

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 SHORT TERM BOND &
MORTGAGE FUND**

December 31, 2021

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
11 775	407 International Inc.	2.470	08-Sep-2022	\$ 11 785	\$ 11 866	
13 000	Alectra Inc.	3.239	21-Nov-2024	13 932	13 566	
16 742	AltaGas Canada Inc.	3.150	06-Apr-2026	18 147	17 452	
31 300	AltaLink Investments LP	2.244	07-Mar-2022	31 583	31 338	
9 032	AltaLink LP	2.978	28-Nov-2022	9 284	9 198	
9 430	AltaLink LP	3.668	06-Nov-2023	10 277	9 836	
6 045	AltaLink LP	2.747	29-May-2026	6 223	6 288	
1 635	Bank of Montreal	2.890	20-Jun-2023	1 676	1 674	
218 580	Bank of Montreal	2.850	06-Mar-2024	229 969	224 477	
49 174	Bank of Montreal	2.280	29-Jul-2024	50 397	49 933	
45 370	Bank of Montreal	2.700	11-Sep-2024	47 538	46 786	
11 700	Bank of Montreal	4.609	10-Sep-2025	12 932	12 928	
7 790	Bank of Montreal	2.700	09-Dec-2026	8 104	8 111	
119 733	Bank of Nova Scotia	2.380	01-May-2023	122 611	121 436	
26 825	Bank of Nova Scotia	2.290	28-Jun-2024	27 932	27 357	
20 627	Bell Canada	4.700	11-Sep-2023	22 597	21 572	
20 150	Bell Canada	2.700	27-Feb-2024	20 701	20 571	
3 115	Bell Canada	3.350	12-Mar-2025	3 236	3 244	
6 049	Bell Canada	7.000	24-Sep-2027	8 049	7 449	
30 233	BHP Billiton Finance Ltd.	3.230	15-May-2023	31 739	30 967	
32 405	Brookfield Asset Management Inc.	5.040	08-Mar-2024	35 924	34 453	
2 600	Brookfield Asset Management Inc.	4.820	28-Jan-2026	2 985	2 854	
6 945	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	7 447	7 161	
12 884	Brookfield Property Finance ULC	4.346	03-Jul-2023	13 308	13 152	
35 405	Brookfield Property Finance ULC	4.300	01-Mar-2024	35 407	36 189	
12 135	Brookfield Property Finance ULC	3.926	24-Aug-2025	12 135	12 267	
2 205	Brookfield Property Finance ULC	3.930	15-Jan-2027	2 193	2 219	
34 649	Brookfield Renewable Energy Partners ULC	3.752	02-Jun-2025	37 310	36 527	
1 285	Brookfield Renewable Energy Partners ULC	3.630	15-Jan-2027	1 375	1 368	
17 943	Bruce Power LP	3.000	21-Jun-2024	18 680	18 461	
39 570	Bruce Power LP	3.969	23-Jun-2026	43 186	42 561	
32 335	Bruce Power LP	2.680	21-Dec-2028	32 207	32 925	
22 103	Cameco Corp.	4.190	24-Jun-2024	23 546	23 139	
17 735	Cameco Corp.	2.950	21-Oct-2027	17 859	17 947	
78 665	Canadian Imperial Bank of Commerce	2.430	09-Jun-2023	81 375	79 893	
32 715	Canadian Imperial Bank of Commerce	3.290	15-Jan-2024	34 808	33 860	
2 700	Canadian Imperial Bank of Commerce	2.350	28-Aug-2024	2 789	2 745	
26 395	Canadian Pacific Railway Co.	1.589	24-Nov-2023	26 400	26 435	
11 465	Canadian Pacific Railway Co.	2.540	28-Feb-2028	11 464	11 660	
5 686	Canadian Pacific Railway Ltd.	6.910	01-Oct-2024	6 436	6 138	
29 530	Canadian Real Estate Investment Trust	2.951	18-Jan-2023	30 623	30 003	
38 164	Canadian Utilities Ltd.	3.122	09-Nov-2022	39 560	38 857	
18 967	Canadian Utilities Ltd.	9.400	01-May-2023	22 741	20 928	
5 860	Capital Power Corp.	4.284	18-Sep-2024	6 394	6 200	
7 610	Choice Properties LP	3.600	20-Sep-2022	7 939	7 703	
11 090	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	11 657	11 303	
5 000	Choice Properties Real Estate Investment Trust	4.293	08-Feb-2024	5 376	5 236	
11 237	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	11 285	11 374	
240	CU Inc.	9.920	01-Apr-2022	292	245	
10 862	CU Inc.	6.215	06-Mar-2024	12 674	11 892	

