

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

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

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, have performed an independent audit of the financial statements in accordance with IFRS. Their report is set out on the next page.



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
March 10, 2022



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

To the Unitholders and Trustee of

RBC FUNDS

RBC Canadian T-Bill Fund
 RBC Canadian Money Market Fund
 RBC Premium Money Market Fund
 RBC \$U.S. Money Market Fund
 RBC Premium \$U.S. Money Market Fund
 RBC Canadian Short-Term Income Fund
 RBC \$U.S. Short-Term Government Bond Fund
 RBC \$U.S. Short-Term Corporate Bond Fund
 RBC Short-Term Global Bond Fund
 RBC Vision Fossil Fuel Free Short-Term Bond Fund
 RBC Monthly Income Bond Fund
 RBC Canadian Bond Index Fund
(renamed RBC Canadian Bond Index ETF Fund)
 RBC Canadian Government Bond Index Fund
 RBC Bond Fund
 RBC Vision Bond Fund
 RBC Vision Fossil Fuel Free Bond Fund
 RBC Global Bond Fund
 RBC \$U.S. Global Bond Fund
 RBC \$U.S. Investment Grade Corporate Bond Fund
 RBC Global Corporate Bond Fund
 RBC High Yield Bond Fund
 RBC \$U.S. High Yield Bond Fund
 RBC Global High Yield Bond Fund
 RBC Strategic Income Bond Fund
 RBC \$U.S. Strategic Income Bond Fund
 RBC Emerging Markets Foreign Exchange Fund
 RBC Emerging Markets Bond Fund
 RBC Emerging Markets Bond Fund (CAD Hedged)
 BlueBay Global Monthly Income Bond Fund
 BlueBay Global Sovereign Bond Fund (Canada)
 BlueBay Global Investment Grade Corporate Bond Fund (Canada)
 BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada)
 BlueBay European High Yield Bond Fund (Canada)
 BlueBay Global High Yield Bond Fund (Canada)
 BlueBay \$U.S. Global High Yield Bond Fund (Canada)
(formerly, BlueBay Canadian Institutional Global High Yield Bond Fund)
 BlueBay Emerging Markets Bond Fund (Canada)
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)
 BlueBay Emerging Markets Corporate Bond Fund
 BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada)
 BlueBay Global Convertible Bond Fund (Canada)
 RBC Conservative Bond Pool
 RBC Core Bond Pool
 RBC \$U.S. Core Bond Pool
 RBC Core Plus Bond Pool
 RBC \$U.S. Core Plus Bond Pool
 RBC Managed Payout Solution
 RBC Managed Payout Solution – Enhanced
 RBC Managed Payout Solution – Enhanced Plus
 RBC Monthly Income Fund
 RBC U.S. Monthly Income Fund
 RBC Balanced Fund
 RBC Global Balanced Fund
 RBC Vision Balanced Fund
 RBC Vision Fossil Fuel Free Balanced Fund
 RBC Emerging Markets Balanced Fund
 RBC Conservative Growth & Income Fund
 RBC Balanced Growth & Income Fund
 RBC Global Growth & Income Fund
 RBC Select Very Conservative Portfolio
 RBC Select Conservative Portfolio

RBC Select Balanced Portfolio
 RBC Select Growth Portfolio
 RBC Select Aggressive Growth Portfolio
 RBC Select Choices Conservative Portfolio
 RBC Select Choices Balanced Portfolio
 RBC Select Choices Growth Portfolio
 RBC Select Choices Aggressive Growth Portfolio
 RBC Global Very Conservative Portfolio
 RBC Global Conservative Portfolio
 RBC Global Balanced Portfolio
 RBC \$U.S. Global Balanced Portfolio
 RBC Global Growth Portfolio
 RBC Global All-Equity Portfolio
 RBC Global Choices Very Conservative Portfolio
 RBC Global Choices Conservative Portfolio
 RBC Global Choices Balanced Portfolio
 RBC Global Choices Growth Portfolio
 RBC Global Choices All-Equity Portfolio
 RBC Retirement Income Solution
 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 2055 Portfolio
 RBC Retirement 2060 Portfolio
 RBC Target 2025 Education Fund
 RBC Target 2030 Education Fund
 RBC Target 2035 Education Fund
 RBC Canadian Dividend Fund
 RBC Canadian Equity Fund
 RBC Vision Canadian Equity Fund
 RBC QUBE Canadian Equity Fund
 RBC QUBE Low Volatility Canadian Equity Fund
 RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund
 RBC Trend Canadian Equity Fund
 RBC Canadian Index Fund
 RBC O'Shaughnessy Canadian Equity Fund
 RBC O'Shaughnessy All-Canadian Equity Fund
 RBC Canadian Equity Income Fund
 RBC Canadian Mid-Cap Equity Fund
(formerly, RBC Private Canadian Mid-Cap Equity Pool)
 RBC Canadian Small & Mid-Cap Resources Fund
 RBC North American Value Fund
 RBC North American Growth Fund
 RBC U.S. Dividend Fund
 RBC U.S. Dividend Currency Neutral Fund
 RBC U.S. Equity Fund
 RBC U.S. Equity Currency Neutral Fund
 RBC QUBE U.S. Equity Fund
 RBC QUBE Low Volatility U.S. Equity Fund
 RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund
 RBC U.S. Equity Value Fund
 RBC U.S. Index Fund
 RBC U.S. Index Currency Neutral Fund
(renamed RBC U.S. Equity Currency Neutral Index ETF Fund)
 RBC O'Shaughnessy U.S. Value Fund (Unhedged)
 RBC O'Shaughnessy U.S. Value Fund
 RBC U.S. Mid-Cap Growth Equity Fund
 RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund
 RBC U.S. Mid-Cap Value Equity Fund
 RBC U.S. Small-Cap Core Equity Fund
 RBC U.S. Small-Cap Value Equity Fund
 RBC O'Shaughnessy U.S. Growth Fund
 RBC O'Shaughnessy U.S. Growth Fund II

RBC Life Science and Technology Fund
 RBC International Dividend Growth Fund
 RBC International Equity Fund
 RBC International Equity Currency Neutral Fund
 RBC International Index Currency Neutral Fund
(renamed RBC International Equity Currency Neutral Index ETF Fund)
 RBC O'Shaughnessy International Equity Fund
 RBC European Dividend Fund
 RBC European Equity Fund
 RBC European Mid-Cap Equity Fund
 RBC Asian Equity Fund
 RBC Asia Pacific ex-Japan Equity Fund
 RBC China Equity Fund
 RBC Japanese Equity Fund
 RBC Emerging Markets Multi-Strategy Equity Fund
 RBC Emerging Markets Dividend Fund
 RBC Emerging Markets ex-China Dividend Fund
 RBC Emerging Markets Equity Fund
 RBC Emerging Markets Equity Focus Fund
 RBC Vision Fossil Fuel Free Emerging Markets Equity Fund
 RBC QUBE Low Volatility Emerging Markets Equity Fund
 RBC Emerging Markets Small-Cap Equity Fund
 RBC Global Dividend Growth Fund
 RBC Global Dividend Growth Currency Neutral Fund
 RBC Global Equity Fund
 RBC Vision Global Equity Fund
 RBC Vision Fossil Fuel Free Global Equity Fund
 RBC Global Equity Focus Fund
 RBC Global Equity Focus Currency Neutral Fund
 RBC Global Equity Leaders Fund
 RBC QUBE Global Equity Fund
 RBC QUBE Low Volatility Global Equity Fund
 RBC QUBE Low Volatility Global Equity Currency Neutral Fund
 RBC O'Shaughnessy Global Equity Fund
 RBC QUBE Low Volatility All Country World Equity Fund
 RBC Global Energy Fund
 RBC Global Precious Metals Fund
 RBC Global Resources Fund
 RBC Global Technology Fund

RBC PRIVATE POOLS

RBC Private Short-Term Income Pool
 RBC Private Canadian Corporate Bond Pool
 RBC Private Income Pool
 RBC Private Canadian Dividend Pool
 RBC Private Fundamental Canadian Equity Pool
 RBC Private Canadian Equity Pool
 RBC Private U.S. Large-Cap Value Equity Pool
 RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool
 RBC Private U.S. Growth Equity Pool
 RBC Private U.S. Large-Cap Core Equity Pool
 RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool
 RBC Private U.S. Small-Cap Equity Pool
 RBC Private EAFE Equity Pool
 RBC Private Overseas Equity Pool
 RBC Private World Equity Pool

RBC ALTERNATIVE FUNDS

BlueBay Global Alternative Bond Fund (Canada)

PH&N FUNDS

Phillips, Hager & North Canadian Money Market Fund
 Phillips, Hager & North \$U.S. Money Market Fund
 Phillips, Hager & North Short Term Bond & Mortgage Fund
 Phillips, Hager & North Bond Fund
 Phillips, Hager & North Total Return Bond Fund
 Phillips, Hager & North Inflation-Linked Bond Fund

PH&N FUNDS (cont.)

