was appointed as Chair of the Independent Review Committee (the "IRC"). Mr. Charles F. Macfarlane was appointed as Vice Chair of the IRC. Effective January 1, 2017, Ms. Suromitra Sanatani and Ms. Catherine Kloepfer were appointed as members of the IRC.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, 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 Fund also maintains 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 Fund in the course of their normal businesses are discussed below.

Distributor

RBC GAM is the principal distributor of the Fund.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

RBC GAM and RBC IS are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were $21,000 (2016 – $8,000), or 5% (2016 – 10%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

PHILLIPS, HAGER & NORTH CONSERVATIVE EQUITY INCOME FUND

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series O												
June 30, 2017	**12.07**	**0.18**	**–**	**0.14**	**(0.23)**	**0.09**	**–**	**(0.16)**	**–**	**–**	**(0.16)**	**12.00**
Dec. 31, 2016	10.21	0.36	(0.01)	0.38	1.85	2.58	–	(0.34)	(0.22)	–	(0.56)	12.07
Dec. 31, 2015	11.94	0.41	(0.01)	0.25	(1.50)	(0.85)	(0.01)	(0.45)	(0.45)	–	(0.91)	10.21
Dec. 31, 2014	12.05	0.39	(0.01)	1.16	0.13	1.67	–	(0.41)	(1.29)	–	(1.70)	11.94
Dec. 31, 2013	10.66	0.39	(0.01)	0.43	1.35	2.16	–	(0.34)	(0.38)	–	(0.72)	12.04
Dec. 31, 2012[3]	10.00†	0.29	–	0.14	0.80	1.23	–	(0.16)	(0.10)	–	(0.26)	10.66

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
[2] Distributions are reinvested in additional units of the Fund or paid in cash.
[3] From April 2012. Although Series O units of the Fund were created in April 2012, units were not offered for sale under a simplified prospectus until June 2015.
† Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series O							
June 30, 2017	**12.00**	**1 604 740**	**133 722**	**0.06**	**0.06**	**39.18**	**0.06**
Dec. 31, 2016	12.07	1 576 375	130 572	0.06	0.06	52.18	0.11
Dec. 31, 2015	10.21	117 220	11 479	0.06	0.06	35.35	0.09
Dec. 31, 2014	11.94	214 256	17 951	0.06	0.06	60.46	0.08
Dec. 31, 2013	12.05	197 310	16 381	0.06	0.06	41.88	0.07
Dec. 31, 2012[4]	10.68	101 053	9 458	0.06	0.06	17.73	0.11

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.
[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.
[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.
[4] From April 2012. Although Series O units of the Fund were created in April 2012, units were not offered for sale under a simplified prospectus until June 2015.

FINANCIAL HIGHLIGHTS (cont.)

Management Fees

RBC GAM is the manager and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.

Although Series O units of the Fund were created in April 2012, units were not offered for sale under a simplified prospectus until June 2015.

Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix

	% of Net Asset Value
Financials	37.2
Energy	20.0
Industrials	9.7
Real Estate	6.9
Consumer Discretionary	6.2
Utilities	5.2
Information Technology	4.9
Telecommunication Services	3.5
Materials	2.7
Consumer Staples	2.4
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Toronto-Dominion Bank	5.8
Bank of Nova Scotia	5.7
Royal Bank of Canada	5.6
Enbridge Inc.	5.3
Canadian Imperial Bank of Commerce	4.0
Brookfield Asset Management Inc., Class A	3.7
Fortis Inc.	2.7
Brookfield Infrastructure Partners LP	2.6
Alimentation Couche-Tard Inc.	2.4
Brookfield Property Partners LP	2.4
Canadian Natural Resources Ltd.	2.4
CGI Group Inc., Class A	2.4
Keyera Corp.	2.4
Waste Connections Inc.	2.3
Sun Life Financial Inc.	2.3
Canadian National Railway Co.	2.3
Thomson Corp.	2.2
Manulife Financial Corporation	2.2
Stantec Inc.	2.0
Pembina Pipeline Corp.	1.9
Canadian Pacific Railway Ltd.	1.9
ARC Resources Ltd.	1.9
CCL Industries, Class B	1.8
Quebecor Inc., Class B	1.8
Rogers Communications Inc., Class B	1.8
Top 25 Holdings	71.8

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

PHILLIPS, HAGER & NORTH
Investment Management®

CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PENSION TRUST

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 10, 2017.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with long-term capital growth by investing primarily in common shares of Canadian companies, which are chosen primarily for their growth potential. To achieve the Fund's investment objective, the portfolio manager invests in companies that they believe have a superior management team, a leadership position in their industry, a high level of profitability compared to their peers, and strong earnings potential.

Results of Operations

The Fund's net asset value was $313 million as of June 30, 2017.

Over the past six months, the Fund's Series O units lost 0.7%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian equity market delivered relatively weak returns over the first half of 2017, driven by poor performance in the Financials and Energy sectors. Canadian stocks reached record highs early in the period, but fell back as oil prices declined and investors became concerned about the possibility that fallout from housing booms in Toronto and Vancouver would eventually begin to weigh on bank results.

In the Energy sector, positions in Cenovus Energy, Tourmaline Oil and Crescent Point Energy held back the Fund's returns. The Industrials sector also weighed on performance, with a position in Badger Daylighting having a negative impact during the period.

In the Consumer Discretionary sector, the Fund's overweight positions in Sleep Country Canada and Dollarama added significantly to returns. The Utilities sector also aided performance, with a contribution from a holding in Brookfield Infrastructure Partnership.

Recent Developments

The investor optimism that followed the U.S. election last November has faded somewhat with the realization that economic-policy changes under the Trump administration will take longer than anticipated to implement. As a result, the global economic outlook has worsened slightly in recent months.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective December 1, 2016, Mr. Lloyd R. McGinnis retired and Ms. Élaine Cousineau was appointed as Chair of the Independent Review Committee (the "IRC"). Mr. Charles F. Macfarlane was appointed as Vice Chair of the IRC. Effective January 1, 2017, Ms. Suromitra Sanatani and Ms. Catherine Kloepfer were appointed as members of the IRC.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, 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 Fund also maintains 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 Fund in the course of their normal businesses are discussed below.

Distributor

RBC GAM is the principal distributor of the Fund.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

RBC GAM and RBC IS are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were $5,000 (2016 – $11,000), or 7% (2016 – 10%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series N												
June 30, 2017	**10.41**	**0.13**	**–**	**0.16**	**(0.31)**	**(0.02)**	**–**	**–**	**–**	**–**	**–**	**10.33**
Dec. 31, 2016[3]	10.00†	0.09	–	0.01	0.82	0.92	(0.04)	(0.23)	(0.02)	–	(0.29)	10.41
Series O												
June 30, 2017	**8.22**	**0.10**	**–**	**0.12**	**(0.28)**	**(0.06)**	**–**	**–**	**–**	**–**	**–**	**8.16**
Dec. 31, 2016	6.84	0.21	–	0.02	1.44	1.67	(0.03)	(0.18)	(0.02)	–	(0.23)	8.22
Dec. 31, 2015	7.53	0.22	–	(0.03)	(0.78)	(0.59)	(0.01)	(0.15)	(0.02)	–	(0.18)	6.84
Dec. 31, 2014	7.01	0.21	–	0.53	(0.02)	0.72	(0.01)	(0.10)	(0.24)	–	(0.35)	7.53
Dec. 31, 2013	6.00	0.17	–	0.17	0.84	1.18	(0.01)	(0.18)	–	–	(0.19)	7.01
Dec. 31, 2012	5.59	0.15	–	–	0.45	0.60	–	(0.16)	–	–	(0.16)	6.00

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
[2] Distributions are reinvested in additional units of the Fund or paid in cash.
[3] From August 22, 2016.
† Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series N							
June 30, 2017	**10.33**	**13**	**1**	**0.02**	**0.02**	**35.96**	**0.06**
Dec. 31, 2016[4]	10.41	11	1	0.02	0.02	48.86	0.09
Series O							
June 30, 2017	**8.16**	**313 033**	**38 378**	**0.02**	**0.02**	**35.96**	**0.06**
Dec. 31, 2016	8.22	309 082	37 622	0.02	0.02	48.86	0.09
Dec. 31, 2015	6.84	193 017	28 224	0.03	0.03	39.46	0.09
Dec. 31, 2014	7.53	130 555	17 343	0.04	0.04	47.43	0.11
Dec. 31, 2013	7.01	48 746	6 951	0.04	0.04	35.43	0.08
Dec. 31, 2012	6.01	43 696	7 274	0.04	0.04	52.49	0.16

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.
[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.
[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.
[4] From August 22, 2016.

FINANCIAL HIGHLIGHTS (cont.)

Management Fees

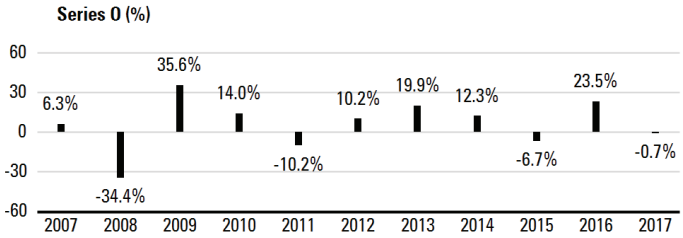
RBC GAM is the manager and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series N and Series O units. Series N and Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.



Series N units have been available for sale to unitholders since August 22, 2016.

Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix

	% of Net Asset Value
Financials	36.6
Energy	21.6
Industrials	9.8
Consumer Discretionary	8.4
Materials	8.0
Information Technology	3.9
Consumer Staples	3.0
Real Estate	3.0
Utilities	2.8
Telecommunication Services	1.7
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Small Float Fund	11.0
Royal Bank of Canada	7.6
Toronto-Dominion Bank	7.2
Bank of Nova Scotia	5.4
Enbridge Inc.	5.4
Brookfield Asset Management Inc., Class A	3.9
Manulife Financial Corporation	3.3
Canadian Natural Resources Ltd.	2.9
Canadian National Railway Co.	2.9
Alimentation Couche-Tard Inc.	2.6
Waste Connections Inc.	2.1
Canadian Imperial Bank of Commerce	1.9
Tourmaline Oil Corp.	1.9
Sun Life Financial Inc.	1.7
Dollarama Inc.	1.7
Bank of Montreal	1.7
Fortis Inc.	1.7
CGI Group Inc., Class A	1.6
ARC Resources Ltd.	1.5
Brookfield Property Partners LP	1.3
TransCanada Corp.	1.3
Canadian Pacific Railway Ltd.	1.2
Cenovus Energy Inc.	1.2
Fairfax Financial Holdings Ltd.	1.2
Open Text Corp.	1.1
Top 25 Holdings	75.3

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.

PHILLIPS, HAGER & NORTH
Investment Management®

CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH SMALL FLOAT FUND

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 10, 2017.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with long-term capital growth by investing generally in a diversified portfolio of common stocks of small-float, high-quality Canadian companies. To achieve the Fund's investment objective, the portfolio manager generally invests in small capitalization growth companies that they believe have a superior management team, a leadership position in their industry, a high level of profitability compared to their competitors, and strong earnings potential.

Results of Operations

The Fund's net asset value was $277 million as of June 30, 2017.

Over the past six months, the Fund's Series O units gained 1.3%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian equity market delivered relatively weak returns over the first half of 2017, driven by poor performance in the Financials and Energy sectors. Canadian stocks reached record highs early in the period, but fell back as oil prices declined and investors became concerned about the possibility that fallout from housing booms in Toronto and Vancouver would eventually begin to weigh on bank results.

In the Industrials sector, a position in Badger Daylighting held back the Fund's returns. The Financials sector also weighed on performance, with a position in Home Capital Group having a negative impact during the period.

In the Consumer Discretionary sector, the Fund's overweight position in Sleep Country Canada added significantly to returns. The Materials sector also aided performance, with a contribution from a holding in CCL Industries.