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.)						
49 731	Emera Inc.	2.900	16-Jun-2023	\$ 51 366	\$ 50 720	
1 899	Enbridge Gas Inc.	6.050	05-Jul-2023	2 231	2 025	
12 500	Enbridge Gas Inc.	3.150	22-Aug-2024	13 513	12 966	
8 400	Enbridge Gas Inc.	9.850	02-Dec-2024	11 270	10 264	
33 564	Enbridge Gas Inc.	3.310	11-Sep-2025	36 123	35 322	
220	Enbridge Gas Inc.	8.850	02-Oct-2025	297	272	
2 690	Enbridge Gas Inc.	2.500	05-Aug-2026	2 888	2 759	
2 591	Enbridge Gas Inc.	7.600	29-Oct-2026	3 481	3 239	
43 496	Enbridge Inc.	3.190	05-Dec-2022	45 404	44 283	
13 575	Enbridge Inc.	3.940	13-Jan-2023	14 195	13 942	
57 340	Enbridge Inc.	3.940	30-Jun-2023	60 471	59 054	
33 380	Enbridge Inc.	3.950	19-Nov-2024	35 785	35 152	
12 590	Enbridge Inc.	2.440	02-Jun-2025	13 040	12 774	
16 736	Enbridge Pipelines Inc.	2.930	30-Nov-2022	17 251	17 022	
71 636	Enbridge Pipelines Inc.	3.790	17-Aug-2023	75 933	73 923	
21 263	Enbridge Pipelines Inc.	6.350	17-Nov-2023	25 119	23 043	
4 950	Enbridge Pipelines Inc.	8.200	15-Feb-2024	5 888	5 578	
20 880	Enbridge Pipelines Inc.	3.450	29-Sep-2025	22 140	21 951	
68 360	ENMAX Corp.	2.922	18-Oct-2022	69 582	69 298	
8 770	ENMAX Corp.	3.805	05-Dec-2024	9 102	9 192	
10 360	ENMAX Corp.	3.331	02-Jun-2025	11 035	10 766	
4 210	ENMAX Corp.	3.836	05-Jun-2028	4 545	4 498	
2 320	EPCOR Utilities Inc.	1.299	19-May-2023	2 357	2 323	
6 975	Federation des Caisses Desjardins du Quebec	3.056	11-Sep-2023	7 204	7 186	
5 400	First Capital Real Estate Investment Trust	4.430	31-Jan-2022	5 506	5 412	
7 632	Fortified Trust	2.340	23-Jan-2023	7 735	7 735	
1 165	Fortified Trust	2.558	23-Mar-2024	1 191	1 192	
59 648	Fortis Inc.	2.850	12-Dec-2023	61 080	61 164	
15 030	Fortis Inc.	2.180	15-May-2028	15 070	15 015	
1 721	FortisBC Energy Inc.	2.580	08-Apr-2026	1 818	1 773	
7 365	Gaz Metro Inc.	9.000	16-May-2025	9 978	9 088	
8 047	Greater Toronto Airports Authority	3.040	21-Sep-2022	8 331	8 132	
17 700	Hydro One Inc.	3.200	13-Jan-2022	18 326	17 709	
39 505	Hydro One Inc.	0.710	16-Jan-2023	39 526	39 361	
17 373	Hydro One Inc.	2.540	05-Apr-2024	17 879	17 785	
21 635	Hydro One Inc.	1.760	28-Feb-2025	21 904	21 745	
3 205	Hydro One Inc.	2.970	26-Jun-2025	3 452	3 343	
26 687	Hydro One Ltd.	1.410	15-Oct-2027	26 571	25 772	
19 308	Ivanhoe Cambridge II Inc.	2.909	27-Jun-2023	19 870	19 721	
7 350	Ivanhoe Cambridge II Inc.	2.296	12-Dec-2024	7 382	7 479	
125	Loblaw Companies Ltd.	4.860	12-Sep-2023	131	131	
7 091	Lower Mattagami Energy LP	3.416	20-Jun-2024	7 585	7 423	
10 065	Metro Inc.	1.922	02-Dec-2024	10 065	10 114	
2 970	Metro Inc.	3.390	06-Dec-2027	3 108	3 150	
5 000	NAV Canada	0.555	09-Feb-2024	4 956	4 907	
32 154	NAV Canada	7.560	01-Mar-2027	38 741	37 037	
1 668	NAV Canada	7.400	01-Jun-2027	2 299	2 118	
104 429	North West Redwater Partnership	2.100	23-Feb-2022	103 228	104 539	
49 579	North West Redwater Partnership	1.200	01-Dec-2023	49 592	49 259	
74 301	North West Redwater Partnership	3.200	22-Jul-2024	76 178	76 803	
13 155	North West Redwater Partnership	3.200	24-Apr-2026	13 983	13 728	
2 000	Nova Scotia Power Inc.	8.850	19-May-2025	2 657	2 435	
7 210	OMERS Realty Corp.	3.358	05-Jun-2023	7 476	7 419	
775	OMERS Realty Corp.	1.298	22-Sep-2023	773	774	
28 000	OMERS Realty Corp.	3.328	12-Nov-2024	29 489	29 292	
63 920	Ontario Power Generation Inc.	2.893	08-Apr-2025	67 160	66 303	