Phillips, Hager & North High Yield Bond Fund
 Phillips, Hager & North Long Inflation-linked Bond Fund
 Phillips, Hager & North Monthly Income Fund
 Phillips, Hager & North Balanced Fund
 Phillips, Hager & North Dividend Income Fund
 Phillips, Hager & North Canadian Equity Fund
 Phillips, Hager & North Canadian Equity Value Fund
 Phillips, Hager & North Conservative Equity Income Fund
 Phillips, Hager & North Canadian Equity Underlying Fund
 Phillips, Hager & North Canadian Equity Underlying Fund II
 Phillips, Hager & North Canadian Growth Fund
 Phillips, Hager & North Canadian Income Fund
 Phillips, Hager & North Vintage Fund

Phillips, Hager & North Small Float Fund
 Phillips, Hager & North U.S. Dividend Income Fund
 Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund
 Phillips, Hager & North U.S. Equity Fund
 Phillips, Hager & North Currency-Hedged U.S. Equity Fund
 Phillips, Hager & North U.S. Growth Fund
 Phillips, Hager & North Overseas Equity Fund
 Phillips, Hager & North Currency-Hedged Overseas Equity Fund
 Phillips, Hager & North Global Equity Fund
 Phillips, Hager & North LifeTime 2015 Fund
 Phillips, Hager & North LifeTime 2020 Fund
 Phillips, Hager & North LifeTime 2025 Fund

Phillips, Hager & North LifeTime 2030 Fund
 Phillips, Hager & North LifeTime 2035 Fund
 Phillips, Hager & North LifeTime 2040 Fund
 Phillips, Hager & North LifeTime 2045 Fund
 Phillips, Hager & North LifeTime 2050 Fund
 Phillips, Hager & North LifeTime 2055 Fund
 Phillips, Hager & North LifeTime 2060 Fund
 Phillips, Hager & North Conservative Pension Trust
 Phillips, Hager & North Balanced Pension Trust
 Phillips, Hager & North Growth Pension Trust
 Phillips, Hager & North Canadian Equity Pension Trust
 Phillips, Hager & North Canadian Equity Plus Pension Trust
 (individually, a Fund)

Our opinion

In our opinion, the accompanying December 31, 2021 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 2 in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of each Fund comprise:

- the statements of financial position as at the period-end dates indicated in note 2;
- the statements of comprehensive income for the periods indicated in note 2;
- the statements of cash flow for the periods indicated in note 2;
- the statements of changes in net assets attributable to holders of redeemable units (NAV) for the periods indicated in note 2; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

Management is responsible for the other information of each Fund. The other information comprises the 2021 Annual Management Report of Fund Performance of each Fund.

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 10, 2022



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)
PHILLIPS, HAGER & NORTH BOND FUND