Recent Developments

The investor optimism that followed the U.S. election last November has faded somewhat with the realization that economic-policy changes under the Trump administration will take longer than anticipated to implement. As a result, the global economic outlook has worsened slightly in recent months.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective December 1, 2016, Mr. Lloyd R. McGinnis retired and Ms. Élaine Cousineau was appointed as Chair of the Independent Review Committee (the "IRC"). Mr. Charles F. Macfarlane was appointed as Vice Chair of the IRC. Effective January 1, 2017, Ms. Suromitra Sanatani and Ms. Catherine Kloepfer were appointed as members of the IRC.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, 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 Fund also maintains 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 Fund in the course of their normal businesses are discussed below.

Distributor

RBC GAM is the principal distributor of the Fund.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

RBC GAM and RBC IS are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were $1,000 (2016 – $19,000), or 1% (2016 – 13%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series A												
June 30, 2017	**31.89**	**0.20**	**(0.18)**	**0.45**	**(0.23)**	**0.24**	**–**	**–**	**–**	**–**	**–**	**32.13**
Dec. 31, 2016	25.43	0.37	(0.31)	2.09	4.34	6.49	–	(0.04)	–	–	(0.04)	31.89
Dec. 31, 2015	25.73	0.40	(0.29)	0.33	(0.57)	(0.13)	(0.01)	(0.14)	–	–	(0.15)	25.43
Dec. 31, 2014	24.26	0.37	(0.29)	7.96	(5.98)	2.06	(0.01)	(0.13)	–	–	(0.14)	25.73
Dec. 31, 2013	16.45	0.31	(0.21)	3.43	4.14	7.67	–	(0.10)	–	–	(0.10)	24.23
Dec. 31, 2012	14.62	0.26	(0.17)	1.01	0.87	1.97	–	(0.08)	–	–	(0.08)	16.45
Series O												
June 30, 2017	**30.77**	**0.19**	**–**	**0.43**	**(0.19)**	**0.43**	**–**	**–**	**–**	**–**	**–**	**31.17**
Dec. 31, 2016	24.55	0.35	–	2.03	4.13	6.51	(0.02)	(0.36)	–	–	(0.38)	30.77
Dec. 31, 2015	24.85	0.39	–	0.32	(0.55)	0.16	(0.02)	(0.40)	–	–	(0.42)	24.55
Dec. 31, 2014	23.42	0.35	–	7.66	(5.76)	2.25	(0.02)	(0.38)	–	–	(0.40)	24.85
Dec. 31, 2013	15.88	0.30	–	3.35	4.04	7.69	(0.01)	(0.34)	–	–	(0.35)	23.39
Dec. 31, 2012	14.12	0.25	–	0.97	0.84	2.06	–	(0.26)	–	–	(0.26)	15.88

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
[2] Distributions are reinvested in additional units of the Fund or paid in cash.

FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series A							
June 30, 2017	**32.13**	**924**	**29**	**1.10**	**1.10**	**21.00**	**0.09**
Dec. 31, 2016	31.89	917	29	1.10	1.10	24.75	0.07
Dec. 31, 2015	25.43	730	29	1.10	1.10	32.48	0.09
Dec. 31, 2014	25.73	813	32	1.09	1.09	55.46	0.13
Dec. 31, 2013	24.26	848	35	1.09	1.09	40.65	0.16
Dec. 31, 2012	16.53	1 102	67	1.12	1.12	59.72	0.27
Series O							
June 30, 2017	**31.17**	**275 642**	**8 843**	**–**	**–**	**21.00**	**0.09**
Dec. 31, 2016	30.77	290 835	9 453	–	–	24.75	0.07
Dec. 31, 2015	24.55	253 380	10 322	–	–	32.48	0.09
Dec. 31, 2014	24.85	261 900	10 540	–	–	55.46	0.13
Dec. 31, 2013	23.42	322 707	13 780	–	–	40.65	0.16
Dec. 31, 2012	15.96	285 213	17 866	–	–	59.72	0.27

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager and portfolio manager of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

		Breakdown of Services	
	Management Fees	Distribution	Other*
Series A	1.00%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

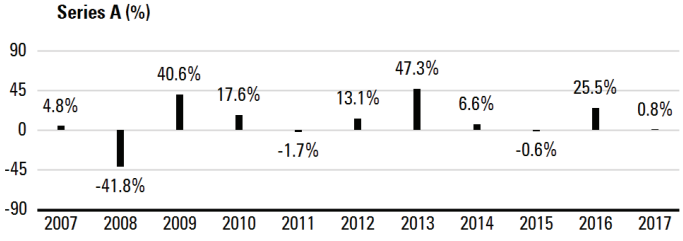
* Includes all costs related to management, investment advisory services, general administration and profit.

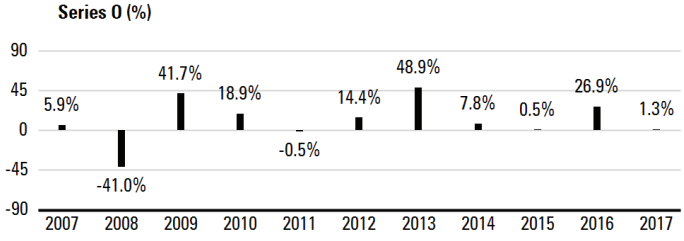
PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.





Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix

	% of Net Asset Value
Industrials	28.1
Consumer Discretionary	27.2
Energy	9.7
Materials	9.6
Real Estate	7.9
Information Technology	5.9
Financials	5.2
Consumer Staples	4.3
Cash/Other	2.1

Top 25 Holdings

	% of Net Asset Value
Badger Daylighting Ltd.	7.4
Sleep Country Canada Holdings Inc.	7.3
Quebecor Inc., Class B	7.0
CCL Industries, Class B	6.8
Boyd Group Income Fund	6.0
Stantec Inc.	5.8
Raging River Exploration Inc.	3.9
Kinaxis Inc.	3.9
Great Canadian Gaming Corp.	3.6
Richelieu Hardware Ltd.	3.6
Secure Energy Services Inc.	3.3
Element Fleet Management Corp.	3.1
Ritchie Bros. Auctioneers Inc.	3.0
FirstService Corp.	2.8
Leon's Furniture Ltd.	2.7
Maple Leaf Foods Inc.	2.7
Boardwalk Real Estate Investment Trust	2.5
Cineplex Inc.	2.3
Toromont Industries Ltd.	2.3
Tricon Capital Group Inc.	2.2
Aritzia Inc.	2.2
The Westaim Corp.	2.1
Stella-Jones Inc.	2.1
Blackline Safety Corp.	2.0
Cash & Cash Equivalents	2.0
Top 25 Holdings	92.6

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

PHILLIPS, HAGER & NORTH
Investment Management®

CANADIAN EQUITY FUND

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 10, 2017.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks that are qualified investments for registered Canadian pension plans. The Fund may also invest a portion of its assets in U.S. and international securities. To achieve the Fund's investment objective, the portfolio manager invests primarily in large-capitalization companies that they believe have a superior management team, a leadership position in their industry, a high level of profitability compared to their competitors, and strong earnings potential.

Results of Operations

The Fund's net asset value was $116 million as of June 30, 2017.

Over the past six months, the Fund's Series O units gained 1.1%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The Canadian equity market delivered relatively weak returns over the first half of 2017, driven by poor performance in the Financials and Energy sectors. Canadian stocks reached record highs early in the period, but fell back as oil prices declined and investors became concerned about the possibility that fallout from housing booms in Toronto and Vancouver would eventually begin to weigh on bank results.

In the Energy sector, positions in Cenovus Energy, Tourmaline Oil and Crescent Point Energy held back the Fund's returns. The Financials sector also weighed on performance, with a position in Home Capital Group having a negative impact during the period.

In the Health Care sector, the Fund's overweight position in Varian Medical Systems added significantly to returns. The Consumer Staples sector also aided performance, with a contribution from a holding in PepsiCo.

Recent Developments

The investor optimism that followed the U.S. election last November has faded somewhat with the realization that economic-policy changes under the Trump administration will take longer than anticipated to implement. As a result, the global economic outlook has worsened slightly in recent months.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

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Related-Party Transactions

Manager, Portfolio Manager and Registrar

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager, principal portfolio manager and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. The registrar earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

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RBC GAM is the principal distributor of the Fund.

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RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were $2,000 (2016 – $5,000), or 8% (2016 – 11%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series A												
June 30, 2017	**83.30**	**1.08**	**(0.26)**	**3.01**	**(3.16)**	**0.67**	**–**	**–**	**–**	**–**	**–**	**83.95**
Dec. 31, 2016	70.33	2.01	(0.47)	6.68	2.61	10.83	(0.07)	(1.66)	–	–	(1.73)	83.30
Dec. 31, 2015	77.00	2.04	(0.49)	3.03	(8.58)	(4.00)	(0.07)	(1.75)	–	–	(1.82)	70.33
Dec. 31, 2014	70.00	1.83	(0.48)	5.14	2.06	8.55	(0.06)	(1.39)	–	–	(1.45)	77.00
Dec. 31, 2013	58.94	1.60	(0.40)	1.43	9.64	12.27	(0.07)	(1.21)	–	–	(1.28)	69.99
Dec. 31, 2012	55.13	1.47	(0.37)	6.50	(1.93)	5.67	–	(1.85)	–	–	(1.85)	58.94
Series O												
June 30, 2017	**102.33**	**1.32**	**(0.02)**	**3.70**	**(3.85)**	**1.15**	**–**	**–**	**–**	**–**	**–**	**103.43**
Dec. 31, 2016	86.45	2.51	(0.03)	8.34	7.63	18.45	(0.11)	(2.69)	–	–	(2.80)	102.33
Dec. 31, 2015	94.65	2.52	(0.03)	3.73	(10.59)	(4.37)	(0.11)	(2.67)	–	–	(2.78)	86.45
Dec. 31, 2014	86.05	2.26	(0.03)	6.33	2.54	11.10	(0.09)	(2.26)	–	–	(2.35)	94.65
Dec. 31, 2013	72.48	1.97	(0.03)	1.76	11.88	15.58	(0.11)	(2.00)	–	–	(2.11)	86.03
Dec. 31, 2012	67.79	1.73	(0.02)	7.66	(2.28)	7.09	–	(2.71)	–	–	(2.71)	72.48

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

[2] Distributions are reinvested in additional units of the Fund or paid in cash.

FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series A							
June 30, 2017	**83.95**	**1 440**	**17**	**0.62**	**0.62**	**27.90**	**0.05**
Dec. 31, 2016	83.30	1 456	17	0.63	0.63	36.50	0.07
Dec. 31, 2015	70.33	4 280	61	0.64	0.64	21.78	0.06
Dec. 31, 2014	77.00	5 994	78	0.63	0.63	26.75	0.07
Dec. 31, 2013	70.00	5 288	76	0.62	0.62	18.07	0.07
Dec. 31, 2012	59.02	4 357	74	0.64	0.64	45.24	0.19
Series O							
June 30, 2017	**103.43**	**114 597**	**1 108**	**0.03**	**0.03**	**27.90**	**0.05**
Dec. 31, 2016	102.33	117 394	1 147	0.03	0.03	36.50	0.07
Dec. 31, 2015	86.45	114 521	1 325	0.04	0.04	21.78	0.06
Dec. 31, 2014	94.65	149 694	1 582	0.03	0.03	26.75	0.07
Dec. 31, 2013	86.05	144 957	1 685	0.03	0.03	18.07	0.07
Dec. 31, 2012	72.58	133 758	1 843	0.04	0.04	45.24	0.19

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

RBC GAM is the manager, portfolio manager and registrar of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

		Breakdown of Services	
	Management Fees	Distribution	Other*
Series A	0.50%	–	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

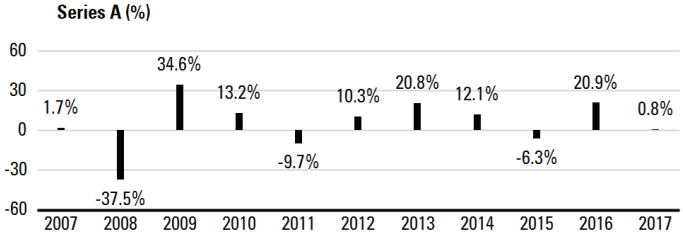
* Includes all costs related to management, investment advisory services, general administration and profit.