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.)						
65 155	Ontario Power Generation Inc.	1.170	22-Apr-2026	\$ 65 463	\$ 63 286	
16 427	Ontario Power Generation Inc.	3.315	04-Oct-2027	18 240	17 498	
50 180	Pembina Pipeline Corp.	3.770	24-Oct-2022	52 260	51 210	
23 943	Pembina Pipeline Corp.	2.560	01-Jun-2023	24 550	24 277	
22 800	Pembina Pipeline Corp.	2.990	22-Jan-2024	23 795	23 310	
27 245	RioCan Real Estate Investment Trust	2.830	03-Oct-2022	27 637	27 618	
35 575	Royal Bank of Canada*	2.949	01-May-2023	36 745	36 419	
81 505	Royal Bank of Canada*	3.296	26-Sep-2023	86 332	84 126	
102 793	Royal Bank of Canada*	2.352	02-Jul-2024	106 610	104 574	
60 775	Royal Bank of Canada*	2.609	01-Nov-2024	63 183	62 218	
7 280	Shaw Communications Inc.	3.800	02-Nov-2023	7 616	7 544	
26 349	SmartCentres Real Estate Investment Trust	3.192	11-Jun-2027	26 904	27 164	
8 890	Teranet Holdings LP	3.544	11-Jun-2025	9 009	9 296	
112 595	The Manufacturers Life Insurance Co.	3.181	22-Nov-2027	117 285	114 615	
1 790	Thomson Reuters Corp.	2.239	14-May-2025	1 814	1 809	
28 695	Toronto-Dominion Bank	3.005	30-May-2023	29 686	29 429	
100 235	Toronto-Dominion Bank	1.909	18-Jul-2023	102 277	101 319	
38 330	Toronto-Dominion Bank	2.850	08-Mar-2024	39 995	39 395	
11 560	Toronto-Dominion Bank	3.226	24-Jul-2024	12 333	12 063	
139 720	Toronto-Dominion Bank	2.496	02-Dec-2024	144 973	142 744	
13 500	Toyota Credit Canada Inc.	2.350	18-Jul-2022	13 904	13 624	
14 124	Toyota Credit Canada Inc.	3.040	12-Jul-2023	14 673	14 489	
180	Toyota Credit Canada Inc.	2.640	27-Mar-2024	189	184	
12 390	Toyota Credit Canada Inc.	2.310	23-Oct-2024	12 696	12 600	
100 314	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	104 711	103 233	
9 380	TransCanada PipeLines Ltd.	8.290	05-Feb-2026	12 192	11 425	
19 064	TransCanada PipeLines Ltd.	7.900	15-Apr-2027	25 259	23 766	
12 788	Union Gas Ltd.	4.850	25-Apr-2022	14 230	12 955	
13 748	Union Gas Ltd.	3.790	10-Jul-2023	14 732	14 178	
25 437	Union Gas Ltd.	3.190	17-Sep-2025	27 129	26 673	
5 868	Union Gas Ltd.	8.650	10-Nov-2025	7 867	7 275	
3 050	Union Gas Ltd.	2.810	01-Jun-2026	3 297	3 165	
5 000	Union Gas Ltd.	2.880	22-Nov-2027	5 210	5 225	
13 597	Vancouver Airport Authority	7.425	07-Dec-2026	18 187	17 114	
6 225	Vancouver Airport Fuel Facilities Corp.	2.168	23-Jun-2025	6 225	6 093	
5 000	VW Credit Canada Inc.	2.650	27-Jun-2022	4 980	5 048	
66 456	Westcoast Energy Inc.	3.120	05-Dec-2022	66 996	67 674	
31 779	Westcoast Energy Inc.	3.430	12-Sep-2024	33 603	33 071	
3 027	Westcoast Energy Inc.	8.850	21-Jul-2025	3 999	3 699	
2 894	Westcoast Energy Inc.	3.770	08-Dec-2025	3 144	3 077	
5 238	Westcoast Energy Inc.	7.300	18-Dec-2026	6 529	6 432	
9 580	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	9 921	9 761	
				3 913 727	3 847 829	43.5
FEDERAL						
9 385	Canada Housing Trust No. 1	2.550	15-Dec-2023	9 822	9 642	
14 000	Canada Housing Trust No. 1	0.950	15-Jun-2025	14 233	13 800	
156 292	Canada Housing Trust No. 1	1.250	15-Jun-2026	157 446	154 622	
280 521	Canada Housing Trust No. 1	1.550	15-Dec-2026	279 960	280 533	
7 600	Government of Canada	0.500	01-Mar-2022	7 610	7 604	
1 510	Government of Canada	2.000	01-Sep-2023	1 537	1 537	
199 121	Government of Canada	0.500	01-Nov-2023	198 270	197 507	
276 666	Government of Canada	0.750	01-Feb-2024	274 634	275 232	
170 190	Government of Canada	0.750	01-Oct-2024	170 134	168 636	
10 325	Government of Canada	1.250	01-Mar-2025	10 321	10 362	
6 940	Government of Canada	2.250	01-Jun-2025	7 205	7 199	
26 345	Government of Canada	0.500	01-Sep-2025	25 621	25 720	