December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
5 810	407 International Inc.	2.470	08-Sep-2022	\$ 5 964	\$ 5 854	
6 475	407 International Inc.	6.470	27-Jul-2029	8 761	8 287	
1 365	407 International Inc.	3.140	06-Mar-2030	1 459	1 456	
22 190	407 International Inc.	2.590	25-May-2032	23 787	22 438	
2 085	407 International Inc.	3.430	01-Jun-2033	2 367	2 240	
3 280	407 International Inc.	3.650	08-Sep-2044	3 773	3 606	
8 695	407 International Inc.	3.720	11-May-2048	10 150	9 754	
10 885	407 International Inc.	2.840	07-Mar-2050	10 916	10 483	
3 187	Access Justice Durham Ltd.	5.015	31-Aug-2039	3 508	3 819	
6 080	Access Prairies Partnership	4.232	01-Mar-2048	6 080	6 545	
1 853	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	2 080	2 236	
3 371	Access Roads Edmonton Ltd.	5.812	30-Sep-2037	3 970	4 110	
5 468	Aéroports de Montréal	6.950	16-Apr-2032	7 425	6 810	
2 202	Aéroports de Montréal	6.550	11-Oct-2033	3 176	3 045	
4 400	Aéroports de Montréal	5.170	17-Sep-2035	5 695	5 588	
3 895	Aéroports de Montréal	5.670	16-Oct-2037	5 292	5 262	
4 156	Aéroports de Montréal	3.919	26-Sep-2042	4 577	4 743	
4 215	Aéroports de Montréal	3.918	12-Jun-2045	4 563	4 856	
17 688	Aéroports de Montréal	3.360	24-Apr-2047	17 913	18 776	
4 145	Aéroports de Montréal	3.441	26-Apr-2051	4 145	4 490	
5 000	AIMCo Realty Investors LP	2.266	26-Jun-2024	5 082	5 072	
39 827	Alberta Powerline LP	3.340	01-Jun-2032	41 046	41 670	
51 553	Alberta Powerline LP	3.351	01-Sep-2032	53 552	53 976	
10 245	Alectra Inc.	3.033	25-Jul-2022	10 590	10 380	
31 065	Alectra Inc.	2.488	17-May-2027	32 656	32 000	
11 079	Alectra Inc.	1.751	11-Feb-2031	11 003	10 635	
9 100	AltaGas Canada Inc.	3.150	06-Apr-2026	9 925	9 485	
16 755	AltaGas Canada Inc.	3.130	07-Apr-2027	16 958	17 487	
11 671	AltaLink Investments LP	2.244	07-Mar-2022	11 671	11 685	
15 950	AltaLink LP	2.978	28-Nov-2022	16 339	16 242	
13 000	AltaLink LP	3.668	06-Nov-2023	13 685	13 560	
580	AltaLink LP	1.509	11-Sep-2030	580	549	
8 800	AltaLink LP	5.249	22-Sep-2036	10 995	11 407	
150	AltaLink LP	4.922	17-Sep-2043	211	198	
1 855	Bank of Montreal	2.890	20-Jun-2023	1 900	1 900	
2 725	Bank of Montreal	2.280	29-Jul-2024	2 724	2 767	
5 765	Bank of Montreal	2.700	11-Sep-2024	6 183	5 945	
1 575	Bank of Nova Scotia	2.980	17-Apr-2023	1 614	1 612	
66 490	Bank of Nova Scotia	2.380	01-May-2023	67 561	67 436	
1 035	Bank of Nova Scotia	2.290	28-Jun-2024	1 078	1 056	
4 170	Bank of Nova Scotia	2.490	23-Sep-2024	4 332	4 257	
927	BC Tel	9.650	08-Apr-2022	1 258	948	
9 170	Bell Canada	4.700	11-Sep-2023	9 806	9 590	
26 500	Bell Canada	2.700	27-Feb-2024	27 250	27 053	
47 115	Bell Canada	3.350	12-Mar-2025	46 413	49 067	
5 350	Bell Canada	2.200	29-May-2028	5 343	5 288	
1 867	Blackbird Infrastructure 407 GP	3.760	30-Jun-2047	1 909	1 982	
14 390	Bridging North America GP	4.023	31-May-2038	14 556	14 949	
3 320	Bridging North America GP	4.341	31-Aug-2053	3 546	3 672	
23 698	Brookfield Asset Management Inc.	5.040	08-Mar-2024	24 952	25 196	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
4 620	Brookfield Property Finance ULC	4.346	03-Jul-2023	\$ 4 631	\$ 4 716	
26 305	Brookfield Property Finance ULC	4.300	01-Mar-2024	26 307	26 888	
18 780	Brookfield Property Finance ULC	3.926	24-Aug-2025	18 788	18 984	
11 345	Brookfield Property Finance ULC	3.930	15-Jan-2027	11 297	11 415	
10 480	Brookfield Renewable Energy Partners ULC	3.752	02-Jun-2025	11 276	11 048	
7 340	Brookfield Renewable Partners ULC	4.250	15-Jan-2029	7 703	8 179	
10 710	Brookfield Renewable Partners ULC	3.330	13-Aug-2050	10 702	10 581	
305	Bruce Power LP	3.000	21-Jun-2024	323	314	
32 930	Bruce Power LP	3.969	23-Jun-2026	34 327	35 419	
30 980	Bruce Power LP	2.680	21-Dec-2028	30 890	31 546	
31 959	Bruce Power LP	4.010	21-Jun-2029	32 404	35 116	
15 890	Bruce Power LP	4.000	21-Jun-2030	16 007	17 440	
9 970	Bruce Power LP	4.746	21-Jun-2049	9 969	12 374	
8 385	Calgary Airport Authority	3.454	07-Oct-2041	8 385	8 929	
4 195	Calgary Airport Authority	3.554	07-Oct-2051	4 195	4 588	
4 485	Calgary Airport Authority	3.554	07-Oct-2053	4 485	4 916	
6 290	Calgary Airport Authority	3.754	07-Oct-2061	6 290	6 719	
3 894	Calgary Glycol Facilities Corp.	3.257	29-Oct-2058	3 894	3 659	
24 415	Cameco Corp.	4.190	24-Jun-2024	24 417	25 559	
23 145	Cameco Corp.	2.950	21-Oct-2027	23 131	23 421	
2 590	Canadian Imperial Bank of Commerce	2.430	09-Jun-2023	2 532	2 630	
5 280	Canadian Imperial Bank of Commerce	3.290	15-Jan-2024	5 624	5 465	
3 115	Canadian Imperial Bank of Commerce	2.350	28-Aug-2024	3 218	3 167	
14 615	Canadian Pacific Railway Co.	1.589	24-Nov-2023	14 615	14 637	
13 285	Canadian Pacific Railway Co.	2.540	28-Feb-2028	13 284	13 511	
2 697	Canadian Utilities Ltd.	3.122	09-Nov-2022	2 749	2 746	
5 530	Canadian Utilities Ltd.	9.400	01-May-2023	8 202	6 102	
2 585	Capital Power Corp.	4.284	18-Sep-2024	2 821	2 735	
7 845	CBHP LP	2.393	27-Aug-2029	7 845	7 757	
16 865	CBHP LP	3.000	27-May-2053	16 865	15 812	
4 500	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	4 505	4 586	
8 816	Clover LP	4.216	30-Jun-2034	8 816	9 449	
11 072	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	11 084	11 207	
12 740	CU Inc.	9.920	01-Apr-2022	19 704	13 012	
9 862	CU Inc.	6.215	06-Mar-2024	11 871	10 797	
12 035	CU Inc.	5.563	26-May-2028	14 788	14 393	
2 799	CU Inc.	5.556	30-Oct-2037	3 372	3 743	
3 230	CU Inc.	4.543	24-Oct-2041	4 141	3 970	
1 485	CU Inc.	4.722	09-Sep-2043	2 013	1 878	
19 305	CU Inc.	4.085	02-Sep-2044	23 863	22 624	
5 000	CU Inc.	3.964	27-Jul-2045	6 097	5 770	
4 545	CU Inc.	3.763	19-Nov-2046	5 087	5 125	
3 580	CU Inc.	3.548	22-Nov-2047	4 159	3 907	
5 830	CU Inc.	3.950	23-Nov-2048	6 979	6 808	
1 250	CU Inc.	2.963	07-Sep-2049	1 294	1 235	
255	CU Inc.	2.609	28-Sep-2050	219	235	
4 915	CU Inc.	4.947	18-Nov-2050	6 941	6 706	
6 935	CU Inc.	3.174	05-Sep-2051	6 935	7 126	
5 125	CU Inc.	4.094	19-Oct-2054	5 128	6 159	
10 300	DP World Canada Investment Inc.	3.536	08-Nov-2041	10 300	10 563	
4 180	Dufferin Wind Power Inc.	4.317	30-Nov-2033	4 181	4 459	
1 085	Edmonton Regional Airport Authority	7.214	01-Nov-2030	1 467	1 313	
6 623	Edmonton Regional Airports Authority	3.715	20-May-2051	6 623	6 878	
5 465	Ellisdon Infrastructure RIH General Partnership	3.930	31-Oct-2038	5 465	5 716	
7 745	Emera Inc.	2.900	16-Jun-2023	7 910	7 899	
19 181	Enbridge Gas Inc.	6.050	05-Jul-2023	21 742	20 450	
1 975	Enbridge Gas Inc.	9.850	02-Dec-2024	2 647	2 413	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
6 117	Enbridge Gas Inc.	3.310	11-Sep-2025	\$ 6 343	\$ 6 437	
18 845	Enbridge Gas Inc.	2.500	05-Aug-2026	19 173	19 327	
12 245	Enbridge Gas Inc.	6.650	03-Nov-2027	15 568	15 057	
11 937	Enbridge Gas Inc.	6.100	19-May-2028	14 949	14 561	
1 165	Enbridge Gas Inc.	6.160	16-Dec-2033	1 569	1 556	
11 800	Enbridge Inc.	3.190	05-Dec-2022	12 065	12 014	
445	Enbridge Inc.	3.950	19-Nov-2024	465	469	
1 700	Enbridge Inc.	6.100	14-Jul-2028	1 898	2 001	
913	Enbridge Inc.	7.220	24-Jul-2030	1 162	1 168	
4 616	Enbridge Pipelines Inc.	2.930	30-Nov-2022	4 653	4 695	
6 140	Enbridge Pipelines Inc.	3.790	17-Aug-2023	6 448	6 336	
2 865	Enbridge Pipelines Inc.	6.350	17-Nov-2023	3 411	3 105	
3 972	Enbridge Pipelines Inc.	8.200	15-Feb-2024	5 379	4 476	
13 700	Enbridge Pipelines Inc.	3.450	29-Sep-2025	14 075	14 403	
995	Enbridge Pipelines Inc.	6.050	12-Feb-2029	1 153	1 189	
8 309	Enbridge Pipelines Inc.	5.350	10-Nov-2039	10 066	9 991	
8 924	Enbridge Southern Lights LP	4.014	30-Jun-2040	8 921	9 479	
23 895	Energir Inc.	2.100	16-Apr-2027	24 771	24 123	
4 585	ENMAX Corp.	2.922	18-Oct-2022	4 585	4 648	
21 970	ENMAX Corp.	3.331	02-Jun-2025	22 877	22 831	
4 790	ENMAX Corp.	3.836	05-Jun-2028	5 172	5 118	
4 490	ENMAX Corp.	3.876	18-Oct-2029	4 509	4 820	
7 250	Enwave Energy Corp.	3.943	07-Dec-2037	7 250	7 821	
24 975	Fair Hydro Trust	3.357	15-May-2033	25 365	26 968	
12 675	Fair Hydro Trust	3.520	15-May-2038	12 675	13 939	
3 265	Fengate PCL Progress Partners Mbr LP	2.501	31-Jul-2038	3 265	3 121	
2 240	Fengate PCL Progress Partners Mbr LP	3.045	31-Jan-2054	2 228	2 064	
3 289	Fortified Trust	2.340	23-Jan-2023	3 333	3 333	
16 713	Fortis Inc.	2.850	12-Dec-2023	16 878	17 138	
22 565	Fortis Inc.	2.180	15-May-2028	22 822	22 543	
1 335	FortisBC Energy Inc.	5.550	25-Sep-2036	1 570	1 769	
1 407	FortisBC Energy Inc.	6.000	02-Oct-2037	1 880	1 959	
2 030	FortisBC Inc.	5.900	04-Jul-2047	3 085	3 012	
2 600	Gaz Metro Inc.	9.000	16-May-2025	3 873	3 208	
5 800	Grand Renewable Solar LP	3.926	31-Jan-2035	5 800	6 238	
3 000	Great Lakes Power Ltd.	6.600	16-Jun-2023	3 455	3 184	
18 189	Greater Toronto Airports Authority	6.450	03-Dec-2027	24 179	22 370	
11 965	Greater Toronto Airports Authority	1.540	03-May-2028	12 095	11 554	
4 158	Greater Toronto Airports Authority	6.450	30-Jul-2029	5 079	4 867	
4 390	Greater Toronto Airports Authority	7.050	12-Jun-2030	6 175	5 904	
11 331	Greater Toronto Airports Authority	7.100	04-Jun-2031	16 207	15 545	
6 530	Greater Toronto Airports Authority	6.980	15-Oct-2032	9 445	9 099	
8 166	Greater Toronto Airports Authority	6.470	02-Feb-2034	11 724	11 252	
13 675	Greater Toronto Airports Authority	3.260	01-Jun-2037	14 315	14 436	
17 540	Greater Toronto Airports Authority	2.750	17-Oct-2039	17 551	17 284	
2 715	Greater Toronto Airports Authority	5.300	25-Feb-2041	3 763	3 657	
3 935	Greater Toronto Airports Authority	3.150	05-Oct-2051	3 928	4 075	
29 699	H2O Power LP	3.310	30-Nov-2029	29 699	30 633	
7 275	Halifax International Airport Authority	3.678	03-May-2051	7 275	7 778	
9 024	Health Montreal Collective LP	6.721	30-Sep-2049	12 276	12 477	
10 313	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	12 176	12 507	
5 875	Hydro One Inc.	0.710	16-Jan-2023	5 874	5 854	
23 290	Hydro One Inc.	2.540	05-Apr-2024	23 853	23 843	
1 247	Hydro One Inc.	1.760	28-Feb-2025	1 290	1 253	
11 394	Hydro One Inc.	2.970	26-Jun-2025	11 819	11 886	
3 240	Hydro One Inc.	2.770	24-Feb-2026	3 437	3 367	
26 895	Hydro One Inc.	3.020	05-Apr-2029	29 107	28 518	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
21 435	Hydro One Inc.	2.160	28-Feb-2030	\$ 22 087	\$ 21 394	
15 848	Hydro One Inc.	7.350	03-Jun-2030	23 029	21 692	
30 515	Hydro One Inc.	1.690	16-Jan-2031	30 310	29 013	
8 230	Hydro One Inc.	2.230	17-Sep-2031	8 224	8 132	
2 665	Hydro One Inc.	6.930	01-Jun-2032	3 784	3 693	
1 219	Hydro One Inc.	6.350	31-Jan-2034	1 625	1 672	
1 205	Hydro One Inc.	5.360	20-May-2036	1 523	1 570	
3 518	Hydro One Inc.	4.890	13-Mar-2037	4 128	4 417	
2 768	Hydro One Inc.	6.030	03-Mar-2039	3 622	3 909	
1 355	Hydro One Inc.	6.590	22-Apr-2043	2 022	2 119	
7 755	Hydro One Inc.	4.590	09-Oct-2043	8 900	9 691	
16 675	Hydro One Inc.	4.170	06-Jun-2044	20 865	19 801	
8 795	Hydro One Inc.	3.630	25-Jun-2049	9 610	9 812	
3 785	Hydro One Inc.	3.100	15-Sep-2051	3 782	3 856	
14 105	Hydro One Ltd.	1.410	15-Oct-2027	14 002	13 621	
19 508	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	19 504	20 004	
13 405	Keyera Corp.	3.959	29-May-2030	13 405	14 264	
11 098	Kingston Solar LP	3.571	31-Jul-2035	11 098	11 640	
22 815	Lievre Power Finance Corp.	4.046	31-Dec-2061	22 815	23 088	
13 775	Loblaw Companies Ltd.	4.860	12-Sep-2023	14 969	14 446	
5 664	Lower Mattagami Energy LP	3.416	20-Jun-2024	6 020	5 929	
13 394	Lower Mattagami Energy LP	2.307	21-Oct-2026	14 003	13 712	
8 325	Lower Mattagami Energy LP	2.433	14-May-2031	8 325	8 459	
10 360	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	10 358	10 606	
10 259	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	10 404	10 732	
6 330	Mobilinx Hurontario GP	3.276	31-May-2039	6 330	6 246	
4 708	Mobilinx Hurontario GP	3.642	31-May-2054	4 708	4 662	
5 640	Mosaic Transit Partners GP	4.111	28-Feb-2038	5 640	5 992	
3 500	Mosaic Transit Partners GP	4.470	28-Feb-2053	3 500	3 929	
8 350	Mountain View Partners GP	3.974	31-Mar-2051	8 350	8 816	
13 997	MPT Finco Inc.	3.457	30-Nov-2029	13 997	14 413	
16 225	North Battleford Power LP	4.958	31-Dec-2032	17 480	18 391	
20 555	North West Redwater Partnership	2.100	23-Feb-2022	20 660	20 577	
10 000	North West Redwater Partnership	1.200	01-Dec-2023	9 935	9 935	
13 945	North West Redwater Partnership	3.200	22-Jul-2024	14 086	14 415	
21 858	North West Redwater Partnership	3.200	24-Apr-2026	22 423	22 810	