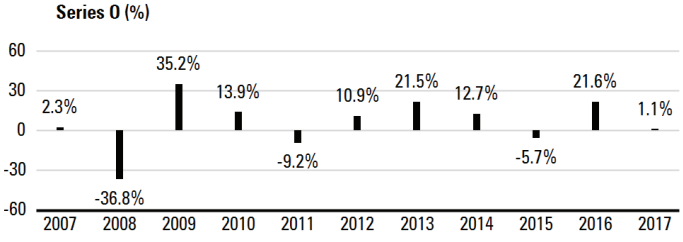
PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.





Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix

	% of Net Asset Value
Financials	33.6
Energy	18.6
Industrials	11.3
Information Technology	7.5
Consumer Discretionary	7.3
Materials	6.6
Consumer Staples	5.2
Utilities	2.4
Health Care	2.3
Real Estate	2.1
Telecommunication Services	1.8
Cash/Other	1.3

Top 25 Holdings

	% of Net Asset Value
Phillips, Hager & North Small Float Fund	9.4
Royal Bank of Canada	6.6
Toronto-Dominion Bank	6.3
Enbridge Inc.	4.6
Bank of Nova Scotia	4.6
Brookfield Asset Management Inc., Class A	3.3
Manulife Financial Corporation	2.8
PepsiCo Inc.	2.6
Canadian National Railway Co.	2.5
Canadian Natural Resources Ltd.	2.5
Alimentation Couche-Tard Inc.	2.2
Wells Fargo & Company	2.0
Microsoft Corp.	1.9
Waste Connections Inc.	1.8
Canadian Imperial Bank of Commerce	1.6
Tourmaline Oil Corp.	1.6
Oracle Corporation	1.6
Sun Life Financial Inc.	1.5
Emerson Electric Co.	1.5
Dollarama Inc.	1.5
Fortis Inc.	1.4
Bank of Montreal	1.4
CGI Group Inc., Class A	1.3
ARC Resources Ltd.	1.2
Johnson & Johnson	1.2
Top 25 Holdings	68.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

The Simplified Prospectus and other information about the underlying funds are available on SEDAR website at www.sedar.com.

PHILLIPS, HAGER & NORTH
Investment Management®

INTERNATIONAL EQUITY FUND

PHILLIPS, HAGER & NORTH OVERSEAS EQUITY PENSION TRUST

June 30, 2017

Portfolio Manager *RBC Global Asset Management Inc. ("RBC GAM")*

Sub-Advisor: RBC Global Asset Management (UK) Limited

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on August 10, 2017.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank").

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund seeks to provide investors with long-term capital growth and international diversification by investing in common stocks of companies in Europe and the Far East (including Japan and Australia). To achieve the Fund's investment objective, the portfolio manager invests in companies that are attractively valued, possess sound fundamentals and have a strong market position.

Results of Operations

The Fund's net asset value was $77 million as of June 30, 2017.

Over the past six months, the Fund's Series O units gained 13.7%. The Fund's return is after the deduction of expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Global stocks extended their gains in the first half of 2017 as all industry sectors posted double-digit gains, except for Energy and Telecommunication Services which declined. The extension of the equity rally stemmed from faster earnings growth and an improving global backdrop, as Europe's economic environment brightened. However, shares of companies that tend to benefit from faster economic growth underperformed due to concern that President Trump's pro-growth economic proposals would likely take longer than expected to be enacted by Congress. As the period came to an end, investors were turning their attention to companies that can outperform in periods of slower growth given their generally consistent strong earnings and healthy balance sheets.

The Fund benefited from holdings in the Financials and Consumer Discretionary sectors and, to a lesser degree, the Information Technology and Materials sector. Holdings in the Health Care sector held back returns the most during the period, and Consumer Staples-sector holdings were also a negative.

In terms of individual holdings, South African media company, Naspers, contributed the most to relative returns, followed by HDFC, an Indian financial company. Astellas Pharma of Japan and Universal Robina, a Philippines-based maker of snack food, had a negative impact on performance.

Recent Developments

The geopolitical landscape seems less volatile than it was 12 months ago. However, risks remain in the form of Middle East tensions, the U.K.'s Brexit negotiations and an uncertain U.S. political path. Valuations in some areas of the market appear to have outpaced earnings prospects, and the sub-advisor tries to avoid such situations.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective December 1, 2016, Mr. Lloyd R. McGinnis retired and Ms. Élaine Cousineau was appointed as Chair of the Independent Review Committee (the "IRC"). Mr. Charles F. Macfarlane was appointed as Vice Chair of the IRC. Effective January 1, 2017, Ms. Suromitra Sanatani and Ms. Catherine Kloepfer were appointed as members of the IRC.

Related-Party Transactions

Manager and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank and is the manager and principal portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, 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 Fund also maintains 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 Fund in the course of their normal businesses are discussed below.

Sub-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

Distributor

RBC GAM is the principal distributor of the Fund.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and holds title to the Fund's property on behalf of unitholders. RBC IS is the custodian of the Fund and holds the assets of the Fund.

RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

RBC GAM and RBC IS are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Brokers and Dealers

The Fund has established standard brokerage and dealing agreements at market rates with related parties. These related-party commissions were $2,000 (2016 – $4,000), or 2% (2016 – 6%) of the total transaction costs paid for this Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2017), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series O												
June 30, 2017	**10.48**	**0.18**	**(0.01)**	**0.20**	**1.07**	**1.44**	**–**	**–**	**–**	**–**	**–**	**11.92**
Dec. 31, 2016	11.54	0.32	(0.01)	0.18	(1.24)	(0.75)	–	(0.31)	–	–	(0.31)	10.48
Dec. 31, 2015	9.64	0.27	(0.01)	0.99	0.97	2.22	–	(0.28)	–	–	(0.28)	11.54
Dec. 31, 2014	10.26	0.39	(0.01)	3.01	(2.76)	0.63	–	(1.27)	–	–	(1.27)	9.64
Dec. 31, 2013	8.40	0.28	(0.01)	0.57	1.25	2.09	–	(0.35)	–	–	(0.35)	10.26
Dec. 31, 2012	7.36	0.27	(0.01)	(0.90)	1.97	1.33	–	(0.31)	–	–	(0.31)	8.40

[1] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
[2] Distributions are reinvested in additional units of the Fund or paid in cash.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series O							
June 30, 2017	**11.92**	**77 406**	**6 494**	**0.10**	**0.10**	**37.43**	**0.23**
Dec. 31, 2016	10.48	68 591	6 544	0.09	0.09	33.40	0.16
Dec. 31, 2015	11.54	73 630	6 380	0.09	0.09	36.97	0.21
Dec. 31, 2014	9.64	98 955	10 267	0.09	0.09	150.38	0.48
Dec. 31, 2013	10.26	486 141	47 396	0.09	0.09	88.92	0.41
Dec. 31, 2012	8.40	544 953	64 893	0.09	0.09	87.75	0.39

[1] The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.
[2] The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.
[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

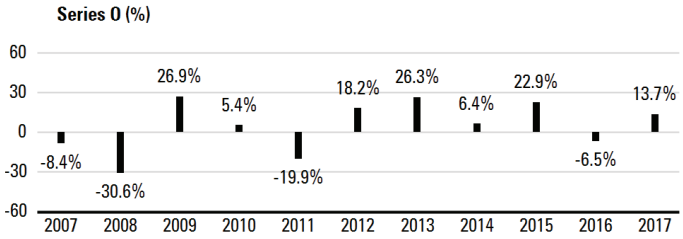
RBC GAM is the manager and portfolio manager of the Fund. No management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.



Inception dates are not provided for series that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2017.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2017

Investment Mix – Sectors

	% of Net Asset Value
Financials	24.0
Industrials	18.6
Consumer Discretionary	13.9
Consumer Staples	10.4
Health Care	8.1
Information Technology	7.8
Materials	7.6
Energy	5.2
Telecommunication Services	1.6
Utilities	1.5
Cash/Other	1.3

Investment Mix – Countries/Regions

	% of Net Asset Value
Europe ex-United Kingdom Equities	39.6
Pacific Rim ex-Japan Equities	20.9
Japan Equities	17.2
United Kingdom Equities	16.9
Middle East & Africa Equities	4.1
Cash/Other	1.3

SUMMARY OF INVESTMENT PORTFOLIO (cont.)

(after consideration of derivative products, if any)
As at June 30, 2017

Top 25 Holdings

	% of Net Asset Value
Deutsche Post AG	4.7
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4.4
Nidec Corp.	4.1
Naspers Ltd.	4.1
InterContinental Hotels Group Plc.	4.0
AIA Group Ltd.	3.9
Unilever Plc.	3.9
Anheuser-Busch InBev S.A./N.V.	3.8
Roche Holdings AG Genusscheine	3.6
Kubota Corp.	3.3
ING Groep N.V.	3.3
St James's Place Plc.	3.2
Oil Search Ltd.	3.2
HDFC Bank Ltd.	2.9
CRH Plc.	2.8
UBS Group AG	2.8
Partners Group Holding AG	2.6
Paddy Power Betfair Plc.	2.6
Novo Nordisk A/S	2.3
Safran S.A.	2.3
ASML Holding N.V.	2.3
Oriental Land Co. Ltd.	2.3
Lloyds TSB Group Plc.	2.2
Komatsu Ltd.	2.2
Astellas Pharma Inc.	2.1
Top 25 Holdings	78.9

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be viewed at www.rbcgam.com/reports.

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

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

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

Heidi Johnston, CPA, CA
Acting Chief Financial Officer
RBC GAM Funds

August 10, 2017

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 BALANCED PENSION TRUST

June 30, 2017

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
42 086 780	Phillips, Hager & North Bond Fund*	$ 443 156	$ 434 323	
31 613 317	Phillips, Hager & North Canadian Equity Underlying Fund*	330 583	369 098	
1 856 253	Phillips, Hager & North Canadian Money Market Fund*	18 563	18 563	
3 012 791	RBC Emerging Markets Equity Fund*	40 081	50 275	
11 449 413	RBC Global Equity Focus Fund*	128 474	172 476	
1 137 838	RBC High Yield Bond Fund*	12 041	12 484	
13 139 954	RBC QUBE Global Equity Fund*	151 422	170 118	
TOTAL MUTUAL FUND UNITS		1 124 320	1 227 337	**100.1**
SHORT-TERM INVESTMENTS†		3 522	3 522	**0.3**
TOTAL INVESTMENTS		$1 127 842	1 230 859	**100.4**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(4 632)	**(0.4)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$1 226 227	**100.0**

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.45% to 0.78% and mature between July 4, 2017 and July 26, 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	**$ 1 230 859**	$ 1 197 714
Cash	**126**	127
Subscriptions receivable	**247**	340
Dividends receivable, interest accrued and other assets	**6**	7
TOTAL ASSETS	**1 231 238**	1 198 188
LIABILITIES		
Redemptions payable	**4 852**	1 572
Accounts payable and accrued expenses	**159**	191
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**5 011**	1 763
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 226 227**	$ 1 196 425
Investments at cost	**$ 1 127 842**	$ 1 132 318
NAV		
SERIES A	**$ 306 056**	$ 382 349
SERIES O	**$ 920 171**	$ 814 076
NAV PER UNIT		
SERIES A	**$ 20.43**	$ 19.70
SERIES O	**$ 20.26**	$ 19.53

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	**$ 18**	$ 20
Other income received from underlying funds	**7 422**	8 237
Net realized gain (loss) on investments	**5 947**	2 955
Change in unrealized gain (loss) on investments	**37 621**	23 238
TOTAL INCOME (LOSS)	**51 008**	34 450
EXPENSES (see notes – Fund Specific Information)		
Management fees	**864**	892
Administration fees	**59**	62
Independent Review Committee costs	**1**	2
GST/HST	**118**	109
TOTAL EXPENSES	**1 042**	1 065
INCREASE (DECREASE) IN NAV	**$ 49 966**	$ 33 385
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 15 038**	$ 9 139
SERIES O	**$ 34 928**	$ 24 246
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	**$ 0.88**	$ 0.49
SERIES O	**$ 0.81**	$ 0.52