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
FEDERAL (cont.)						
558 802	Government of Canada	1.000	01-Sep-2026	\$ 550 699	\$ 552 477	
500	Government of Canada	1.250	01-Mar-2027	498	499	
21 905	Government of Canada	2.000	01-Jun-2028	22 674	22 881	
				1 730 664	1 728 251	19.6
PROVINCIAL/MUNICIPAL						
1 922	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	2 219	2 164	
54 889	Province of Alberta	2.200	01-Jun-2026	56 775	56 364	
35 176	Province of Newfoundland and Labrador	2.300	02-Jun-2025	35 702	36 089	
136 032	Province of Ontario	3.500	02-Jun-2024	148 981	143 134	
384 258	Province of Ontario	2.600	02-Jun-2025	409 660	398 958	
87 324	Province of Ontario	1.750	08-Sep-2025	91 101	88 184	
99 652	Province of Ontario	2.400	02-Jun-2026	107 406	103 241	
12 489	Province of Ontario	1.850	01-Feb-2027	13 149	12 637	
17 223	Province of Quebec	3.750	01-Sep-2024	18 910	18 332	
27 557	Province of Quebec	2.750	01-Sep-2025	28 812	28 853	
62 006	Province of Saskatchewan	3.200	03-Jun-2024	65 850	64 804	
73 198	Province of Saskatchewan	2.550	02-Jun-2026	75 499	76 271	
				1 054 064	1 029 031	11.6
TOTAL CANADIAN BONDS				6 698 455	6 605 111	74.7
UNITED KINGDOM BONDS						
2 915	Heathrow Funding Ltd. CAD	3.250	21-May-2025	2 997	3 010	
18 390	Heathrow Funding Ltd. CAD	2.694	13-Oct-2027	18 679	18 466	
TOTAL UNITED KINGDOM BONDS				21 676	21 476	0.2
UNITED STATES BONDS						
3 820	AT&T Inc. CAD	2.850	25-May-2024	3 982	3 911	
80 203	AT&T Inc. CAD	4.000	25-Nov-2025	87 039	85 732	
16 500	Bank of America Corp. CAD	2.604	15-Mar-2023	16 726	16 567	
41 260	Bank of America Corp. CAD	3.301	24-Apr-2024	43 070	42 271	
95 720	Bank of America Corp. CAD	2.932	25-Apr-2025	99 038	98 294	
22 260	Bank of America Corp. CAD	3.515	24-Mar-2026	22 260	23 316	
15 095	Bank of America Corp. CAD	1.978	15-Sep-2027	15 094	14 908	
5	John Deere Financial Inc. CAD	2.400	17-Sep-2024	5	5	
10 000	Metropolitan Life Global Funding I CAD	1.950	20-Mar-2028	10 059	9 845	
37 085	Nestlé Holdings Inc. CAD	2.192	26-Jan-2029	37 084	37 614	
41 835	New York Life Global Funding CAD	2.000	17-Apr-2028	41 691	41 622	
16 276	The Walt Disney Co. CAD	2.758	07-Oct-2024	16 740	16 738	
22 105	The Walt Disney Co. CAD	3.057	30-Mar-2027	22 340	22 940	
34 373	United Parcel Service Inc. CAD	2.125	21-May-2024	34 210	34 825	
TOTAL UNITED STATES BONDS				449 338	448 588	5.1
TOTAL BONDS				7 169 469	7 075 175	80.0
MORTGAGE-BACKED SECURITIES						
10 737	Canadian Mortgage Pools	1.620	01-Mar-2022	10 612	10 752	
22 232	Canadian Mortgage Pools	2.390	01-May-2023	22 023	22 583	
36 689	Canadian Mortgage Pools	1.750	01-Jun-2024	36 525	37 048	
41 619	Canadian Mortgage Pools	1.900	01-Jul-2024	41 582	42 138	
72 146	Canadian Mortgage Pools	1.800	01-Sep-2024	71 967	72 937	
91 248	Canadian Mortgage Pools	1.890	01-Oct-2024	90 557	92 420	
88 847	Canadian Mortgage Pools	1.740	01-Jan-2025	87 957	89 661	
50 831	Canadian Mortgage Pools	0.890	01-May-2026	50 554	49 794	
74 450	Canadian Mortgage Pools	0.840	01-Jun-2026	73 956	72 703	
TOTAL MORTGAGE-BACKED SECURITIES				485 733	490 036	5.5