12 600	North West Redwater Partnership	2.800	01-Jun-2031	12 576	12 639	
8 950	North West Redwater Partnership	4.150	01-Jun-2033	9 298	9 868	
9 845	North West Redwater Partnership	3.650	01-Jun-2035	10 004	10 297	
3 917	North West Redwater Partnership	3.700	23-Feb-2043	4 186	4 058	
2 936	Northland Power Solar Finance One LP	4.397	30-Jun-2032	2 937	3 195	
11 190	Northwestern Hydro Acquisition Co. II LP	3.877	31-Dec-2036	11 190	12 168	
10 195	Northwestern Hydro Acquisition Co. III LP	3.940	31-Dec-2038	10 195	11 140	
11 570	Northwestern Hydro Acquisition Co. Inc.	3.985	31-Dec-2034	11 570	12 730	
9 197	Nouvelle Autoroute 30 Financement Inc.	3.742	31-Dec-2032	9 197	9 665	
9 402	Nouvelle Autoroute 30 Financement Inc.	3.750	31-Mar-2033	9 402	9 877	
5 646	Nova Gas Transmission Ltd.	9.900	16-Dec-2024	8 480	6 868	
2 960	Nova Gas Transmission Ltd.	8.900	27-May-2025	4 477	3 583	
2 355	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 359	2 948	
12 023	Nova Scotia Power Inc.	8.850	19-May-2025	17 675	14 635	
4 505	Nova Scotia Power Inc.	6.280	09-Apr-2029	5 648	5 453	
5 065	Nova Scotia Power Inc.	3.571	05-Apr-2049	5 065	5 446	
155	Nova Scotia Power Inc.	3.307	25-Apr-2050	155	159	
20 510	OMERS Realty Corp.	3.358	05-Jun-2023	21 179	21 104	
3 541	OMERS Realty Corp.	1.298	22-Sep-2023	3 532	3 535	
1 480	Ontario Power Generation Inc.	2.893	08-Apr-2025	1 583	1 535	
9 415	Ontario Power Generation Inc.	1.170	22-Apr-2026	9 415	9 145	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
47 785	Ontario Power Generation Inc.	3.315	04-Oct-2027	\$ 49 257	\$ 50 901	
47 355	Ontario Power Generation Inc.	2.977	13-Sep-2029	49 333	49 555	
38 980	Ontario Power Generation Inc.	3.215	08-Apr-2030	41 596	41 373	
3 675	Ontario Power Generation Inc.	3.838	22-Jun-2048	3 800	4 087	
22 535	Ontario Power Generation Inc.	4.248	18-Jan-2049	23 480	26 771	
466	Ornge Issuer Trust	5.727	11-Jun-2034	559	551	
1 092	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	1 482	1 340	
6 710	Pembina Pipeline Corp.	2.990	22-Jan-2024	6 922	6 860	
12 855	Pembina Pipeline Corp.	3.540	03-Feb-2025	13 597	13 372	
3 055	Pembina Pipeline Corp.	3.530	10-Dec-2031	3 054	3 124	
9 755	Pembina Pipeline Corp.	4.490	10-Dec-2051	9 755	10 289	
9 154	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	9 903	10 426	
7 620	PSS Generating Station LP	4.795	24-Oct-2067	7 620	9 550	
13 850	Ridley Grain Ltd.	5.227	01-Aug-2024	13 850	14 423	
1 594	RioCan Real Estate Investment Trust	2.830	03-Oct-2022	1 602	1 616	
15 015	RioCan Real Estate Investment Trust	3.725	18-Apr-2023	15 407	15 424	
36 370	Royal Bank of Canada*	2.949	01-May-2023	38 059	37 233	
10 195	Royal Bank of Canada*	3.296	26-Sep-2023	10 916	10 523	
35 840	Royal Bank of Canada*	2.352	02-Jul-2024	36 781	36 461	
8 000	Royal Bank of Canada*	2.609	01-Nov-2024	8 340	8 190	
5 613	SEC LP and Arci Ltd.	5.188	29-Aug-2033	5 626	6 194	
14 560	Sinai Health System	3.209	08-Apr-2060	14 560	15 317	
4 300	SNC-Lavalin Group Inc.	6.632	30-Jun-2044	6 037	5 719	
19 575	Teranet Holdings LP	3.544	11-Jun-2025	19 684	20 469	
59 171	The Manufacturers Life Insurance Co.	3.181	22-Nov-2027	60 609	60 232	
2 795	Toronto Hydro Corp.	2.520	25-Aug-2026	2 914	2 886	
2 380	Toronto Hydro Corp.	2.430	11-Dec-2029	2 459	2 444	
345	Toronto-Dominion Bank	3.005	30-May-2023	353	354	
32 255	Toronto-Dominion Bank	1.909	18-Jul-2023	32 889	32 604	
5 225	Toronto-Dominion Bank	2.850	08-Mar-2024	5 431	5 370	
17 695	Toronto-Dominion Bank	3.226	24-Jul-2024	18 850	18 464	
8 665	Toronto-Dominion Bank	2.496	02-Dec-2024	8 818	8 853	
18 627	Toyota Credit Canada Inc.	3.040	12-Jul-2023	19 236	19 109	
29 870	Toyota Credit Canada Inc.	2.310	23-Oct-2024	29 861	30 376	
26 407	TransAlta OCP LP	4.509	05-Aug-2030	26 408	28 301	
11 030	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	11 660	11 351	
3 500	TransCanada PipeLines Ltd.	7.310	15-Jan-2027	4 511	4 219	
7 791	TransCanada PipeLines Ltd.	5.650	20-Jun-2029	9 202	9 167	
21 543	TransEd Partners GP	3.951	30-Sep-2050	19 925	22 321	
2 959	Union Gas Ltd.	4.850	25-Apr-2022	3 137	2 998	
2 025	Union Gas Ltd.	3.790	10-Jul-2023	2 138	2 088	
13 104	Union Gas Ltd.	3.190	17-Sep-2025	13 658	13 741	
9 412	Union Gas Ltd.	8.650	10-Nov-2025	13 167	11 670	
1 510	Union Gas Ltd.	5.460	11-Sep-2036	2 100	1 972	
4 270	Unity Health Toronto	3.308	01-Jun-2061	4 270	4 659	
1 984	Vancouver Airport Authority	7.425	07-Dec-2026	2 703	2 497	
12 225	Vancouver Airport Authority	1.760	20-Sep-2030	12 239	11 792	
8 330	Vancouver Airport Fuel Facilities Corp.	2.168	23-Jun-2025	8 327	8 153	
4 340	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	4 340	4 309	
1 500	Westcoast Energy Inc.	3.430	12-Sep-2024	1 634	1 561	
6 847	Westcoast Energy Inc.	8.850	21-Jul-2025	9 122	8 367	
19 471	Westcoast Energy Inc.	3.770	08-Dec-2025	21 103	20 700	
8 875	Westcoast Energy Inc.	7.300	18-Dec-2026	11 266	10 897	
6 872	Westcoast Energy Inc.	6.750	15-Dec-2027	8 769	8 446	
1 310	Westcoast Energy Inc.	7.150	20-Mar-2031	1 727	1 728	
5 250	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	5 278	5 349	
4 353	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	4 500	5 356	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
3 990	Winnipeg Airport Authority Inc.	3.659	30-Sep-2047	\$ 3 990	\$ 4 241	
2 165	Winnipeg Airport Authority Inc.	3.040	03-Feb-2051	2 165	2 062	
				3 095 409	3 104 427	29.9
FEDERAL						
41 308	Canada Housing Trust No. 1	2.400	15-Dec-2022	41 881	41 957	
122 578	Canada Housing Trust No. 1	2.350	15-Sep-2023	125 231	125 257	
27 072	Canada Housing Trust No. 1	2.900	15-Jun-2024	28 390	28 159	
109 920	Canada Housing Trust No. 1	0.950	15-Jun-2025	110 970	108 346	
22 784	Canada Housing Trust No. 1	1.950	15-Dec-2025	24 330	23 229	
3 875	Canada Housing Trust No. 1	2.250	15-Dec-2025	3 957	3 995	
32 712	Canada Housing Trust No. 1	1.250	15-Jun-2026	32 568	32 362	
29 869	Canada Housing Trust No. 1	1.550	15-Dec-2026	29 809	29 870	
2 147	CBC Monetization Trust	4.688	15-May-2027	2 170	2 321	
2	Government of Canada	1.500	01-Jun-2023	2	2	
407 795	Government of Canada	0.500	01-Nov-2023	405 095	404 490	
356 402	Government of Canada	0.750	01-Feb-2024	353 754	354 555	
19 735	Government of Canada	2.500	01-Jun-2024	20 816	20 415	
100 743	Government of Canada	1.250	01-Mar-2025	104 527	101 103	
55 982	Government of Canada	2.250	01-Jun-2025	60 494	58 072	
77 877	Government of Canada	0.500	01-Sep-2025	78 046	76 030	
124 274	Government of Canada	1.500	01-Jun-2026	129 662	125 846	
393 361	Government of Canada	1.000	01-Sep-2026	389 758	388 909	
35 754	Government of Canada	1.250	01-Mar-2027	35 640	35 679	
8 420	Government of Canada	2.250	01-Jun-2029	9 207	8 988	
18 220	Government of Canada	1.250	01-Jun-2030	17 926	18 088	
2 185	Government of Canada	0.500	01-Dec-2030	2 025	2 024	
139 085	Government of Canada	1.500	01-Jun-2031	139 141	140 073	
35 657	Government of Canada	1.250	01-Dec-2047	44 472	48 400	
87 742	Government of Canada	2.000	01-Dec-2051	90 051	94 425	
21 621	Government of Canada	1.750	01-Dec-2053	20 823	21 828	
67 205	Government of Canada	2.750	01-Dec-2064	78 295	87 173	
				2 379 040	2 381 596	22.9
PROVINCIAL/MUNICIPAL						
5 615	Carleton University	3.264	05-Jul-2061	5 615	5 890	
783	City of Ottawa	4.462	18-Jul-2025	862	825	
697	City of Ottawa	4.990	28-Aug-2026	790	753	
15 689	City of Ottawa	2.500	11-May-2051	15 581	15 332	
4 961	City of Toronto	2.200	21-Dec-2031	4 944	4 997	
2 490	City of Toronto	4.700	10-Jun-2041	3 261	3 276	
2 365	City of Toronto	3.800	13-Dec-2042	2 649	2 806	
3 645	City of Toronto	3.200	01-Aug-2048	3 803	4 031	
1 855	City of Vancouver	2.300	05-Nov-2031	1 854	1 890	
2 910	Concordia University	3.626	10-Feb-2039	2 910	3 184	
3 175	Concordia University	6.550	02-Sep-2042	5 104	4 959	
2 910	Concordia University	3.678	10-Feb-2059	2 910	3 286	
32 827	First Nations Finance Authority	3.050	01-Jun-2028	34 204	35 310	
42 467	First Nations Finance Authority	1.710	16-Jun-2030	42 747	41 584	
5 385	Hamilton Health Sciences Corp.	3.683	17-Jan-2059	5 385	6 190	
12 322	Hospital for Sick Children	5.217	16-Dec-2049	13 599	17 717	
6 205	Hospital for Sick Children	3.416	07-Dec-2057	6 205	6 957	
4 645	McMaster University	3.255	17-Jun-2051	4 645	5 059	
3 745	McMaster University	6.150	07-Oct-2052	5 951	6 079	
6 040	McMaster University	3.405	17-Jun-2071	6 040	6 524	
9 688	Municipal Finance Authority of British Columbia	1.350	30-Jun-2026	9 677	9 581	
31 145	Ontario Electricity Financial Corp.	8.500	26-May-2025	44 362	38 255	
53 108	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	73 480	68 108	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
291	Ontario School Boards Financing Corp.	7.200	09-Jun-2025	\$ 333	\$ 323	
12 221	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	14 418	13 766	
2 601	Ontario School Boards Financing Corp.	5.800	07-Nov-2028	3 006	2 976	
7 273	Ontario School Boards Financing Corp.	5.483	26-Nov-2029	8 420	8 318	
16 252	Ontario School Boards Financing Corp.	5.070	18-Apr-2031	18 681	18 489	
8 189	Ontario School Boards Financing Corp.	5.376	25-Jun-2032	9 657	9 591	
6 712	OPB Finance Trust	2.950	02-Feb-2026	7 044	7 045	
21 696	OPB Finance Trust	2.980	25-Jan-2027	22 297	22 806	
30 418	Province of Alberta	3.450	01-Dec-2043	34 172	34 980	
44 147	Province of Alberta	3.300	01-Dec-2046	46 123	50 109	
145 379	Province of Alberta	3.100	01-Jun-2050	153 141	161 501	
7 185	Province of Manitoba	4.050	05-Sep-2045	7 850	9 103	
85 345	Province of Manitoba	2.850	05-Sep-2046	78 821	90 110	
9 561	Province of New Brunswick	3.650	03-Jun-2024	10 609	10 095	
17 934	Province of New Brunswick	4.800	26-Sep-2039	23 328	23 762	
7 265	Province of New Brunswick	4.800	03-Jun-2041	8 799	9 788	
13 772	Province of New Brunswick	3.550	03-Jun-2043	13 335	16 061	
35 648	Province of New Brunswick	3.800	14-Aug-2045	38 424	43 479	
33 510	Province of New Brunswick	3.050	14-Aug-2050	34 473	36 873	
27 990	Province of Newfoundland and Labrador	3.300	17-Oct-2046	26 218	30 285	
34 859	Province of Newfoundland and Labrador	2.650	17-Oct-2050	30 405	33 573	
9 439	Province of Ontario	3.500	02-Jun-2024	10 391	9 932	
86 782	Province of Ontario	2.600	02-Jun-2025	89 946	90 102	
80 874	Province of Ontario	8.500	02-Dec-2025	120 613	102 090	
64 613	Province of Ontario	2.400	02-Jun-2026	68 167	66 940	
72 901	Province of Ontario	1.850	01-Feb-2027	76 736	73 766	
83 854	Province of Ontario	2.900	02-Jun-2028	94 323	89 632	
116 316	Province of Ontario	2.700	02-Jun-2029	124 668	123 131	
163 919	Province of Ontario	2.050	02-Jun-2030	173 761	165 355	
206 762	Province of Ontario	1.350	02-Dec-2030	195 671	196 183	
287 940	Province of Ontario	2.150	02-Jun-2031	289 786	291 041	
48 263	Province of Ontario	6.200	02-Jun-2031	67 791	65 650	
12 500	Province of Ontario	2.250	02-Dec-2031	12 449	12 688	
156 581	Province of Ontario	5.600	02-Jun-2035	217 522	215 884	
105 521	Province of Ontario	4.600	02-Jun-2039	137 068	137 809	
3 955	Province of Ontario	4.650	02-Jun-2041	5 124	5 295	
195 985	Province of Ontario	3.500	02-Jun-2043	209 719	229 759	
39 093	Province of Ontario	3.450	02-Jun-2045	46 208	45 879	
76 706	Province of Ontario	2.900	02-Dec-2046	78 590	82 749	
502	Province of Ontario	2.800	02-Jun-2048	504	534	
38 532	Province of Ontario	2.900	02-Jun-2049	40 333	41 801	
64 326	Province of Ontario	2.650	02-Dec-2050	69 560	66 872	
157 186	Province of Ontario	1.900	02-Dec-2051	132 240	139 034	
25 029	Province of Quebec	3.750	01-Sep-2024	27 181	26 641	
17 146	Province of Quebec	2.750	01-Sep-2025	17 142	17 952	
83 615	Province of Quebec	8.500	01-Apr-2026	128 998	107 329	
3 108	Province of Quebec	2.500	01-Sep-2026	3 181	3 241	
44 707	Province of Quebec	2.750	01-Sep-2027	46 124	47 357	
44 366	Province of Quebec	2.750	01-Sep-2028	47 561	47 163	
7 263	Province of Quebec	2.300	01-Sep-2029	7 947	7 504	
23 756	Province of Quebec	1.900	01-Sep-2030	24 463	23 726	
87 791	Province of Quebec	6.250	01-Jun-2032	129 252	121 618	
5 925	Province of Quebec	5.750	01-Dec-2036	8 074	8 482	
5 260	Province of Quebec	5.000	01-Dec-2041	7 538	7 406	
69 874	Province of Quebec	3.500	01-Dec-2045	84 494	83 305	
42 652	Province of Quebec	3.500	01-Dec-2048	53 072	51 560	
183 787	Province of Quebec	3.100	01-Dec-2051	212 241	210 658	