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	**$**	**49 966**	$	33 385
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(5 947)**		(2 955)
Change in unrealized loss (gain) on investments		**(37 621)**		(23 238)
(Increase) decrease in accrued receivables		**1**		2
Increase (decrease) in accrued payables		**(32)**		(6)
Cost of investments purchased		**(168 809)**		(238 379)
Proceeds on sales of investments		**179 232**		292 897
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**16 790**		61 706
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**133 013**		35 357
Cash paid on redemption of redeemable units		**(149 780)**		(97 040)
Distributions paid to holders of redeemable units		**(24)**		(22)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**(16 791)**	$	(61 705)
Net increase (decrease) in cash for the period		**(1)**		1
Cash (bank overdraft), beginning of period		**127**		6
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**126**	$	7
Interest received (paid)	**$**	**18**	$	22
Dividends received, net of withholding taxes	**$**	**–**	$	–

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

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

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

For the periods ended June 30	Series A		Series O		Total	
(see note 2 in the generic notes)	**2017**	2016	**2017**	2016	**2017**	2016
NAV AT BEGINNING OF PERIOD	**$ 382 349**	$ 364 023	**$ 814 076**	$ 896 919	**$ 1 196 425**	$ 1 260 942
INCREASE (DECREASE) IN NAV	**15 038**	9 139	**34 928**	24 246	**49 966**	33 385
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**4 233**	4 548	**128 687**	30 201	**132 920**	34 749
Reinvestments of distributions to holders of redeemable units	**817**	1 116	**5 040**	5 129	**5 857**	6 245
Redemption of redeemable units	**(95 564)**	(9 533)	**(57 496)**	(86 858)	**(153 060)**	(96 391)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(90 514)**	(3 869)	**76 231**	(51 528)	**(14 283)**	(55 397)
Distributions from net income	**(817)**	(1 116)	**(5 064)**	(5 151)	**(5 881)**	(6 267)
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(817)**	(1 116)	**(5 064)**	(5 151)	**(5 881)**	(6 267)
NET INCREASE (DECREASE) IN NAV	**(76 293)**	4 154	**106 095**	(32 433)	**29 802**	(28 279)
NAV AT END OF PERIOD	**$ 306 056**	$ 368 177	**$ 920 171**	$ 864 486	**$ 1 226 227**	$ 1 232 663

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.

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**	32.5
AA	**32.5**	32.3
A	**12.9**	15.3
BBB	**12.4**	15.9
BB	**1.1**	1.5
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	**35.1**	37.1
Global Equities	**31.7**	30.9
Canadian Equities	**30.0**	31.1
Cash/Other	**3.2**	0.9
Total	**100.0**	100.0

Interest rate risk (%)

Fixed-income and debt 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 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	**16.1**	17.5
Euro	**2.8**	3.8
Pound sterling	**2.1**	2.0
Swiss franc	**1.2**	1.1
Hong Kong dollar	**1.1**	0.8
Japanese yen	**1.1**	1.3
South African rand	**0.9**	0.8
Indian rupee	**0.6**	–
South Korean won	**0.5**	–
Danish krone	**0.5**	0.7
Other currencies	**1.4**	2.1
Total	**28.3**	30.1

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 0.3% (December 31, 2016 – 0.3%). 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.

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	**1 227 337**	–	–	**1 227 337**
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	**3 522**	–	**3 522**
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	**1 227 337**	**3 522**	–	**1 230 859**
% of total portfolio	**99.7**	**0.3**	–	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Mutual fund units	1 191 886	–	–	1 191 886
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	5 828	–	5 828
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 191 886	5 828	–	1 197 714
% 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 A	0.50%	0.01%
Series O	n/a*	0.01%

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

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 Bond Fund	**35.4**	**4.4**	35.6	4.1
Phillips, Hager & North Canadian Equity Underlying Fund	**30.1**	**14.7**	31.1	14.9
Phillips, Hager & North Canadian Money Market Fund	**1.5**	**1.3**	0.5	0.5
RBC Emerging Markets Equity Fund	**4.1**	**1.6**	3.8	1.8
RBC Global Equity Focus Fund	**14.1**	**6.8**	13.5	7.5
RBC High Yield Bond Fund	**1.0**	**0.7**	1.5	0.9
RBC QUBE Global Equity Fund	**13.9**	**59.0**	13.6	46.2

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	**19 414**	19 147
Issued number of units	**208**	242
Reinvested number of units	**40**	58
Redeemed number of units	**(4 683)**	(508)
Ending number of units	**14 979**	18 939
Series O		
Opening units	**41 684**	47 554
Issued number of units	**6 356**	1 612
Reinvested number of units	**249**	271
Redeemed number of units	**(2 871)**	(4 610)
Ending number of units	**45 418**	44 827

PHILLIPS, HAGER & NORTH
Investment Management®

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

PHILLIPS, HAGER & NORTH CONSERVATIVE EQUITY INCOME FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
193 400	Dollarama Inc.	$ 19 200	$ 23 964	
532 300	Gildan Activewear Inc., Class A	20 759	21 212	
667 100	Quebecor Inc., Class B	25 202	28 632	
929 300	Shaw Communications Inc., Class B	27 958	26 290	
		93 119	100 098	**6.2**
Consumer Staples				
627 500	Alimentation Couche-Tard Inc.	35 406	39 005	
		35 406	39 005	**2.4**
Energy				
1 758 400	ARC Resources Ltd.	36 543	29 821	
1 036 300	Canadian Natural Resources Ltd.	41 616	38 777	
2 160 000	Cenovus Energy Inc.	38 640	20 650	
2 023 199	Crescent Point Energy Corp.	38 212	20 070	
1 647 900	Enbridge Inc.	89 217	85 131	
926 400	Keyera Corp.	36 094	37 816	
723 700	Pembina Pipeline Corp.	28 240	31 083	
861 710	PrairieSky Royalty Ltd.	21 722	25 446	
484 800	Tourmaline Oil Corp.	13 039	13 516	
841 200	Trinidad Drilling Ltd.	3 028	1 640	
408 400	Vermilion Energy Inc.	16 975	16 802	
		363 326	320 752	**20.0**
Financials				
262 000	Bank of Montreal	24 343	24 948	
1 162 800	Bank of Nova Scotia	76 114	90 710	
1 164 750	Brookfield Asset Management Inc., Class A	51 452	59 274	
603 200	Canadian Imperial Bank of Commerce	62 435	63 571	
412 800	CI Financial Corp.	11 278	11 410	
1 475 500	Element Fleet Management Corp.	17 205	13 132	
42 600	Fairfax Financial Holdings Ltd.	25 221	23 942	
157 600	Intact Financial Corp.	15 008	15 438	
57 034	Intact Financial Corp., Subscription Receipts	5 239	5 499	
1 430 300	Manulife Financial Corporation	24 877	34 771	
955 900	Royal Bank of Canada*	73 873	90 008	
796 200	Sun Life Financial Inc.	33 503	36 912	
584 200	Thomson Corp.	30 920	35 075	
1 423 500	Toronto-Dominion Bank	78 462	93 026	
		529 930	597 716	**37.2**
Industrials				
350 800	Canadian National Railway Co.	27 162	36 911	
147 600	Canadian Pacific Railway Ltd.	26 089	30 797	
591 400	Finning International Inc.	13 016	15 033	
100 506	Ritchie Bros. Auctioneers Inc.	3 717	3 745	
989 300	Stantec Inc.	31 883	32 301	
442 800	Waste Connections Inc.	28 923	36 987	
		130 790	155 774	**9.7**
Information Technology				
574 900	CGI Group Inc., Class A	$ 31 939	$ 38 093	
19 900	Constellation Software Inc.	10 819	13 500	
653 120	Open Text Corp.	26 293	26 732	
		69 051	78 325	**4.9**
Materials				
115 800	Agrium Inc.	14 631	13 610	
443 300	CCL Industries, Class B	20 727	29 085	
		35 358	42 695	**2.7**
Real Estate				
646 000	Allied Properties Real Estate Investment Trust	23 498	25 142	
396 600	Boardwalk Real Estate Investment Trust	22 079	18 858	
1 266 027	Brookfield Property Partners LP	37 366	38 842	
261 600	Canadian Real Estate Investment Trust	12 330	12 000	
795 500	First Capital Realty Inc.	15 926	15 719	
		111 199	110 561	**6.9**
Telecommunication Services				
466 200	Rogers Communications Inc., Class B	24 756	28 555	
605 600	TELUS Corp.	25 699	27 113	
		50 455	55 668	**3.5**
Utilities				
779 500	Brookfield Infrastructure Partners LP	32 243	41 345	
938 900	Fortis Inc.	39 599	42 795	
		71 842	84 140	**5.2**
TOTAL CANADIAN EQUITIES		1 490 476	1 584 734	**98.7**
SHORT-TERM INVESTMENTS†		9 042	9 042	**0.6**
TOTAL INVESTMENTS		$1 499 518	1 593 776	**99.3**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			10 964	**0.7**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$1 604 740	**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 0.52% to 0.56% and mature between August 10, 2017 and September 7, 2017.

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

PHILLIPS, HAGER & NORTH CONSERVATIVE EQUITY INCOME 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	**$ 1 593 776**	$ 1 567 182
Cash	**1 990**	1 944
Due from investment dealers	**14 525**	3 682
Subscriptions receivable	**2 075**	33
Dividends receivable, interest accrued and other assets	**4 121**	3 863
TOTAL ASSETS	**1 616 487**	1 576 704
LIABILITIES		
Due to investment dealers	**11 673**	253
Accounts payable and accrued expenses	**74**	76
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**11 747**	329
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 1 604 740**	$ 1 576 375
Investments at cost	**$ 1 499 518**	$ 1 442 865
NAV		
SERIES O	**$ 1 604 740**	$ 1 576 375
NAV PER UNIT		
SERIES O	**$ 12.00**	$ 12.07

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	**$ 22 590**	$ 2 232
Interest for distribution purposes	**73**	4
Other income (loss)	**1 167**	68
Net realized gain (loss) on investments	**18 563**	2 446
Net gain (loss) on foreign currencies and other net assets	**(6)**	–
Change in unrealized gain (loss) on investments	**(30 059)**	7 812
TOTAL INCOME (LOSS)	**12 328**	12 562
EXPENSES (see notes – Fund Specific Information)		
Administration fees	**399**	31
Independent Review Committee costs	**1**	1
GST/HST	**40**	4
Transaction costs	**453**	81
TOTAL EXPENSES	**893**	117
INCREASE (DECREASE) IN NAV	**$ 11 435**	$ 12 445
INCREASE (DECREASE) IN NAV SERIES O	**$ 11 435**	$ 12 445
INCREASE (DECREASE) IN NAV PER UNIT SERIES O	**$ 0.09**	$ 1.04

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	**$**	**11 435**	$	12 445
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(18 243)**		(2 346)
Change in unrealized loss (gain) on investments		**30 059**		(7 812)
(Increase) decrease in accrued receivables		**(258)**		103
Increase (decrease) in accrued payables		**(2)**		1
Cost of investments purchased		**(379 841)**		(70 092)
Proceeds on sales of investments		**342 008**		82 472
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**(14 842)**		14 771
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**28 279**		27 521
Cash paid on redemption of redeemable units		**(13 391)**		(42 282)
Distributions paid to holders of redeemable units		**–**		–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**14 888**	$	(14 761)
Net increase (decrease) in cash for the period		**46**		10
Cash (bank overdraft), beginning of period		**1 944**		156
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**1 990**	$	166
Interest received (paid)	**$**	**73**	$	3
Dividends received, net of withholding taxes	**$**	**23 500**	$	2 404

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

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series O 2017	2016
NAV AT BEGINNING OF PERIOD	**$ 1 576 375**	$ 117 220
INCREASE (DECREASE) IN NAV	**11 435**	12 445
Early redemption fees	**–**	–
Proceeds from redeemable units issued	**30 321**	27 526
Reinvestments of distributions to holders of redeemable units	**21 140**	2 189
Redemption of redeemable units	**(13 391)**	(48 447)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**38 070**	(18 732)
Distributions from net income	**(21 140)**	(2 189)
Distributions from net gains	**–**	–
Distributions from capital	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**(21 140)**	(2 189)
NET INCREASE (DECREASE) IN NAV	**28 365**	(8 476)
NAV AT END OF PERIOD	**$ 1 604 740**	$ 108 744

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

PHILLIPS, HAGER & NORTH CONSERVATIVE EQUITY INCOME FUND

June 30, 2017

General information (see note 1 in the generic notes)

The Fund seeks to provide a high and sustainable level of income, with the potential for capital appreciation and an emphasis on stable returns, by investing primarily in dividend-paying Canadian common shares and, to a lesser extent, preferred shares and bonds.