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



December 31, 2021

Par Value (000s)	Security	Yield %	Maturity	Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS						
5 700	Alectra Inc.	0.235	10-Jan-2022	\$ 5 699	\$ 5 699	
7 575	Banner Trust	0.247	06-Jan-2022	7 573	7 573	
7 800	Banner Trust	0.256	07-Jan-2022	7 798	7 798	
1 600	Bay Street Funding Trust – Class A	0.254	05-Jan-2022	1 600	1 600	
5 800	Bay Street Funding Trust – Class A	0.253	11-Jan-2022	5 798	5 798	
11 475	Bay Street Funding Trust – Class A	0.235	01-Feb-2022	11 472	11 472	
14 050	Canadian Imperial Bank of Commerce	0.226	21-Jan-2022	14 046	14 046	
22 925	Clarity Trust	0.243	19-Jan-2022	22 920	22 920	
33 500	Fusion Trust	0.255	07-Jan-2022	33 492	33 492	
19 600	HSBC Bank Canada	0.227	14-Jan-2022	19 596	19 596	
6 025	HSBC Bank Canada	0.235	21-Jan-2022	6 024	6 024	
10 000	HSBC Bank Canada	0.228	01-Feb-2022	9 998	9 998	
12 500	HSBC Bank Canada	0.243	11-Feb-2022	12 497	12 497	
15 500	HSBC Bank Canada	0.238	15-Feb-2022	15 495	15 495	
11 000	HSBC Bank Canada	0.238	18-Feb-2022	10 996	10 996	
18 475	HSBC Bank Canada	0.259	08-Mar-2022	18 466	18 466	
25 900	Merit Trust – Senior Notes	0.247	06-Jan-2022	25 895	25 895	
26 200	National Bank of Canada	0.235	12-Jan-2022	26 195	26 195	
16 400	Prime Trust – Senior Notes	0.251	18-Jan-2022	16 396	16 396	
6 900	Prime Trust – Senior Notes	0.254	25-Jan-2022	6 898	6 898	
3 000	Reliant Trust	0.256	07-Jan-2022	2 999	2 999	
3 950	Reliant Trust	0.211	11-Jan-2022	3 950	3 950	
46 300	Reliant Trust	0.251	18-Jan-2022	46 290	46 290	
1 375	Reliant Trust	0.254	25-Jan-2022	1 375	1 375	
17 000	Reliant Trust	0.254	01-Feb-2022	16 996	16 996	
2 000	Ridge Trust	0.256	06-Jan-2022	2 000	2 000	
15 175	SAFE Trust – Series 1996-1	0.262	27-Jan-2022	15 168	15 168	
2 775	SOUND Trust	0.253	05-Jan-2022	2 774	2 774	
8 000	SOUND Trust	0.183	06-Jan-2022	8 000	8 000	
6 175	SOUND Trust	0.253	13-Jan-2022	6 172	6 172	
9 500	SOUND Trust	0.251	18-Jan-2022	9 496	9 496	
10 000	SOUND Trust	0.261	20-Jan-2022	9 996	9 996	
1 025	SOUND Trust	0.254	24-Jan-2022	1 025	1 025	
3 975	SURE Trust	0.261	02-Feb-2022	3 974	3 974	
25 000	Toronto Hydro Corp.	0.209	07-Jan-2022	24 999	24 999	
1 775	Zeus Receivables Trust – Senior Notes	0.248	04-Jan-2022	1 775	1 775	
2 450	Zeus Receivables Trust – Senior Notes	0.256	06-Jan-2022	2 449	2 449	
1 700	Zeus Receivables Trust – Senior Notes	0.256	07-Jan-2022	1 700	1 700	
4 400	Zeus Receivables Trust – Senior Notes	0.254	18-Jan-2022	4 399	4 399	
TOTAL SHORT-TERM INVESTMENTS				444 391	444 391	5.0
MORTGAGES (SCHEDULE A)†				835 181	836 469	9.5
TOTAL INVESTMENTS				\$ 8 934 774	8 846 071	100.0
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					787	–
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 8 846 858	100.0