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



December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
14 952	Province of Saskatchewan	2.550	02-Jun-2026	\$ 15 026	\$ 15 580	
7 169	Province of Saskatchewan	6.400	05-Sep-2031	10 560	9 872	
20 727	Province of Saskatchewan	3.900	02-Jun-2045	25 286	25 669	
26 167	Province of Saskatchewan	2.750	02-Dec-2046	25 473	27 160	
6 466	Province of Saskatchewan	3.300	02-Jun-2048	7 216	7 404	
57 228	Province of Saskatchewan	3.100	02-Jun-2050	62 045	63 744	
5 125	Queen's University	2.889	27-Apr-2060	5 125	4 970	
13 799	The 55 Ontario School Board Trust	5.900	02-Jun-2033	20 085	18 403	
4 990	Trillium Health Partners Volunteers	3.702	20-Dec-2058	4 990	5 771	
8 819	University of British Columbia	6.650	01-Dec-2031	11 803	11 914	
6 685	University of British Columbia	4.817	26-Jul-2035	7 878	8 158	
3 710	University of Guelph	6.240	10-Oct-2042	5 835	5 525	
6 330	University of Toronto	6.780	18-Jul-2031	8 694	8 515	
4 185	University of Toronto	4.937	16-Nov-2045	5 333	5 580	
20 558	York Region District School Board	5.531	13-May-2026	22 920	22 373	
6 078	York Region District School Board	4.616	21-Jun-2027	6 573	6 561	
5 220	York University	3.394	01-Apr-2060	5 220	5 571	
				4 194 632	4 194 464	40.3
TOTAL CANADIAN BONDS						
				9 669 081	9 680 487	93.1
UNITED KINGDOM BONDS						
9 710	Heathrow Funding Ltd. CAD	3.250	21-May-2025	9 895	10 028	
12 630	Heathrow Funding Ltd. CAD	2.694	13-Oct-2027	12 660	12 682	
12 545	Heathrow Funding Ltd. CAD	3.400	08-Mar-2028	12 980	13 017	
1 060	Heathrow Funding Ltd. CAD	3.782	04-Sep-2030	1 085	1 127	
16 990	Heathrow Funding Ltd. CAD	3.661	13-Jan-2031	17 010	17 836	
10 315	Heathrow Funding Ltd. CAD	3.726	13-Apr-2033	10 691	10 722	
67 670	National Grid Electricity Transmission Plc. CAD	2.301	22-Jun-2029	67 654	67 253	
				131 975	132 665	1.3
TOTAL UNITED KINGDOM BONDS						
UNITED STATES BONDS						
32 694	AT&T Inc. CAD	4.000	25-Nov-2025	36 859	34 948	
10 035	AT&T Inc. CAD	5.100	25-Nov-2048	9 984	11 852	
9 375	Bank of America Corp. CAD	3.301	24-Apr-2024	9 722	9 605	
11 790	Bank of America Corp. CAD	2.932	25-Apr-2025	11 474	12 107	
22 730	Bank of America Corp. CAD	3.515	24-Mar-2026	22 730	23 808	
42 745	Nestlé Holdings Inc. CAD	2.192	26-Jan-2029	42 744	43 355	
43 950	New York Life Global Funding CAD	2.000	17-Apr-2028	43 887	43 727	
2 555	The Walt Disney Co. CAD	2.758	07-Oct-2024	2 626	2 627	
19 805	The Walt Disney Co. CAD	3.057	30-Mar-2027	19 990	20 553	
63 980	Verizon Communications Inc. CAD	2.375	22-Mar-2028	64 190	64 074	
				264 206	266 656	2.6
TOTAL UNITED STATES BONDS						
TOTAL BONDS						
MORTGAGES[†]						
CMHC Insured						
3 179	Mortgage, 4.260% Nov 01, 2022			3 179	3 260	
7 525	Mortgage, 3.160% Sep 05, 2024			7 534	7 724	
				10 713	10 984	0.1
TOTAL MORTGAGES						
SHORT-TERM INVESTMENTS[‡]						
TOTAL INVESTMENTS						
				\$10 296 580	10 311 397	99.2
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS						
					83 483	0.8
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$10 394 880	100.0

* Investment in related party (see note 8 in the generic notes).