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

Concentration risk (%)

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

Investment mix	**June 30 2017**	December 31 2016
Financials	**37.2**	37.6
Energy	**20.0**	21.2
Industrials	**9.7**	9.5
Real Estate	**6.9**	5.1
Consumer Discretionary	**6.2**	4.1
Utilities	**5.2**	5.9
Information Technology	**4.9**	5.6
Telecommunication Services	**3.5**	4.3
Materials	**2.7**	2.6
Consumer Staples	**2.4**	2.4
Cash/Other	**1.3**	1.7
Total	**100.0**	100.0

Other price risk (% impact on net assets)

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

	June 30 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.

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	**1 584 734**	**–**	**–**	**1 584 734**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**9 042**	**–**	**9 042**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**1 584 734**	**9 042**	**–**	**1 593 776**
% of total portfolio	**99.4**	**0.6**	**–**	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	1 550 145	–	–	1 550 145
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	17 037	–	17 037
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 550 145	17 037	–	1 567 182
% 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.

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

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

	Management fees	Operating expenses
Series O	n/a*	0.05%

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

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 CONSERVATIVE EQUITY INCOME 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 O		
Opening units	**130 572**	11 479
Issued number of units	**2 503**	2 725
Reinvested number of units	**1 745**	202
Redeemed number of units	**(1 098)**	(4 507)
Ending number of units	**133 722**	9 899

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	**453**	**100**	81	100
Related-party brokerage commissions*	**21**	**5**	8	10
Commission arrangements†	**67**	**15**	3	4

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

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	**–**	–
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	**–**	–
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 Conservative Portfolio	**65.9**	65.5
RBC Select Very Conservative Portfolio	**26.8**	27.1
RBC Total Return Growth Fund	**–**	–
Total	**92.9**	92.8

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

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PENSION TRUST

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
42 662	Dollarama Inc.	$ 3 295	$ 5 286	
82 898	Gildan Activewear Inc., Class A	3 031	3 303	
54 500	Quebecor Inc., Class B	2 072	2 339	
32 772	Restaurant Brands International Inc.	1 562	2 659	
114 363	Shaw Communications Inc., Class B	3 287	3 235	
		13 247	16 822	**5.4**
Consumer Staples				
128 243	Alimentation Couche-Tard Inc.	6 397	7 972	
		6 397	7 972	**2.5**
Energy				
269 381	ARC Resources Ltd.	5 158	4 568	
62 801	Cameco Corp.	1 173	741	
243 207	Canadian Natural Resources Ltd.	8 791	9 100	
383 893	Cenovus Energy Inc.	6 888	3 670	
315 152	Crescent Point Energy Corp.	5 548	3 126	
325 604	Enbridge Inc.	16 656	16 821	
84 800	Keyera Corp.	3 277	3 462	
239 150	MEG Energy Corp.	1 842	911	
75 000	Pembina Pipeline Corp.	2 474	3 221	
72 206	PrairieSky Royalty Ltd.	1 779	2 132	
134 250	Seven Generations Energy Ltd.	3 164	2 982	
85 625	Suncor Energy Inc.	3 021	3 244	
210 990	Tourmaline Oil Corp.	6 679	5 882	
67 353	TransCanada Corp.	3 565	4 164	
		70 015	64 024	**20.5**
Financials				
54 737	Bank of Montreal	4 586	5 212	
216 959	Bank of Nova Scotia	13 515	16 925	
238 860	Brookfield Asset Management Inc., Class A	9 513	12 156	
56 059	Canadian Imperial Bank of Commerce	5 833	5 908	
3 500	CI Financial Corp.	107	97	
174 000	Element Fleet Management Corp.	2 175	1 549	
6 400	Fairfax Financial Holdings Ltd.	3 783	3 597	
12 500	Intact Financial Corp.	1 190	1 225	
11 069	Intact Financial Corp., Subscription Receipts	1 017	1 067	
426 152	Manulife Financial Corporation	8 510	10 360	
251 711	Royal Bank of Canada*	18 456	23 701	
115 956	Sun Life Financial Inc.	4 912	5 376	
51 058	Thomson Corp.	2 458	3 066	
345 733	Toronto-Dominion Bank	17 870	22 594	
		93 925	112 833	**36.0**
Industrials				
86 472	Canadian National Railway Co.	$ 6 152	$ 9 099	
17 600	Canadian Pacific Railway Ltd.	3 248	3 672	
44 873	Finning International Inc.	995	1 141	
18 300	Stantec Inc.	630	597	
78 300	Waste Connections Inc.	5 097	6 540	
		16 122	21 049	**6.7**
Information Technology				
73 101	CGI Group Inc., Class A	3 692	4 844	
2 600	Constellation Software Inc.	1 412	1 764	
87 176	Open Text Corp.	3 233	3 568	
		8 337	10 176	**3.3**
Materials				
51 664	Agnico Eagle Mines Ltd.	2 184	3 021	
24 058	Agrium Inc.	2 752	2 828	
241 666	B2Gold Corp.	918	882	
105 720	Barrick Gold Corp.	2 236	2 181	
154 070	Belo Sun Mining Corp.	131	92	
18 000	CCL Industries, Class B	965	1 181	
53 150	Continental Gold Inc.	169	203	
32 170	Detour Gold Corp.	579	488	
22 711	Endeavour Mining Corp.	433	508	
205 643	First Quantum Minerals Ltd.	2 210	2 256	
14 830	Franco-Nevada Corp.	1 108	1 388	
71 320	Goldcorp Inc.	1 590	1 192	
16 650	IAMGOLD Corporation	111	111	
53 330	Kinross Gold Corp.	285	281	
32 810	Kirkland Lake Gold Ltd.	347	403	
63 149	Mountain Province Diamonds Inc.	296	245	
96 600	OceanaGold Corp.	408	378	
35 630	Richmont Mines Inc.	409	360	
49 880	Semafo Inc.	199	149	
12 932	Tahoe Resources Inc.	183	145	
71 300	Teck Resources Ltd., Class B	2 078	1 603	
35 507	Torex Gold Resources Inc.	653	878	
128 236	Turquoise Hill Resources Ltd.	525	442	
20 760	Wheaton Precious Metals Corp.	570	535	
		21 339	21 750	**6.9**
Real Estate				
135 750	Brookfield Property Partners LP	3 914	4 165	
124 000	First Capital Realty Inc.	2 481	2 450	
		6 395	6 615	**2.1**

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PENSION TRUST

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
31 944	Rogers Communications Inc., Class B	$ 1 450	$ 1 957	
72 298	TELUS Corp.	2 852	3 237	
		4 302	5 194	**1.7**
Utilities				
64 400	Brookfield Infrastructure Partners LP	2 539	3 416	
114 100	Fortis Inc.	4 667	5 201	
		7 206	8 617	**2.8**
TOTAL CANADIAN EQUITIES		247 285	275 052	**87.9**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
1 102 832	Phillips, Hager & North Small Float Fund*	$ 26 838	$ 34 378	
TOTAL MUTUAL FUND UNITS		26 838	34 378	**11.0**
SHORT-TERM INVESTMENTS†		992	992	**0.3**
TOTAL INVESTMENTS		$ 275 115	310 422	**99.2**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			2 624	**0.8**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 313 046	**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 0.85% and mature between July 4, 2017 and July 11, 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	**$ 310 422**	$ 307 827
Cash	**546**	436
Due from investment dealers	**399**	521
Subscriptions receivable	**2 331**	4
Dividends receivable, interest accrued and other assets	**562**	513
TOTAL ASSETS	**314 260**	309 301
LIABILITIES		
Due to investment dealers	**1 199**	80
Redemptions payable	**8**	32
Distributions payable	**–**	89
Accounts payable and accrued expenses	**7**	7
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**1 214**	208
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 313 046**	$ 309 093
Investments at cost	**$ 275 115**	$ 261 775
NAV		
SERIES N	**$ 13**	$ 11
SERIES O	**$ 313 033**	$ 309 082
NAV PER UNIT		
SERIES N	**$ 10.33**	$ 10.41
SERIES O	**$ 8.16**	$ 8.22

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	**$ 3 722**	$ 3 613
Interest for distribution purposes	**15**	15
Net realized gain (loss) on investments	**4 759**	(6 704)
Net gain (loss) on foreign currencies and other net assets	**(1)**	3
Change in unrealized gain (loss) on investments	**(10 745)**	28 392
TOTAL INCOME (LOSS)	**(2 250)**	25 319
EXPENSES (see notes – Fund Specific Information)		
Administration fees	**30**	23
Independent Review Committee costs	**1**	2
GST/HST	**3**	3
Transaction costs	**73**	113
TOTAL EXPENSES	**107**	141
INCREASE (DECREASE) IN NAV	**$ (2 357)**	$ 25 178
INCREASE (DECREASE) IN NAV		
SERIES N	**$ 1**	$ –
SERIES O	**$ (2 358)**	$ 25 178
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES N	**$ (0.02)**	$ –
SERIES O	**$ (0.06)**	$ 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	**$**	**(2 357)**	$	25 178
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(4 711)**		6 802
Change in unrealized loss (gain) on investments		**10 745**		(28 392)
(Increase) decrease in accrued receivables		**(49)**		(149)
Increase (decrease) in accrued payables		**–**		3
Cost of investments purchased		**(191 665)**		(357 060)
Proceeds on sales of investments		**184 277**		283 601
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**(3 760)**		(70 017)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**13 067**		89 763
Cash paid on redemption of redeemable units		**(9 108)**		(19 472)
Distributions paid to holders of redeemable units		**(89)**		(76)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**3 870**	$	70 215
Net increase (decrease) in cash for the period		**110**		198
Cash (bank overdraft), beginning of period		**436**		206
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**546**	$	404
Interest received (paid)	**$**	**15**	$	15
Dividends received, net of withholding taxes	**$**	**3 673**	$	3 463

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

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

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

For the periods ended June 30	Series N		Series O		Total	
(see note 2 in the generic notes)	**2017**	2016	**2017**	2016	**2017**	2016
NAV AT BEGINNING OF PERIOD	**$ 11**	$ –	**$ 309 082**	$ 193 017	**$ 309 093**	$ 193 017
INCREASE (DECREASE) IN NAV	**1**	–	**(2 358)**	25 178	**(2 357)**	25 178
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	**13**	–	**15 381**	90 149	**15 394**	90 149
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–
Redemption of redeemable units	**(12)**	–	**(9 072)**	(26 827)	**(9 084)**	(26 827)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**1**	–	**6 309**	63 322	**6 310**	63 322
Distributions from net income	–	–	–	–	–	–
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	–	–	–	–	–	–
NET INCREASE (DECREASE) IN NAV	**2**	–	**3 951**	88 500	**3 953**	88 500
NAV AT END OF PERIOD	**$ 13**	$ –	**$ 313 033**	$ 281 517	**$ 313 046**	$ 281 517

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 shares of Canadian companies, which are chosen primarily for their growth potential.