December 31, 2021

SCHEDULE A
Mortgages

Number of Loans	Interest Rate (%)	Principal 2022	2023	2024	2025	2026	2027	2028	Cost	Fair Value	% of Net Assets
4	1.75-1.99	\$ 105 341	\$ 35 500	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 140 841	\$ 140 689	
3	2.00-2.24	2 024	23 300	–	–	32 357	–	–	57 681	57 095	
5	2.25-2.49	–	131 376	–	6 180	17 500	–	–	155 071	154 816	
5	2.50-2.74	–	53 000	12 409	–	96 043	–	8 734	170 187	169 080	
7	2.75-2.99	56 265	–	–	17 485	42 250	31 875	–	147 972	148 579	
9	3.00-3.24	44 924	–	9 077	7 162	–	–	–	61 228	61 623	
14	3.25-3.49	8 400	7 599	–	–	1 575	–	–	17 577	17 778	
4	3.50-3.74	1 773	–	17 267	–	–	–	–	19 044	19 511	
4	3.75-3.99	–	30 095	–	–	–	–	–	30 153	30 827	
11	4.00-4.24	622	33 352	–	1 403	–	–	–	35 427	36 471	
TOTAL 66		\$ 219 349	\$ 314 222	\$ 38 753	\$ 32 230	\$ 189 725	\$ 31 875	\$ 8 734	\$ 835 181	\$ 836 469	9.5

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

† The Fund holds 66 mortgages with a fair value of \$836 469. 1 (\$4 592) of the mortgages is Canada Mortgage and Housing Corporation ("CMHC") guaranteed, and the remaining 65 (\$831 877) mortgages are uninsured. None of the mortgages are pre-payable.



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	\$ 8 846 071	\$ 8 906 598
Cash	3 417	3 396
Due from investment dealers	–	3 193
Subscriptions receivable	5 700	8 461
Dividends receivable, interest accrued and other assets	37 881	38 180
TOTAL ASSETS	8 893 069	8 959 828
LIABILITIES		
Due to investment dealers	32 621	3 452
Redemptions payable	12 843	8 291
Accounts payable and accrued expenses	747	681
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	46 211	12 424
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 8 846 858	\$ 8 947 404
Investments at cost	\$ 8 934 774	\$ 8 750 927
NAV		
SERIES A	\$ 224 011	\$ 165 517
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 143 531	\$ 164 612
SERIES F	\$ 202 779	\$ 156 880
SERIES O	\$ 8 276 537	\$ 8 460 395
NAV PER UNIT		
SERIES A	\$ 10.37	\$ 10.69
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 10.33	\$ 10.65
SERIES F	\$ 10.31	\$ 10.63
SERIES O	\$ 10.05	\$ 10.35