[†] The Fund holds 2 mortgages with a fair value of \$10 984. These mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed. None of the mortgages are pre-payable.

[‡] Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.21% to 0.28% and mature between January 4, 2022 and March 31, 2022.

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



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2021	December 31 2020
ASSETS		
Investments at fair value	\$ 10 311 397	\$ 10 289 209
Cash	8 553	8 056
Due from investment dealers	35 668	2 140
Subscriptions receivable	6 223	10 900
Dividends receivable, interest accrued and other assets	45 018	47 816
TOTAL ASSETS	10 406 859	10 358 121
LIABILITIES		
Due to investment dealers	8 025	2 058
Redemptions payable	3 396	1 503
Accounts payable and accrued expenses	558	601
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	11 979	4 162
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 10 394 880	\$ 10 353 959
Investments at cost	\$ 10 296 580	\$ 9 801 447
NAV		
SERIES A	\$ 96 908	\$ 107 582
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 455 994	\$ 527 327
SERIES F	\$ 123 955	\$ 141 833
SERIES O	\$ 9 718 023	\$ 9 577 217
NAV PER UNIT		
SERIES A	\$ 10.57	\$ 11.12
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 10.48	\$ 11.02
SERIES F	\$ 10.53	\$ 11.07
SERIES O	\$ 10.50	\$ 11.03

Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2021	2020
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 283 101	\$ 303 394
Derivative income (loss)	–	498
Net realized gain (loss) on investments	(29 032)	368 921
Change in unrealized gain (loss) on investments	(472 945)	392 903
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(218 876)	1 065 716
Other income (loss)	–	59
Securities lending revenue (see note 7 in the generic notes)	873	736
Net gain (loss) on foreign cash balances	419	227
TOTAL OTHER INCOME (LOSS)	1 292	1 022
TOTAL INCOME (LOSS)	(217 584)	1 066 738
EXPENSES (see notes – Fund Specific Information)		
Management fees	3 869	3 886
Administration fees	2 257	2 328
Independent Review Committee costs	2	2
GST/HST	620	651
TOTAL EXPENSES	6 748	6 867
INCREASE (DECREASE) IN NAV	\$ (224 332)	\$ 1 059 871
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (3 543)	\$ 4 929
ADVISOR SERIES	\$ –	\$ 3 149
SERIES D	\$ (15 121)	\$ 48 353
SERIES F	\$ (4 075)	\$ 9 366
SERIES O	\$ (201 593)	\$ 994 074
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.37)	\$ 0.74
ADVISOR SERIES	\$ –	\$ 1.04
SERIES D	\$ (0.33)	\$ 1.01
SERIES F	\$ (0.31)	\$ 0.96
SERIES O	\$ (0.22)	\$ 1.11



Statements of Cash Flow (in \$000s)

For the periods ended December 31
(see note 2 in the generic notes)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (224 332)	\$ 1 059 871
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(4 701)	(757)
Non-cash dividends	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	29 032	(368 921)
Change in unrealized loss (gain) on investments	472 945	(392 903)
(Increase) decrease in accrued receivables	2 798	1 227
Increase (decrease) in accrued payables	(43)	30
(Increase) decrease in margin accounts	—	—
Cost of investments purchased*	(18 299 869)	(21 105 996)
Proceeds from sale and maturity of investments*	17 752 844	22 061 571
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	(271 326)	1 254 122
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	2 092 569	1 971 571
Cash paid on redemption of redeemable units*	(1 813 254)	(3 214 496)
Distributions paid to holders of redeemable units	(7 492)	(11 035)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
	\$ 271 823	\$ (1 253 960)
Net increase (decrease) in cash for the period	497	162
Cash (bank overdraft), beginning of period	8 056	7 894
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 8 553	\$ 8 056
Interest received (paid) [†]	\$ 281 198	\$ 303 864
Income from investment trusts received (paid) ^{†‡}	\$ —	\$ —
Dividends received (paid) ^{†‡}	\$ —	\$ —

* Excludes in-kind transactions.

[†] Classified as part of operating activities.

[‡] Net of withholding taxes, if applicable.



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

For the periods ended December 31 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2021	2020	2021	2020	2021	2020	2021	2020
NAV AT BEGINNING OF PERIOD	\$ 107 582	\$ 55 930	\$ –	\$ 31 365	\$ 527 327	\$ 494 282	\$ 141 833	\$ 69 723
INCREASE (DECREASE) IN NAV	(3 543)	4 929	–	3 149	(15 121)	48 353	(4 075)	9 366
Early redemption fees	–	–	–	–	–	1	–	1
Proceeds from redeemable units issued	24 242	61 733	–	5 278	19 033	57 654	45 126	90 135
Reinvestments of distributions to holders of redeemable units	1 691	2 542	–	323	9 777	17 421	2 117	2 960
Redemption of redeemable units	(31 268)	(14 839)	–	(39 764)	(74 572)	(71 667)	(57 792)	(25 893)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(5 335)	49 436	–	(34 163)	(45 762)	3 409	(10 549)	67 203
Distributions from net income	(1 796)	(1 367)	–	(351)	(10 450)	(11 938)	(3 254)	(2 669)
Distributions from net gains	–	(1 346)	–	–	–	(6 779)	–	(1 790)
Distributions from capital	–	–	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 796)	(2 713)	–	(351)	(10 450)	(18 717)	(3 254)	(4 459)
NET INCREASE (DECREASE) IN NAV	(10 674)	51 652	–	(31 365)	(71 333)	33 045	(17 878)	72 110
NAV AT END OF PERIOD	\$ 96 908	\$ 107 582	\$ –	\$ –	\$ 455 994	\$ 527 327	\$ 123 955	\$ 141 833

For the periods ended December 31 (see note 2 in the generic notes)	Series O		Total	
	2021	2020	2021	2020
NAV AT BEGINNING OF PERIOD	\$ 9 577 217	\$ 9 895 720	\$ 10 353 959	\$ 10 547 020
INCREASE (DECREASE) IN NAV	(201 593)	994 074	(224 332)	1 059 871
Early redemption fees	–	–	–	2
Proceeds from redeemable units issued	2 006 201	1 762 482	2 094 602	1 977 282
Reinvestments of distributions to holders of redeemable units	256 488	396 513	270 073	419 759
Redemption of redeemable units	(1 658 225)	(3 067 018)	(1 821 857)	(3 219 181)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	604 464	(908 023)	542 818	(822 138)
Distributions from net income	(262 065)	(282 962)	(277 565)	(299 287)
Distributions from net gains	–	(121 592)	–	(131 507)
Distributions from capital	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(262 065)	(404 554)	(277 565)	(430 794)
NET INCREASE (DECREASE) IN NAV	140 806	(318 503)	40 921	(193 061)
NAV AT END OF PERIOD	\$ 9 718 023	\$ 9 577 217	\$ 10 394 880	\$ 10 353 959



December 31, 2021

General information (see note 1 in the generic notes)

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

Effective June 26, 2020, Advisor Series units were capped and were re-designated as Series A units effective August 4, 2020.

Financial instrument risk and capital management (see note 5 in the generic notes)

Liquidity risk (%)

Mortgages, an illiquid security, represent approximately 0.1% (December 31, 2020 – 0.1%) of the NAV of the Fund.

Credit risk (%)

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

Rating	December 31 2021	December 31 2020
AAA	23.7	19.2
AA	39.4	39.2
A	22.2	23.5
BBB	13.4	17.6
BB	0.7	0.2
Unrated*	0.6	0.3
Total	100.0	100.0

* Mortgages, which represent 18.9% (December 31, 2020 – 44.2%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at December 31, 2021 and 2020, there were no mortgage payments in arrears for more than 90 days.

Concentration risk (%)

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

Investment mix	December 31 2021	December 31 2020
Provincial Bonds	37.8	33.6
Corporate Bonds	33.8	38.6
Federal Bonds	22.9	17.8
Municipal Bonds	2.5	4.5
Mortgages	0.1	0.1
Cash/Other	2.9	5.4
Total	100.0	100.0

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

Interest rate risk (%)

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

Term to maturity	December 31 2021	December 31 2020
Less than 1 year	1.7	6.5
1 – 5 years	37.2	29.2
5 – 10 years	26.8	25.9
> 10 years	34.3	38.4
Total	100.0	100.0

As at December 31, 2021, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 8.1% (December 31, 2020 – 8.2%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

The following is a summary of the inputs used as of December 31, 2021 and 2020.

December 31, 2021	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	10 079 808	10 984	10 090 792
Short-term investments	–	220 605	–	220 605
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	10 300 413	10 984	10 311 397
% of total portfolio	–	99.9	0.1	100.0

December 31, 2020	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	9 784 296	11 661	9 795 957
Short-term investments	–	493 252	–	493 252
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	10 277 548	11 661	10 289 209
% of total portfolio	–	99.9	0.1	100.0

For the periods ended December 31, 2021 and 2020, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.