Series N units were started August 22, 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 – 1.0%) 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:

Investment mix	**June 30 2017**	December 31 2016
Financials	**36.6**	37.9
Energy	**21.6**	23.0
Industrials	**9.8**	9.4
Consumer Discretionary	**8.4**	6.9
Materials	**8.0**	8.2
Information Technology	**3.9**	4.0
Consumer Staples	**3.0**	3.0
Real Estate	**3.0**	1.5
Utilities	**2.8**	2.6
Telecommunication Services	**1.7**	2.3
Cash/Other	**1.2**	1.2
Total	**100.0**	100.0

Other price risk (% impact on net assets)

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

	June 30 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	**275 052**	**–**	**–**	**275 052**
Mutual fund units	**34 378**	**–**	**–**	**34 378**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**992**	**–**	**992**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**309 430**	**992**	**–**	**310 422**
% of total portfolio	**99.7**	**0.3**	**–**	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	265 640	2 951	–	268 591
Mutual fund units	37 623	–	–	37 623
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 613	–	1 613
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	303 263	4 564	–	307 827
% of total portfolio	98.5	1.5	–	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 N	n/a*	0.02%
Series O	n/a*	0.02%

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

June 30, 2017

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	**11.0**	**12.4**	12.2	12.9

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 N	**1**	1
Value of all units	**–**	–

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 N		
Opening units	**1**	–
Issued number of units	**1**	–
Reinvested number of units	**–**	–
Redeemed number of units	**(1)**	–
Ending number of units	**1**	–
Series O		
Opening units	**37 622**	28 224
Issued number of units	**1 853**	13 146
Reinvested number of units	**–**	–
Redeemed number of units	**(1 097)**	(3 824)
Ending number of units	**38 378**	37 546

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	**73**	**100**	113	100
Related-party brokerage commissions*	**5**	**7**	11	10
Commission arrangements†	**5**	**7**	1	1

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

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

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

	June 30 2017	December 31 2016
Phillips, Hager & North PRisM Balanced Fund	**12.9**	13.0
RBC Total Return Growth Fund	**–**	–
Total	**12.9**	13.0

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

PHILLIPS, HAGER & NORTH
Investment Management®

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

PHILLIPS, HAGER & NORTH SMALL FLOAT FUND

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
399 700	Aritzia Inc.	$ 6 229	$ 6 003	
119 396	Cineplex Inc.	3 319	6 311	
74 200	Freshii Inc.	853	915	
187 600	goeasy Ltd.	3 920	5 178	
414 600	Great Canadian Gaming Corp.	5 996	9 901	
430 200	Leon's Furniture Ltd.	5 757	7 550	
448 300	Quebecor Inc., Class B	10 453	19 241	
487 100	Sleep Country Canada Holdings Inc.	8 821	20 044	
		45 348	75 143	**27.2**
Consumer Staples				
283 300	Jamieson Wellness Inc.	4 462	4 462	
224 100	Maple Leaf Foods Inc.	2 723	7 337	
		7 185	11 799	**4.3**
Energy				
1 346 300	Raging River Exploration Inc.	11 302	10 893	
1 029 900	Secure Energy Services Inc.	10 047	9 115	
87 300	Seven Generations Energy Ltd.	1 452	1 939	
2 558 200	Trinidad Drilling Ltd.	19 689	4 988	
		42 490	26 935	**9.7**
Financials				
950 900	Element Fleet Management Corp.	7 802	8 463	
1 848 900	The Westaim Corp.	5 747	5 861	
		13 549	14 324	**5.2**
Industrials				
766 923	Badger Daylighting Ltd.	14 927	20 415	
172 200	Boyd Group Income Fund	7 282	16 557	
328 476	Richelieu Hardware Ltd.	1 980	9 871	
225 185	Ritchie Bros. Auctioneers Inc.	7 452	8 390	
492 932	Stantec Inc.	14 156	16 094	
132 131	Toromont Industries Ltd.	1 825	6 308	
		47 622	77 635	**28.1**
Information Technology				
257 945	Blackline Safety Corp.	774	993	
1 195 094	Blackline Safety Corp., Restricted July 24, 2017	3 585	4 564	
133 800	Kinaxis Inc.	2 172	10 803	
		6 531	16 360	**5.9**
Materials				
285 175	CCL Industries, Class B	$ 1 943	$ 18 710	
2 131 400	Polaris Materials Corp.	3 156	2 110	
130 000	Stella-Jones Inc.	3 033	5 754	
		8 132	26 574	**9.6**
Real Estate				
143 300	Boardwalk Real Estate Investment Trust	6 711	6 814	
92 897	FirstService Corp.	2 629	7 730	
33 200	Mainstreet Equity Corp.	1 197	1 214	
530 796	Tricon Capital Group Inc.	5 392	6 168	
		15 929	21 926	**7.9**
TOTAL CANADIAN EQUITIES		186 786	270 696	**97.9**
SHORT-TERM INVESTMENTS*		10 596	10 596	**3.8**
TOTAL INVESTMENTS		$ 197 382	281 292	**101.7**
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(4 726)	**(1.7)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 276 566	**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 0.77% to 0.86% and mature between July 4, 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	**$ 281 292**	$ 284 818
Cash	**321**	319
Subscriptions receivable	**237**	6 410
Dividends receivable, interest accrued and other assets	**392**	294
TOTAL ASSETS	**282 242**	291 841
LIABILITIES		
Due to investment dealers	**4 462**	–
Redemptions payable	**1 214**	89
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**5 676**	89
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 276 566**	$ 291 752
Investments at cost	**$ 197 382**	$ 199 152
NAV		
SERIES A	**$ 924**	$ 917
SERIES O	**$ 275 642**	$ 290 835
NAV PER UNIT		
SERIES A	**$ 32.13**	$ 31.89
SERIES O	**$ 31.17**	$ 30.77

Statements of Comprehensive Income *(unaudited)*

(in $000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2017	2016
INCOME (see note 3 in the generic notes)		
Dividends	**$ 1 555**	$ 1 595
Interest for distribution purposes	**65**	74
Other income (loss)	**133**	100
Net realized gain (loss) on investments	**4 154**	13 510
Net gain (loss) on foreign currencies and other net assets	**(1)**	–
Change in unrealized gain (loss) on investments	**(1 756)**	12 971
TOTAL INCOME (LOSS)	**4 150**	28 250
EXPENSES (see notes – Fund Specific Information)		
Management fees	**5**	4
Transaction costs	**136**	147
TOTAL EXPENSES	**141**	151
INCREASE (DECREASE) IN NAV	**$ 4 009**	$ 28 099
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 7**	$ 81
SERIES O	**$ 4 002**	$ 28 018
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	**$ 0.24**	$ 2.73
SERIES O	**$ 0.43**	$ 2.80

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	**$**	**4 009**	$	28 099
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(3 998)**		(13 312)
Change in unrealized loss (gain) on investments		**1 756**		(12 971)
(Increase) decrease in accrued receivables		**(98)**		53
Increase (decrease) in accrued payables		**–**		1
Cost of investments purchased		**(518 701)**		(849 173)
Proceeds on sales of investments		**528 931**		852 032
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**11 899**		4 729
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**25 049**		21 412
Cash paid on redemption of redeemable units		**(36 946)**		(26 139)
Distributions paid to holders of redeemable units		**–**		–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**(11 897)**	$	(4 727)
Net increase (decrease) in cash for the period		**2**		2
Cash (bank overdraft), beginning of period		**319**		116
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**321**	$	118
Interest received (paid)	**$**	**64**	$	73
Dividends received, net of withholding taxes	**$**	**1 591**	$	1 749

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

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

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

For the periods ended June 30	Series A		Series O		Total	
(see note 2 in the generic notes)	**2017**	2016	**2017**	2016	**2017**	2016
NAV AT BEGINNING OF PERIOD	**$ 917**	$ 730	**$ 290 835**	$ 253 380	**$ 291 752**	$ 254 110
INCREASE (DECREASE) IN NAV	**7**	81	**4 002**	28 018	**4 009**	28 099
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**–**	–	**18 876**	19 345	**18 876**	19 345
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**–**	–	**(38 071)**	(29 219)	**(38 071)**	(29 219)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**–**	–	**(19 195)**	(9 874)	**(19 195)**	(9 874)
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**7**	81	**(15 193)**	18 144	**(15 186)**	18 225
NAV AT END OF PERIOD	**$ 924**	$ 811	**$ 275 642**	$ 271 524	**$ 276 566**	$ 272 335

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

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing generally in a diversified portfolio of common stocks of small-float, high-quality Canadian companies.

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
Industrials	**28.1**	26.0
Consumer Discretionary	**27.2**	25.9
Energy	**9.7**	11.6
Materials	**9.6**	8.0
Real Estate	**7.9**	2.7
Information Technology	**5.9**	5.4
Financials	**5.2**	15.1
Consumer Staples	**4.3**	2.2
Cash/Other	**2.1**	3.1
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	**261 670**	**9 026**	**–**	**270 696**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**10 596**	**–**	**10 596**
Derivatives – assets	**–**	**–**	**–**	**–**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**261 670**	**19 622**	**–**	**281 292**
% of total portfolio	**93.0**	**7.0**	**–**	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	280 456	2 137	–	282 593
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	2 225	–	2 225
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	280 456	4 362	–	284 818
% of total portfolio	98.5	1.5	–	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 A	1.00%	0.00%
Series O	n/a*	0.00%

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

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

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

	June 30 2017	December 31 2016
Units held		
Series A	**39**	39
Series O	**43**	43
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	22 679
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	**29**	29
Issued number of units	**–**	–
Reinvested number of units	**–**	–
Redeemed number of units	**–**	–
Ending number of units	**29**	29
Series O		
Opening units	**9 453**	10 322
Issued number of units	**604**	781
Reinvested number of units	**–**	–
Redeemed number of units	**(1 214)**	(1 204)
Ending number of units	**8 843**	9 899

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	**136**	**100**	147	100
Related-party brokerage commissions*	**1**	**1**	19	13
Commission arrangements†	**8**	**6**	17	12

* 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 Fund	**45.2**	48.8
Phillips, Hager & North Canadian Equity Pension Trust	**12.4**	12.9
Phillips, Hager & North Canadian Equity Plus Pension Trust	**3.9**	4.3
RBC Total Return Growth Fund	**–**	–
Total	**61.5**	66.0