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	\$ 220 166	\$ 198 974
Net realized gain (loss) on investments	(26 879)	145 337
Change in unrealized gain (loss) on investments	(244 374)	163 213
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(51 087)	507 524
Other income (loss)	2	(1)
Securities lending revenue (see note 7 in the generic notes)	568	248
Net gain (loss) on foreign cash balances	378	252
TOTAL OTHER INCOME (LOSS)	948	499
TOTAL INCOME (LOSS)	(50 139)	508 023
EXPENSES (see notes – Fund Specific Information)		
Management fees	3 739	2 080
Administration fees	4 531	4 074
Independent Review Committee costs	2	2
GST/HST	813	610
TOTAL EXPENSES	9 085	6 766
INCREASE (DECREASE) IN NAV	\$ (59 224)	\$ 501 257
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (3 783)	\$ 3 717
ADVISOR SERIES	\$ –	\$ 469
SERIES D	\$ (1 791)	\$ 9 527
SERIES F	\$ (1 921)	\$ 5 152
SERIES O	\$ (51 729)	\$ 482 392
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.17)	\$ 0.44
ADVISOR SERIES	\$ –	\$ 0.50
SERIES D	\$ (0.12)	\$ 0.60
SERIES F	\$ (0.10)	\$ 0.55
SERIES O	\$ (0.06)	\$ 0.63



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	\$ (59 224)	\$ 501 257
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(9 730)	(627)
Non-cash dividends	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	26 879	(145 337)
Change in unrealized loss (gain) on investments	244 374	(163 213)
(Increase) decrease in accrued receivables	299	(5 287)
Increase (decrease) in accrued payables	66	133
(Increase) decrease in margin accounts	—	—
Cost of investments purchased*	(28 449 140)	(27 138 753)
Proceeds from sale and maturity of investments*	28 280 506	26 513 095
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	34 030	(438 732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	3 139 475	3 241 728
Cash paid on redemption of redeemable units*	(3 149 180)	(2 782 252)
Distributions paid to holders of redeemable units	(24 304)	(20 797)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
	\$ (34 009)	\$ 438 679
Net increase (decrease) in cash for the period	21	(53)
Cash (bank overdraft), beginning of period	3 396	3 449
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 3 417	\$ 3 396
Interest received (paid) [†]	\$ 210 735	\$ 193 060
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	\$ 165 517	\$ 59 735	\$ –	\$ 9 684	\$ 164 612	\$ 158 297	\$ 156 880	\$ 70 115
INCREASE (DECREASE) IN NAV	(3 783)	3 717	–	469	(1 791)	9 527	(1 921)	5 152
Early redemption fees	–	–	–	–	–	–	–	2
Proceeds from redeemable units issued	174 931	123 181	–	2 163	31 699	104 561	170 092	147 965
Reinvestments of distributions to holders of redeemable units	3 276	1 163	–	79	2 673	2 955	3 304	1 595
Redemption of redeemable units	(112 394)	(20 999)	–	(12 314)	(50 781)	(107 564)	(121 380)	(65 932)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	65 813	103 345	–	(10 072)	(16 409)	(48)	52 016	83 630
Distributions from net income	(3 536)	(1 280)	–	(81)	(2 881)	(3 164)	(4 196)	(2 017)
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(3 536)	(1 280)	–	(81)	(2 881)	(3 164)	(4 196)	(2 017)
NET INCREASE (DECREASE) IN NAV	58 494	105 782	–	(9 684)	(21 081)	6 315	45 899	86 765
NAV AT END OF PERIOD	\$ 224 011	\$ 165 517	\$ –	\$ –	\$ 143 531	\$ 164 612	\$ 202 779	\$ 156 880

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	\$ 8 460 395	\$ 7 703 139	\$ 8 947 404	\$ 8 000 970
INCREASE (DECREASE) IN NAV	(51 729)	482 392	(59 224)	501 257
Early redemption fees	–	–	–	2
Proceeds from redeemable units issued	2 768 811	2 874 628	3 145 533	3 252 498
Reinvestments of distributions to holders of redeemable units	177 592	165 016	186 845	170 808
Redemption of redeemable units	(2 877 996)	(2 579 717)	(3 162 551)	(2 786 526)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	68 407	459 927	169 827	636 782
Distributions from net income	(200 536)	(185 063)	(211 149)	(191 605)
Distributions from net gains	–	–	–	–
Distributions from capital	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(200 536)	(185 063)	(211 149)	(191 605)
NET INCREASE (DECREASE) IN NAV	(183 858)	757 256	(100 546)	946 434
NAV AT END OF PERIOD	\$ 8 276 537	\$ 8 460 395	\$ 8 846 858	\$ 8 947 404



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 primarily in Canadian government and corporate bonds and multi-residential mortgages on property located in Canada in accordance with National Policy Statement No. 29.