December 31, 2021

During the periods ended December 31, 2021 and 2020, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	December 31 2021	December 31 2020
Balance at beginning of period	11 661	13 349
Net purchases	–	1 749
Net sales	(277)	(3 801)
Net transfers in (out)	–	–
Realized gains (losses)	–	(25)
Change in unrealized gains (losses)	(400)	389
Balance at end of period	10 984	11 661
Change in unrealized gains (losses) for Level 3 assets held at end of period	(399)	383

The Level 3 assets are mortgages which are valued by a third-party vendor using industry-accepted methodologies which include unobservable inputs. Mortgages are valued by discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk spread premium. The spread premium is derived by the vendor from their risk rating program and a monthly spread matrix. This quantitative rules-based approach reviews seven risk factors to assess the market risk, credit risk and liquidity premiums to arrive at a total credit score for each mortgage. Among the inputs are the borrowers' financial statements, rent roll and operating statements, the most recent property inspection report and the terms of the mortgage itself.

As at December 31, 2021, a 10% increase or decrease in the weighted average spread premium of 0.95% (December 31, 2020 – 0.99%), an unobservable input, would have decreased or increased the Fund's NAV respectively by approximately 0.0% (December 31, 2020 – 0.0%).

Management fees and administration fees (see note 8 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 NAV of each series of the Fund.

	Management fees	Administration fees
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series D	0.50%*	0.05%
Series F	0.40%	0.05%
Series O	n/a [†]	0.02%

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

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

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

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

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

	December 31 2021	December 31 2020
Units held		
Series A	66	65
Series D	12	12
Series F	70	69
Value of all units	2	2

Taxes (\$000s) (see note 6 in the generic notes)

The non-capital and capital losses for the Fund were approximately:

As at December 31, 2021	
Capital losses	8 935
Non-capital losses	–



December 31, 2021

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 December 31
(see note 2 in the generic notes)

	2021	2020
--	------	------

Series A

Opening units	9 674	5 333
Issued number of units	2 270	5 455
Reinvested number of units	161	230
Redeemed number of units	(2 941)	(1 344)
Ending number of units	9 164	9 674

Advisor Series

Opening units	–	2 989
Issued number of units	–	482
Reinvested number of units	–	30
Redeemed number of units	–	(3 501)
Ending number of units	–	–

Series D

Opening units	47 840	47 535
Issued number of units	1 798	5 275
Reinvested number of units	938	1 598
Redeemed number of units	(7 079)	(6 568)
Ending number of units	43 497	47 840

Series F

Opening units	12 811	6 674
Issued number of units	4 244	8 227
Reinvested number of units	202	270
Redeemed number of units	(5 482)	(2 360)
Ending number of units	11 775	12 811

Series O

Opening units	868 004	950 481
Issued number of units	190 539	161 028
Reinvested number of units	24 580	36 339
Redeemed number of units	(157 316)	(279 844)
Ending number of units	925 807	868 004

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	December 31 2021	December 31 2020
Fair value of securities loaned	1 722 063	1 468 613
Fair value of collateral received	1 756 504	1 497 994

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.

	December 31 2021		December 31 2020	
	\$	%	\$	%
Gross revenue	1 164	100	981	100
RBC IS (paid)	(291)	(25)	(245)	(25)
Tax withheld	–	–	–	–
Fund revenue	873	75	736	75

**Investments by other related investment funds (%)
(see note 8 in the generic notes)**

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

	December 31 2021	December 31 2020
Phillips, Hager & North Balanced Fund	3.9	3.3
Phillips, Hager & North Balanced Pension Trust	4.8	3.8
Phillips, Hager & North Conservative Pension Trust	–	–
Phillips, Hager & North Growth Pension Trust	–	–
Phillips, Hager & North LifeTime 2015 Fund	–	–
Phillips, Hager & North LifeTime 2020 Fund	0.1	0.1
RBC Select Conservative Portfolio	–	–
RBC Select Very Conservative Portfolio	21.2	19.1
Total	30.0	26.3

December 31, 2021

1. The Funds

The Funds (“Fund” or “Funds”) are open-ended mutual fund trusts governed by the laws of the Province of Ontario or British Columbia. RBC GAM is the manager and portfolio manager of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. RBC GAM is also the trustee of those Funds governed by the laws of the Province of Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on March 10, 2022.

The Funds may issue an unlimited number of units in some or all of Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H, Series D, Series DZ, Series F, Series FT5, Series FT8, Series I, Series N and Series O.

Series A units have no sales charges and are available to all investors through authorized dealers.

Advisor Series units and Advisor T5 Series units were available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. Effective August 4, 2020, such Advisor Series and Advisor T5 Series were re-designated as Series A and Series T5, respectively. For certain of the Funds, Advisor Series units and Advisor T5 Series units are available with a deferred sales charge option. Under the initial sales charge option, investors pay a sales charge ranging from 0% to 5% of the amount invested. Under the deferred sales charge or low-load sales charge option, sales charges may be applicable, as described in the Simplified Prospectus.

Series T5 units and Series T8 units have no sales charges and are available to all investors through authorized dealers.

Series H units have no sales charges, have lower fees than Series A units and are only available to investors who invest and maintain the required minimum balance through authorized dealers.

Series D units and Series DZ units have no sales charges and have lower fees than Series A units. Series D units and Series DZ units may be available to investors who have accounts with RBC Direct Investing Inc., Phillips, Hager & North Investment Funds Ltd. (“PH&N IF”) or certain other authorized dealers (primarily discount brokers).

Series F units, Series FT5 units and Series FT8 units have no sales charges and have lower fees than Series A units. Series F units, Series FT5 units and Series FT8 units are only available to investors who have fee-based accounts with their dealer.

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 units and are only available to investors who invest and maintain the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

Series N units are only available to related funds.

Series O units are only available to large private or institutional investors or dealers. No management fees are payable by the Funds in respect to Series O units. Unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

2. Financial year

The information provided in these financial statements and notes thereto is as at December 31, 2021 and December 31, 2020, as applicable, and for the 12-month periods ended December 31, 2021 and December 31, 2020, as applicable, except for Funds or series established during either period, in which case the information for the Fund, or series, is provided for the period from the start date as described in the Notes to Financial Statements – Fund Specific Information of the Fund.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies of the Funds are as follows:

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the Funds classifies its investment portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets and liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds’ debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds’ business model objectives. Consequently, all investments are measured at fair value through profit and loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

December 31, 2021

The Funds' obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Offsetting Financial Assets and Liabilities In the normal course of business, the Funds may enter into various International Swaps and Derivatives Association master netting agreements or other similar arrangements with certain counterparties that allow for related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. Offsetting information, where applicable, is presented in the Notes to Financial Statements – Fund Specific Information.

Collateral received represents amounts held by a counterparty or custodian on behalf of the Funds and accordingly not presented in the Statements of Financial Position. Collateral pledged represents amounts held by the Funds' custodian/counterparty on behalf of the counterparty and can be in the form of cash and securities. Cash pledged as collateral is included in the Statements of Financial Position, while securities pledged as collateral are identified on the respective Fund's Schedule of Investment Portfolio.

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

with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives.

The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective underlying funds' NAV.

The Funds do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the Funds are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the Funds meet the following criteria:

- (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services,
- (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both, and
- (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the Funds' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

Certain Funds may invest in mortgage-related or other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are securitized by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans while asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans. The Funds account for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date.

December 31, 2021

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, vendor fair value factors and prices of underlying funds that are not daily traded; 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 and derivatives are recorded at fair value, which is determined as follows:

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Fixed-Income and Debt Securities – Bonds, mortgage-backed securities, loans, debentures and other debt securities are valued at the mid price quoted by major dealers or independent pricing vendors in such securities.

NHA-approved mortgages are valued at an amount, which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.

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

Options – Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial instrument at an agreed exercise or strike price during the specified period or on a specified date.

Listed options are valued at the closing price on the recognized exchange on which the option is traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Options purchased and options written (sold) are recorded as investments in the Statements of Financial Position. These investments are reported at fair value in the Statements of Financial Position, and unrealized gain or loss at the close of business on each valuation date is recorded in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

When an option is exercised and the underlying securities are acquired or delivered, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed the Fund will realize a gain or loss equal to the difference between the premium and the cost to close the position. When an option expires, gains or losses are realized equivalent to the amount of premiums received or paid, respectively. The net realized gains (losses) on written and purchased options are included in the Statements of Comprehensive Income in "Net realized gain (loss) on investments."

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

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. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Any unrealized gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" and realized gain or loss on foreign exchange contracts is included in "Derivative income (loss)" in the Statements of Comprehensive Income.

Total Return Swaps – A total return swap is an agreement by which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. Total return swap contracts are marked to market daily based upon quotations

December 31, 2021

from the market makers and the change in value, if any, is recorded in “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. When the swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the current net present value and the executed net present value in “Derivative income (loss)” in the Statements of Comprehensive Income. Unrealized gains and losses are recorded as “Receivable on open swap contracts” or “Payable on open swap contracts” in the Statements of Financial Position, as applicable. The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

Futures Contracts – Futures contracts entered into by the Funds are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the Funds do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as “Derivative income (loss)” in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Credit Default Swap Contracts – Credit default swaps are agreements between a protection buyer and protection seller. The protection buyer pays a periodic fee in exchange for a payment by the protection seller contingent on the occurrence of a credit event, such as a default, bankruptcy or restructuring, with respect to a referenced entity. Periodic fees paid or received are recorded as “Interest for distribution purposes” in the Statements of Comprehensive Income. When the contract is terminated or expires, the payments received or paid are recorded as “Derivative income (loss)” in the Statements of Comprehensive Income. Credit default swap contracts are valued based on quotations from independent sources.

Underlying Funds – Underlying funds that are not exchange-traded funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close 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. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

Management also has procedures where the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), 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.

Cash Cash is comprised of cash and deposits with banks and is recorded at amortized cost. The carrying amount of cash approximates its fair value because it is short term in nature.

Margin Margin accounts represent margin deposits held with brokers in respect of derivatives contracts.