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

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
CANADIAN EQUITIES				
Consumer Discretionary				
13 700	Dollarama Inc.	$ 850	$ 1 698	
26 300	Gildan Activewear Inc., Class A	849	1 048	
17 700	Quebecor Inc., Class B	673	760	
10 535	Restaurant Brands International Inc.	455	855	
36 700	Shaw Communications Inc., Class B	1 005	1 038	
		3 832	5 399	**4.7**
Consumer Staples				
41 300	Alimentation Couche-Tard Inc.	1 221	2 567	
		1 221	2 567	**2.2**
Energy				
84 900	ARC Resources Ltd.	1 654	1 439	
20 100	Cameco Corp.	566	236	
78 100	Canadian Natural Resources Ltd.	2 803	2 922	
121 954	Cenovus Energy Inc.	2 272	1 165	
102 615	Crescent Point Energy Corp.	1 779	1 018	
104 100	Enbridge Inc.	5 007	5 378	
27 000	Keyera Corp.	1 042	1 102	
76 300	MEG Energy Corp.	626	291	
24 400	Pembina Pipeline Corp.	789	1 048	
21 052	PrairieSky Royalty Ltd.	544	622	
43 800	Seven Generations Energy Ltd.	1 027	973	
29 112	Suncor Energy Inc.	991	1 103	
67 622	Tourmaline Oil Corp.	2 155	1 885	
22 285	TransCanada Corp.	1 161	1 378	
		22 416	20 560	**17.7**
Financials				
17 000	Bank of Montreal	1 363	1 619	
68 800	Bank of Nova Scotia	3 816	5 367	
76 100	Brookfield Asset Management Inc., Class A	2 189	3 873	
17 900	Canadian Imperial Bank of Commerce	1 843	1 886	
1 100	CI Financial Corp.	34	30	
55 600	Element Fleet Management Corp.	704	495	
2 000	Fairfax Financial Holdings Ltd.	1 187	1 124	
4 300	Intact Financial Corp.	410	421	
3 653	Intact Financial Corp., Subscription Receipts	336	352	
135 200	Manulife Financial Corporation	2 489	3 287	
80 700	Royal Bank of Canada*	4 028	7 599	
37 700	Sun Life Financial Inc.	1 569	1 748	
16 300	Thomson Corp.	622	979	
111 600	Toronto-Dominion Bank	3 053	7 293	
		23 643	36 073	**31.1**
Industrials				
27 900	Canadian National Railway Co.	$ 1 034	$ 2 936	
5 700	Canadian Pacific Railway Ltd.	1 124	1 189	
14 500	Finning International Inc.	332	369	
5 800	Stantec Inc.	200	189	
24 750	Waste Connections Inc.	1 605	2 067	
		4 295	6 750	**5.8**
Information Technology				
23 400	CGI Group Inc., Class A	880	1 550	
900	Constellation Software Inc.	489	611	
27 576	Open Text Corp.	984	1 129	
		2 353	3 290	**2.8**
Materials				
15 182	Agnico Eagle Mines Ltd.	578	888	
7 100	Agrium Inc.	483	834	
74 894	B2Gold Corp.	296	273	
31 700	Barrick Gold Corp.	680	654	
51 060	Belo Sun Mining Corp.	43	31	
5 900	CCL Industries, Class B	316	387	
17 640	Continental Gold Inc.	130	67	
9 840	Detour Gold Corp.	176	149	
7 265	Endeavour Mining Corp.	141	163	
66 000	First Quantum Minerals Ltd.	920	724	
4 530	Franco-Nevada Corp.	306	424	
22 480	Goldcorp Inc.	678	376	
3 330	IAMGOLD Corporation	22	22	
16 310	Kinross Gold Corp.	87	86	
7 880	Kirkland Lake Gold Ltd.	83	97	
21 291	Mountain Province Diamonds Inc.	108	83	
28 970	OceanaGold Corp.	123	113	
10 690	Richmont Mines Inc.	123	108	
15 220	Semafo Inc.	59	46	
3 995	Tahoe Resources Inc.	63	45	
22 700	Teck Resources Ltd., Class B	661	510	
10 650	Torex Gold Resources Inc.	228	263	
41 360	Turquoise Hill Resources Ltd.	267	143	
6 260	Wheaton Precious Metals Corp.	197	161	
		6 768	6 647	**5.7**
Real Estate				
43 300	Brookfield Property Partners LP	1 227	1 328	
40 100	First Capital Realty Inc.	802	792	
		2 029	2 120	**1.8**
Telecommunication Services				
10 100	Rogers Communications Inc., Class B	331	619	
23 500	TELUS Corp.	616	1 052	
		947	1 671	**1.4**
Utilities				
20 950	Brookfield Infrastructure Partners LP	818	1 111	
35 800	Fortis Inc.	1 461	1 632	
		2 279	2 743	**2.4**
TOTAL CANADIAN EQUITIES		69 783	87 820	**75.6**

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Staples				
20 300	PepsiCo Inc.	$ 1 346	$ 3 041	
		1 346	3 041	**2.6**
Financials				
31 800	Wells Fargo & Company	772	2 286	
		772	2 286	**2.0**
Health Care				
8 100	Johnson & Johnson	529	1 390	
3 560	Varex Imaging Corp.	119	156	
8 300	Varian Medical Systems Inc.	569	1 111	
		1 217	2 657	**2.3**
Industrials				
22 500	Emerson Electric Co.	984	1 740	
4 200	Illinois Tool Works Inc.	193	780	
5 000	United Technologies Corp.	379	792	
		1 556	3 312	**2.9**
Information Technology				
16 400	Cisco Systems Inc.	435	666	
25 100	Microsoft Corp.	785	2 244	
28 400	Oracle Corporation	830	1 847	
		2 050	4 757	**4.1**
TOTAL UNITED STATES EQUITIES		6 941	16 053	**13.9**
TOTAL EQUITIES		76 724	103 873	**89.5**

Number of Units	Security	Cost	Fair Value	% of Net Assets
MUTUAL FUND UNITS				
348 285	Phillips, Hager & North Small Float Fund*	$ 4 098	$ 10 857	
TOTAL MUTUAL FUND UNITS		4 098	10 857	**9.4**
SHORT-TERM INVESTMENTS†		100	100	**0.1**
TOTAL INVESTMENTS		80 922	114 830	**99.0**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	725	**0.6**
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	(15)	–
TOTAL PORTFOLIO		$ 80 922	115 540	**99.6**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			497	**0.4**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 116 037	**100.0**

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 3 003 Sold USD 2 250 @ 1.3346	18-Jul-2017	$ 86
Bought CAD 13 862 Sold USD 10 212 @ 1.3575	18-Aug-2017	631
Bought CAD 364 Sold USD 275 @ 1.3237	18-Aug-2017	8
		$ 725

Contracts	Maturity Date	Unrealized Loss
Bought USD 125 Sold CAD 172 @ 0.7271	18-Jul-2017	$ (10)
Bought USD 98 Sold CAD 132 @ 0.7421	18-Aug-2017	(5)
		$ (15)
TOTAL FOREIGN EXCHANGE		$ 710

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 0.65% and mature on July 4, 2017.

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

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	**$ 114 830**	$ 118 287
Cash	**468**	316
Due from investment dealers	**132**	1 000
Subscriptions receivable	**92**	59
Unrealized gain on foreign exchange contracts	**725**	–
Dividends receivable, interest accrued and other assets	**185**	197
TOTAL ASSETS	**116 432**	119 859
LIABILITIES		
Due to investment dealers	**372**	28
Redemptions payable	**3**	893
Unrealized loss on foreign exchange contracts	**15**	85
Accounts payable and accrued expenses	**5**	3
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**395**	1 009
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	**$ 116 037**	$ 118 850
Investments at cost	**$ 80 922**	$ 79 165
NAV		
SERIES A	**$ 1 440**	$ 1 456
SERIES O	**$ 114 597**	$ 117 394
NAV PER UNIT		
SERIES A	**$ 83.95**	$ 83.30
SERIES O	**$ 103.43**	$ 102.33

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	**$ 1 544**	$ 1 674
Interest for distribution purposes	**4**	6
Net realized gain (loss) on investments	**4 551**	3 868
Net gain (loss) on foreign currencies and other net assets	**(291)**	564
Change in unrealized gain (loss) on investments	**(4 419)**	3 532
TOTAL INCOME (LOSS)	**1 389**	9 644
EXPENSES (see notes – Fund Specific Information)		
Management fees	**4**	8
Administration fees	**17**	18
Independent Review Committee costs	**1**	2
GST/HST	**2**	3
Transaction costs	**24**	44
Withholding tax	**33**	43
TOTAL EXPENSES	**81**	118
INCREASE (DECREASE) IN NAV	**$ 1 308**	$ 9 526
INCREASE (DECREASE) IN NAV		
SERIES A	**$ 11**	$ 162
SERIES O	**$ 1 297**	$ 9 364
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	**$ 0.67**	$ 5.67
SERIES O	**$ 1.15**	$ 7.24

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

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	**$**	**1 308**	$	9 526
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(4 528)**		(3 811)
Change in unrealized loss (gain) on investments		**4 419**		(3 532)
(Increase) decrease in accrued receivables		**12**		30
Increase (decrease) in accrued payables		**2**		3
Cost of investments purchased		**(46 423)**		(117 522)
Proceeds on sales of investments		**50 406**		125 412
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**5 196**		10 106
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**2 958**		2 602
Cash paid on redemption of redeemable units		**(8 002)**		(12 797)
Distributions paid to holders of redeemable units		**–**		–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**(5 044)**	$	(10 195)
Net increase (decrease) in cash for the period		**152**		(89)
Cash (bank overdraft), beginning of period		**316**		526
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**468**	$	437
Interest received (paid)	**$**	**4**	$	6
Dividends received, net of withholding taxes	**$**	**1 523**	$	1 661

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

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

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

For the periods ended June 30	Series A		Series O		Total	
(see note 2 in the generic notes)	**2017**	2016	**2017**	2016	**2017**	2016
NAV AT BEGINNING OF PERIOD	**$ 1 456**	$ 4 280	**$ 117 394**	$ 114 521	**$ 118 850**	$ 118 801
INCREASE (DECREASE) IN NAV	**11**	162	**1 297**	9 364	**1 308**	9 526
Early redemption fees	**–**	–	**–**	–	**–**	–
Proceeds from redeemable units issued	**7**	79	**2 984**	2 521	**2 991**	2 600
Reinvestments of distributions to holders of redeemable units	**–**	–	**–**	–	**–**	–
Redemption of redeemable units	**(34)**	(1 988)	**(7 078)**	(11 616)	**(7 112)**	(13 604)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(27)**	(1 909)	**(4 094)**	(9 095)	**(4 121)**	(11 004)
Distributions from net income	**–**	–	**–**	–	**–**	–
Distributions from net gains	**–**	–	**–**	–	**–**	–
Distributions from capital	**–**	–	**–**	–	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–	**–**	–	**–**	–
NET INCREASE (DECREASE) IN NAV	**(16)**	(1 747)	**(2 797)**	269	**(2 813)**	(1 478)
NAV AT END OF PERIOD	**$ 1 440**	$ 2 533	**$ 114 597**	$ 114 790	**$ 116 037**	$ 117 323

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

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 that are qualified investments for registered Canadian pension plans. The Fund may also invest a portion of its assets in U.S. and international securities.

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 – 0.9%) 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	**33.6**	33.3
Energy	**18.6**	18.8
Industrials	**11.3**	8.1
Information Technology	**7.5**	6.7
Consumer Discretionary	**7.3**	3.2
Materials	**6.6**	6.0
Consumer Staples	**5.2**	5.0
Utilities	**2.4**	2.2
Health Care	**2.3**	2.0
Real Estate	**2.1**	1.1
Telecommunication Services	**1.8**	2.0
Canadian Equity Funds	**–**	10.5
Cash/Other	**1.3**	1.1
Total	**100.0**	100.0

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.

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

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

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	**103 873**	**–**	**–**	**103 873**
Mutual fund units	**10 857**	**–**	**–**	**10 857**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**100**	**–**	**100**
Derivatives – assets	**–**	**725**	**–**	**725**
Derivatives – liabilities	**–**	**(15)**	**–**	**(15)**
Total financial instruments	**114 730**	**810**	**–**	**115 540**
% of total portfolio	**99.3**	**0.7**	**–**	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	104 070	1 036	–	105 106
Mutual fund units	12 431	–	–	12 431
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	750	–	750
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(85)	–	(85)
Total financial instruments	116 501	1 701	–	118 202
% 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.

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	0.50%	0.06%
Series O	n/a*	0.03%

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY PLUS PENSION TRUST

June 30, 2017

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	**9.4**	**3.9**	10.5	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	27 903
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	**17**	61
Issued number of units	**–**	1
Reinvested number of units	**–**	–
Redeemed number of units	**–**	(29)
Ending number of units	**17**	33
Series O		
Opening units	**1 147**	1 325
Issued number of units	**29**	28
Reinvested number of units	**–**	–
Redeemed number of units	**(68)**	(130)
Ending number of units	**1 108**	1 223

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	**24**	**100**	44	100
Related-party brokerage commissions*	**2**	**8**	5	11
Commission arrangements†	**2**	**8**	1	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.