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 9.5% (December 31, 2020 – 3.5%) 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	26.5	21.7
AA	18.1	26.1
A	22.7	17.4
BBB	21.8	30.6
BB	0.9	0.2
Unrated*	10.0	4.0
Total	100.0	100.0

* Mortgages represent 100% (December 31, 2020 – 100%) of the unrated above. 0.5% (December 31, 2020 – 1.5%) of the mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. To manage the credit risk on the remaining 99.5% (December 31, 2020 – 98.5%), which are conventional mortgages, the Fund only purchases mortgages that are no more than 75% of the value of the property and the net income generated by the property must be at least 1.2x the income required to pay the monthly debt service requirements. These statistics are monitored on an ongoing basis both at the individual security level and on an aggregate level. As at 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
Corporate Bonds	48.8	49.6
Federal Bonds	19.6	11.5
Provincial Bonds	11.6	15.8
Mortgages	9.5	3.5
Mortgage-Backed Securities	5.5	7.6
Cash/Other	5.0	12.0
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	12.7	14.1
1 – 5 years	80.6	71.9
5 – 10 years	6.7	13.9
> 10 years	–	0.1
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 2.5% (December 31, 2020 – 2.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	7 565 211	836 469	8 401 680
Short-term investments	–	444 391	–	444 391
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	8 009 602	836 469	8 846 071
% of total portfolio	–	90.5	9.5	100.0

December 31, 2020	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	7 565 409	315 585	7 880 994
Short-term investments	–	1 025 604	–	1 025 604
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	8 591 013	315 585	8 906 598
% of total portfolio	–	96.5	3.5	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	315 585	442 596
Net purchases	631 255	301 255
Net sales	(105 702)	(433 286)
Net transfers in (out)	–	–
Realized gains (losses)	(66)	(326)
Change in unrealized gains (losses)	(4 603)	5 346
Balance at end of period	836 469	315 585
Change in unrealized gains (losses) for Level 3 assets held at end of period	(2 859)	5 356

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 1.45% (December 31, 2020 – 2.06%), 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*	0.05%

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

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

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

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

	December 31 2021	December 31 2020
Units held		
Series A	57	56
Series D	60	59
Series F	61	60
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	39 425
Non-capital losses	–

Redeemable units (000s)

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

For the periods ended December 31 (see note 2 in the generic notes)	2021	2020
Series A		
Opening units	15 487	5 817
Issued number of units	16 487	11 541
Reinvested number of units	313	110
Redeemed number of units	(10 683)	(1 981)
Ending number of units	21 604	15 487
Advisor Series		
Opening units	–	943
Issued number of units	–	206
Reinvested number of units	–	8
Redeemed number of units	–	(1 157)
Ending number of units	–	–
Series D		
Opening units	15 461	15 474
Issued number of units	3 010	9 884
Reinvested number of units	256	281
Redeemed number of units	(4 834)	(10 178)
Ending number of units	13 893	15 461
Series F		
Opening units	14 762	6 866
Issued number of units	16 188	14 012
Reinvested number of units	317	152
Redeemed number of units	(11 598)	(6 268)
Ending number of units	19 669	14 762



December 31, 2021

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

	2021	2020
Series 0		
Opening units	817 206	774 334
Issued number of units	270 565	279 633
Reinvested number of units	17 502	16 140
Redeemed number of units	(281 649)	(252 901)
Ending number of units	823 624	817 206

**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	1 298 855	479 148
Fair value of collateral received	1 324 832	488 731

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	757	100	331	100
RBC IS (paid)	(189)	(25)	(83)	(25)
Tax withheld	–	–	–	–
Fund revenue	568	75	248	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 PRisM Balanced Fund	14.8	21.4
RBC Conservative Bond Pool	2.1	2.4
RBC Core Bond Pool	3.3	3.9
RBC Core Plus Bond Pool	1.4	2.1
RBC Monthly Income Bond Fund	5.2	6.1
RBC Select Choices Balanced Portfolio	0.1	0.1
RBC Select Choices Conservative Portfolio	0.1	0.1
RBC Select Conservative Portfolio	9.7	8.3
RBC Select Very Conservative Portfolio	10.6	9.6
Total	47.3	54.0

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1. The Funds

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

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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.

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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

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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.

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

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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

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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)

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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.

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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.