Functional Currency The Funds, with the exceptions below, have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds. Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Government Bond Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Global Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada), BlueBay \$U.S. Global High Yield Bond Fund (Canada), BlueBay Emerging Markets

Bond Fund (Canada), BlueBay Emerging Markets Local Currency Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada), RBC \$U.S. Core Bond Pool, RBC \$U.S. Core Plus Bond Pool, RBC U.S. Monthly Income Fund and RBC \$U.S. Global Balanced Portfolio (collectively, the “USD Funds”) have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the USD Funds) at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. 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 on spot and forward currency contracts are included in “Derivative income (loss)” in the Statements of Comprehensive Income.

Valuation of Series A different NAV is calculated for each series of units of a Fund. The NAV 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 NAV of each series. Expenses are accrued daily.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed-income and debt securities with the exception of zero coupon bonds.

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. “Income from

investment trusts” includes income from underlying funds and other trusts. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized. Interest payments made by the Funds to counterparties on the payable leg of derivative contracts are recorded as “Interest expense” in the Statements of Comprehensive Income.

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:

AUD – Australian dollar	MXN – Mexican peso
BRL – Brazilian real	MYR – Malaysian ringgit
CAD – Canadian dollar	NOK – Norwegian krone
CHF – Swiss franc	NZD – New Zealand dollar
CLP – Chilean peso	PEN – Peruvian nuevo sol
CNY – Chinese renminbi	PHP – Philippine peso
COP – Colombian peso	PLN – Polish zloty
CZK – Czech koruna	RON – Romanian leu
DKK – Danish krone	RSD – Serbian dinar
EUR – Euro	RUB – Russian ruble
GBP – Pound sterling	SEK – Swedish krona
HKD – Hong Kong dollar	SGD – Singapore dollar
HUF – Hungarian forint	THB – Thailand baht
IDR – Indonesian rupiah	TRY – Turkish new lira
ILS – Israeli new shekel	TWD – New Taiwan dollar
INR – Indian rupee	UAH – Ukrainian hryvnia
JPY – Japanese yen	USD – United States dollar
KRW – South Korean won	UYU – Uruguay peso
KZT – Kazakhstan tenge	ZAR – South African rand

In-Kind Transactions In accordance with IAS 7, the Funds exclude non-cash transactions from their operating and financing activities within the Statements of Cash Flow. The primary difference between amounts issued and redeemed within the Statements of Changes in NAV and the Statements of Cash Flow relates to in-kind transactions. Similarly, the “Cost of investments purchased” and “Proceeds from sale and maturity of investments” within the Statements of Cash Flow appropriately exclude these in-kind transactions.

December 31, 2021

4. Critical accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying the Funds' accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair value measurement of securities not quoted in an active market

The Funds have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the Funds' assets and liabilities are believed to be appropriate as at the reporting date.

The Funds may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its NAV 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.

The financial markets experienced significant volatility as a result of the developing COVID-19 global pandemic. The effects of the pandemic and its impact on individual companies, nations and the market in general can not necessarily be foreseen at the present time and may have an adverse impact on the financial performance of the Funds. The impact of the pandemic may be short-term or may last for an extended period of time.

In February 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. Price volatility, trading restrictions, including the potential

for extended halting of Russian market trading, and general default risk related to Russian securities may have an adverse impact on the financial performance of a Fund. The manager is actively monitoring the situation.

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

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 NAV 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 Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds. 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

December 31, 2021

Funds participating in a securities lending program (see note 7). 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.

Certain Funds trade in debt securities, some of which are variable rate and have an inter-bank linked interest rate. Such debt securities may potentially be transitioned to an alternative benchmark before the Funds dispose of their investments. The impact of this transition, if any, will be captured in the change in fair value of these investments and is not expected to be significant to each Fund.

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. The currency risk as disclosed in the Fund Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of a Fund.

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.

6. 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. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. 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. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

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 20 years.

7. 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.

8. Administrative and other related-party transactions

Manager and Portfolio Manager

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM

December 31, 2021

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 NAV of each series of units of the Funds. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

The Funds pay a fixed administration fee to RBC GAM. The fixed administration fee is calculated and accrued daily as a percentage of the NAV 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 any costs and expenses of the Independent Review Committee (“IRC”) of the Funds that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, 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). RBC GAM, not the Funds, is responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the IRC. Other fund costs are allocated proportionately to each series based upon the relative NAV of each series. 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 funds”). A Fund will not invest in units of an underlying fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would

duplicate a fee payable by the underlying fund for the same service. The Fund’s ownership interest in underlying funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Funds also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for:

- RBC \$U.S. Short-Term Government Bond Fund
- RBC \$U.S. Short-Term Corporate Bond Fund (for the underlying fund)
- RBC Bond Fund (for a portion of the Fund)
- RBC \$U.S. Investment Grade Corporate Bond Fund
- RBC Global Corporate Bond Fund (for a portion of the Fund)
- BlueBay Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
- BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
- BlueBay \$U.S. Global High Yield Bond Fund (Canada) (for a portion of the Fund)
- RBC U.S. Monthly Income Fund (for a portion of the Fund)
- RBC U.S. Small-Cap Core Equity Fund
- RBC U.S. Small-Cap Value Equity Fund
- BlueBay Global Alternative Bond Fund (Canada) (for a portion of the Fund)
- Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund

RBC Global Asset Management (UK) Limited is the sub-advisor for:

- RBC Short-Term Global Bond Fund (for a portion of the Fund)
- RBC Bond Fund (for a portion of the Fund)
- RBC Global Bond Fund (for a portion of the Fund)
- RBC \$U.S. Global Bond Fund (for a portion of the Fund)
- RBC Global Corporate Bond Fund (for a portion of the Fund)
- RBC Global High Yield Bond Fund (for a portion of the Fund)
- RBC Emerging Markets Bond Fund (for a portion of the Fund)
- RBC U.S. Monthly Income Fund (for a portion of the Fund)

December 31, 2021

RBC Balanced Fund (for a portion of the Fund)
 RBC Global Balanced Fund (for a portion of the Fund)
 RBC Vision Balanced Fund (for a portion of the Fund)
 RBC International Dividend Growth Fund
 RBC International Equity Fund (for the European equity portion of the Fund)
 RBC International Equity Currency Neutral Fund (for the European equity portion of the underlying fund)
 RBC European Dividend Fund
 RBC European Equity Fund
 RBC European Mid-Cap Equity Fund
 RBC Emerging Markets Multi-Strategy Equity Fund (for the underlying funds)
 RBC Emerging Markets Dividend Fund
 RBC Emerging Markets ex-China Dividend Fund
 RBC Emerging Markets Equity Fund
 RBC Emerging Markets Equity Focus Fund
 RBC Vision Fossil Fuel Free Emerging Markets Equity Fund
 RBC Emerging Markets Small-Cap Equity Fund
 RBC Global Dividend Growth Fund
 RBC Global Dividend Growth Currency Neutral Fund
 RBC Global Equity Fund
 RBC Vision Global Equity Fund
 RBC Vision Fossil Fuel Free Global Equity Fund
 RBC Global Equity Focus Fund
 RBC Global Equity Focus Currency Neutral Fund (for the underlying fund)
 RBC Global Equity Leaders Fund
 Phillips, Hager & North Overseas Equity Fund
 Phillips, Hager & North Global Equity Fund

RBC Global Asset Management (Asia) Limited is the sub-advisor for:
 RBC Balanced Fund (for the Asian equity portion of the Fund)
 RBC Global Balanced Fund (for the Asian equity portion of the Fund)
 RBC Vision Balanced Fund (for the Asian equity portion of the Fund)
 RBC International Dividend Growth Fund (for the Asian equity portion of the Fund)
 RBC International Equity Fund (for the Asian equity portion of the Fund)
 RBC International Equity Currency Neutral Fund (for the Asian equity portion of the underlying fund)
 RBC Asian Equity Fund (for the underlying funds)
 RBC Asia Pacific ex-Japan Equity Fund
 RBC China Equity Fund
 RBC Japanese Equity Fund

BlueBay Asset Management LLP is the sub-advisor for:
 BlueBay Global Monthly Income Bond Fund
 BlueBay Global Sovereign Bond Fund (Canada)
 BlueBay Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
 BlueBay \$U.S. Global Investment Grade Corporate Bond Fund (Canada) (for a portion of the Fund)
 BlueBay European High Yield Bond Fund (Canada)
 BlueBay Global High Yield Bond Fund (Canada)
 BlueBay \$U.S. Global High Yield Bond Fund (Canada) (for a portion of the Fund)
 BlueBay Emerging Markets Bond Fund (Canada)
 BlueBay Emerging Markets Local Currency Bond Fund (Canada)
 BlueBay Emerging Markets Corporate Bond Fund
 BlueBay Emerging Markets High Yield Corporate Bond Fund (Canada)
 BlueBay Global Convertible Bond Fund (Canada)
 BlueBay Global Alternative Bond Fund (Canada) (for a portion of the Fund)

The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. The sub-advisors are paid by the manager from the management fee paid by the Funds.

Trustee

RBC GAM is the trustee for the Funds governed by the laws of the Province of Ontario. RBC IS is the trustee for the Funds governed by the laws of the Province of British Columbia. The trustee holds title to the Funds' property on behalf of the unitholders. The trustee earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and PH&N IF are principal distributors of, or may distribute certain series of units of, the Funds. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H and Series D units.

Custodian

RBC IS is the custodian and holds the assets of the Funds. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Funds.

December 31, 2021

Registrars

RBC GAM, RBC IS or Royal Bank (or a combination thereof) are the registrars of the Funds and keep records of who owns the units of the Funds. The registrars also process orders and issue account statements. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Brokers and Dealers

The Funds have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

Securities Lending Agent

To the extent a Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

Mortgage Administrator Agent

Royal Bank administers mortgages on behalf of the Funds. Royal Bank earns 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 IRC 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 IRC 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.