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

PHILLIPS, HAGER & NORTH OVERSEAS EQUITY PENSION TRUST

June 30, 2017

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Australia				
59 662	Amcor Ltd.	$ 940	$ 964	
359 842	Oil Search Ltd.	2 888	2 444	
		3 828	3 408	**4.4**
Belgium				
20 252	Anheuser-Busch InBev S.A./N.V.	2 503	2 901	
		2 503	2 901	**3.7**
Denmark				
32 049	Novo Nordisk A/S	2 173	1 787	
		2 173	1 787	**2.3**
France				
9 370	Air Liquide S.A.	1 267	1 502	
8 237	Pernod-Ricard S.A.	1 251	1 430	
14 883	Safran S.A.	1 065	1 770	
		3 583	4 702	**6.1**
Germany				
2 733	Continental AG	640	765	
75 136	Deutsche Post AG	2 648	3 658	
		3 288	4 423	**5.7**
Hong Kong				
321 056	AIA Group Ltd.	1 971	3 046	
		1 971	3 046	**3.9**
India				
67 268	HDFC Bank Ltd.	1 376	2 245	
11 528	HDFC Bank Ltd. ADR	640	1 300	
		2 016	3 545	**4.6**
Ireland				
46 757	CRH Plc.	2 132	2 161	
14 405	Paddy Power Betfair Plc.	2 542	1 992	
10 600	Ryanair Holdings Plc. ADR	1 201	1 479	
		5 875	5 632	**7.3**
Japan				
104 277	Astellas Pharma Inc.	1 678	1 657	
51 100	Komatsu Ltd.	1 660	1 701	
116 700	Kubota Corp.	2 436	2 558	
24 036	Nidec Corp.	1 924	3 202	
20 400	Nippon Telegraph & Telephone Corp.	1 195	1 249	
19 800	Oriental Land Co. Ltd.	1 605	1 740	
174 000	Tokyo Gas Co. Ltd.	1 011	1 175	
		11 509	13 282	**17.2**
Netherlands				
10 335	ASML Holding N.V.	1 243	1 747	
112 637	ING Groep N.V.	2 212	2 522	
		3 455	4 269	**5.5**
Philippines				
177 520	Universal Robina Corp.	1 022	744	
		1 022	744	**1.0**
South Africa				
12 495	Naspers Ltd.	$ 1 859	$ 3 191	
		1 859	3 191	**4.1**
South Korea				
1 933	NCSoft Corp.	726	831	
		726	831	**1.1**
Switzerland				
2 508	Partners Group Holding AG	1 033	2 019	
8 419	Roche Holdings AG Genusscheine	2 168	2 790	
97 878	UBS Group AG	1 939	2 159	
		5 140	6 968	**9.0**
Taiwan				
75 788	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	1 981	3 436	
		1 981	3 436	**4.4**
Thailand				
147 700	Kasikornbank PCL	985	1 124	
		985	1 124	**1.5**
United Kingdom				
42 452	InterContinental Hotels Group Plc.	2 720	3 057	
1 544 876	Lloyds TSB Group Plc.	2 001	1 726	
22 765	Rio Tinto Plc.	1 235	1 250	
46 081	Royal Dutch Shell Plc., B Shares	1 942	1 603	
123 756	St James's Place Plc.	1 827	2 474	
42 471	Unilever Plc.	3 014	2 981	
		12 739	13 091	**16.9**
TOTAL INTERNATIONAL EQUITIES		64 653	76 380	**98.7**
SHORT-TERM INVESTMENTS*		764	764	**1.0**
TOTAL INVESTMENTS		65 417	77 144	**99.7**
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		–	3	–
TOTAL PORTFOLIO		$ 65 417	77 147	**99.7**
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			259	**0.3**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$ 77 406	**100.0**

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

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 180 Sold EUR 121 @ 1.4801	04-Jul-2017	$ –
Bought GBP 323 Sold CAD 545 @ 0.5928	04-Jul-2017	1
Bought CAD 383 Sold JPY 33 017 @ 0.0116	05-Jul-2017	2
Bought CAD 55 Sold EUR 37 @ 1.4891	05-Jul-2017	–
TOTAL FOREIGN EXCHANGE		$ 3

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 0.68% to 0.95% and mature between July 4, 2017 and July 31, 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	$	**77 144**	$	68 541
Cash		**523**		23
Due from investment dealers		**898**		–
Unrealized gain on foreign exchange contracts		**3**		–
Dividends receivable, interest accrued and other assets		**135**		33
TOTAL ASSETS		**78 703**		68 597
LIABILITIES				
Due to investment dealers		**1 290**		–
Accounts payable and accrued expenses		**7**		6
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		**1 297**		6
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	$	**77 406**	$	68 591
Investments at cost	$	**65 417**	$	63 714
NAV				
SERIES O	$	**77 406**	$	68 591
NAV PER UNIT				
SERIES O	$	**11.92**	$	10.48

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	$	**1 305**	$	1 643
Interest for distribution purposes		**2**		2
Securities lending revenue (see note 6 in the generic notes)		**6**		10
Net realized gain (loss) on investments		**1 474**		1 131
Net gain (loss) on foreign currencies and other net assets		**(50)**		26
Change in unrealized gain (loss) on investments		**6 903**		(9 370)
TOTAL INCOME (LOSS)		**9 640**		(6 558)
EXPENSES (see notes – Fund Specific Information)				
Administration fees		**30**		26
Independent Review Committee costs		**1**		2
GST/HST		**4**		4
Transaction costs		**87**		64
Withholding tax		**126**		118
TOTAL EXPENSES		**248**		214
INCREASE (DECREASE) IN NAV	$	**9 392**	$	(6 772)
INCREASE (DECREASE) IN NAV SERIES O	$	**9 392**	$	(6 772)
INCREASE (DECREASE) IN NAV PER UNIT SERIES O	$	**1.44**	$	(1.07)

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	**$**	**9 392**	$	(6 772)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS				
Interest for distribution purposes		**–**		–
Net realized loss (gain) on investments		**(1 410)**		(1 080)
Change in unrealized loss (gain) on investments		**(6 903)**		9 370
(Increase) decrease in accrued receivables		**(102)**		(59)
Increase (decrease) in accrued payables		**1**		2
Cost of investments purchased		**(30 097)**		(24 674)
Proceeds on sales of investments		**30 196**		27 811
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**1 077**		4 598
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of redeemable units		**131**		531
Cash paid on redemption of redeemable units		**(708)**		(5 245)
Distributions paid to holders of redeemable units		**–**		–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**$**	**(577)**	$	(4 714)
Net increase (decrease) in cash for the period		**500**		(116)
Cash (bank overdraft), beginning of period		**23**		143
CASH (BANK OVERDRAFT), END OF PERIOD	**$**	**523**	$	27
Interest received (paid)	**$**	**2**	$	2
Dividends received, net of withholding taxes	**$**	**1 076**	$	1 466

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

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series O 2017	2016
NAV AT BEGINNING OF PERIOD	**$ 68 591**	$ 73 630
INCREASE (DECREASE) IN NAV	**9 392**	(6 772)
Early redemption fees	**–**	–
Proceeds from redeemable units issued	**131**	518
Reinvestments of distributions to holders of redeemable units	**–**	–
Redemption of redeemable units	**(708)**	(993)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	**(577)**	(475)
Distributions from net income	**–**	–
Distributions from net gains	**–**	–
Distributions from capital	**–**	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	**–**	–
NET INCREASE (DECREASE) IN NAV	**8 815**	(7 247)
NAV AT END OF PERIOD	**$ 77 406**	$ 66 383

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 international diversification by investing in common stocks of companies in Europe and the Far East (including Japan and Australia).

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

Concentration risk (%)

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

Investment mix	**June 30 2017**	December 31 2016
Europe ex-United Kingdom Equities	**39.6**	45.5
Pacific Rim ex-Japan Equities	**20.9**	17.8
Japan Equities	**17.2**	18.2
United Kingdom Equities	**16.9**	13.7
Middle East & Africa Equities	**4.1**	3.9
Cash/Other	**1.3**	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:

Currency	**June 30 2017**	December 31 2016
Euro	**23.9**	29.4
Pound sterling	**19.5**	16.4
Japanese yen	**17.2**	18.2
Swiss franc	**9.0**	8.5
United States dollar	**8.0**	6.8
Australian dollar	**4.4**	3.2
South African rand	**4.1**	3.9
Hong Kong dollar	**3.9**	3.6
Indian rupee	**2.9**	1.5
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	**98.8**	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	**6 215**	**70 165**	**–**	**76 380**
Mutual fund units	**–**	**–**	**–**	**–**
Fixed-income and debt securities	**–**	**–**	**–**	**–**
Short-term investments	**–**	**764**	**–**	**764**
Derivatives – assets	**–**	**3**	**–**	**3**
Derivatives – liabilities	**–**	**–**	**–**	**–**
Total financial instruments	**6 215**	**70 932**	**–**	**77 147**
% of total portfolio	**8.1**	**91.9**	**–**	**100.0**

December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	4 632	63 374	–	68 006
Mutual fund units	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	535	–	535
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	4 632	63 909	–	68 541
% of total portfolio	6.8	93.2	–	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.

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 O	n/a*	0.08%

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

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	200 783
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 O		
Opening units	**6 544**	6 380
Issued number of units	**11**	49
Reinvested number of units	**–**	–
Redeemed number of units	**(61)**	(93)
Ending number of units	**6 494**	6 336

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	**87**	**100**	64	100
Related-party brokerage commissions*	**2**	**2**	4	6
Commission arrangements†	**42**	**48**	–	–

* 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	**3 210**	10 738
Fair value of collateral received	**3 274**	10 953

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	**8**	**100**	15	100
RBC IS (paid)	**(2)**	**(30)**	(5)	(35)
Tax withheld	**–**	**–**	–	–
Fund revenue	**6**	**70**	10	65

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

1. The Funds

The mutual funds ("Fund" or "Funds") are open-ended mutual fund trusts governed by the laws of the Province of British Columbia and governed by a Master Declaration of Trust. RBC GAM is the manager, portfolio manager, distributor and one of the registrars of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, 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, Series N and Series O.

Series A units are available to all investors and may be purchased, switched or redeemed through RBC GAM or other authorized dealers.

Series N units are only available to related mutual funds.

Series O units are only available to large private or institutional investors as may be determined from time to time on a case-by-case basis. Series O units may only be purchased, switched or redeemed through RBC GAM or, in certain circumstances, Phillips, Hager & North Investment Funds Ltd.

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.

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.

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

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.

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 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 have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the 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, 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:

CAD – Canadian dollar
EUR – Euro
GBP – Pound sterling
JPY – Japanese yen
USD – United States dollar

4. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its net assets and consists primarily of its financial instruments.

A Fund's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio managers, daily monitoring of the Fund's holdings and market events, diversifying its investment portfolio within the constraints of its investment objectives, and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities and monitors compliance with the Fund's investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to a Fund, is disclosed in its "Notes to Financial Statements – Fund Specific Information."

Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 6). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

Concentration risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

5. Taxes

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 10 years, with the exception of non-capital losses realized in 2006 and later years, which may be carried forward up to 20 years.

6. Securities lending revenue

Certain of the Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of a Fund. Each such Fund will have entered into a securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of a Fund. The Fund receives collateral, with an approved credit rating of at least A, of at least 102% of the value of securities on loan. The Fund is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

7. Administrative and other related-party transactions

Manager, Portfolio Manager, Distributor and Registrar

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager, portfolio manager, distributor and registrar of the Funds. RBC GAM is responsible for the day-to-day operations of, and provides investment advice and portfolio management services to, the Funds. RBC GAM, as registrar, also keeps records of who owns units of 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. Series O unitholders 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-Advisor

RBC Global Asset Management (UK) Limited is the sub-advisor for the Phillips, Hager & North Overseas Equity Pension Trust. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

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.

Trustee and Custodian

RBC IS is the trustee and custodian of the Funds. RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Funds. RBC IS earns a fee as the trustee and custodian, which is paid by the manager from the fixed administration fee paid by the Funds.

Registrars

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.

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 related-party transactions:

Related-Party Trading Activities

(a) trades in securities of Royal Bank;

(b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

(c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

(d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities: (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Funds, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Funds. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

8. Future accounting changes

The following IFRS standard has been issued, but is not yet in effect:

In July 2014, the International Accounting Standards Board finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date.

The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Funds.

If you have questions regarding Phillips, Hager & North Pension Trust, please contact us using the following options:

By Phone

Toll-Free: **1-855-408-6111**

By Mail

Head office:

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

For general enquiries, write to:

RBC Global Asset Management Inc.
P.O. Box 7500, Station A
Toronto, Ontario
M5W 1P9

On the Internet

Visit our website at: **www.rbcgam.com/reports**
Email us at: **institutions@phn.com**

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