

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 Small Float Fund	Phillips, Hager & North LifeTime 2030 Fund
Phillips, Hager & North Long Inflation-linked Bond Fund	Phillips, Hager & North U.S. Dividend Income Fund	Phillips, Hager & North LifeTime 2035 Fund
Phillips, Hager & North Monthly Income Fund	Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund	Phillips, Hager & North LifeTime 2040 Fund
Phillips, Hager & North Balanced Fund	Phillips, Hager & North U.S. Equity Fund	Phillips, Hager & North LifeTime 2045 Fund
Phillips, Hager & North Dividend Income Fund	Phillips, Hager & North Currency-Hedged U.S. Equity Fund	Phillips, Hager & North LifeTime 2050 Fund
Phillips, Hager & North Canadian Equity Fund	Phillips, Hager & North U.S. Growth Fund	Phillips, Hager & North LifeTime 2055 Fund
Phillips, Hager & North Canadian Equity Value Fund	Phillips, Hager & North Overseas Equity Fund	Phillips, Hager & North LifeTime 2060 Fund
Phillips, Hager & North Conservative Equity Income Fund	Phillips, Hager & North Currency-Hedged Overseas Equity Fund	Phillips, Hager & North Conservative Pension Trust
Phillips, Hager & North Canadian Equity Underlying Fund	Phillips, Hager & North Global Equity Fund	Phillips, Hager & North Balanced Pension Trust
Phillips, Hager & North Canadian Equity Underlying Fund II	Phillips, Hager & North LifeTime 2015 Fund	Phillips, Hager & North Growth Pension Trust
Phillips, Hager & North Canadian Growth Fund	Phillips, Hager & North LifeTime 2020 Fund	Phillips, Hager & North Canadian Equity Pension Trust
Phillips, Hager & North Canadian Income Fund	Phillips, Hager & North LifeTime 2025 Fund	Phillips, Hager & North Canadian Equity Plus Pension Trust
Phillips, Hager & North Vintage Fund		(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 TOTAL RETURN BOND FUND

December 31, 2021

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
21 596 224	Phillips, Hager & North High Yield Bond Fund – Series O*	\$ 222 582	\$ 243 156	
5 796 254	RBC High Yield Bond Fund – Series O*	57 659	62 580	
TOTAL UNDERLYING FUNDS		280 241	305 736	2.6

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
38 165	407 International Inc.	6.470	27-Jul-2029	\$ 50 318	\$ 48 844	
19 235	407 International Inc.	2.590	25-May-2032	20 663	19 450	
1 110	407 International Inc.	3.650	08-Sep-2044	1 231	1 220	
7 970	407 International Inc.	3.830	11-May-2046	9 525	9 033	
4 690	407 International Inc.	3.600	21-May-2047	5 368	5 149	
10 970	407 International Inc.	2.840	07-Mar-2050	11 032	10 565	
1 287	Access Health Abbotsford Ltd.	6.242	07-Mar-2038	1 754	1 632	
8 571	Access Justice Durham Ltd.	5.015	31-Aug-2039	9 680	10 273	
5 525	Access Prairies Partnership	4.232	01-Mar-2048	5 603	5 947	
2 963	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	3 504	3 578	
4 734	Aéroports de Montréal	6.950	16-Apr-2032	6 400	5 895	
11 992	Aéroports de Montréal	6.611	11-Apr-2033	15 141	15 059	
2 570	Aéroports de Montréal	5.170	17-Sep-2035	3 371	3 264	
6 651	Aéroports de Montréal	5.670	16-Oct-2037	9 106	8 985	
4 795	Aéroports de Montréal	3.919	26-Sep-2042	5 583	5 472	
5 920	Aéroports de Montréal	3.918	12-Jun-2045	6 481	6 820	
6 963	Aéroports de Montréal	3.360	24-Apr-2047	7 035	7 391	
8 640	Aéroports de Montréal	3.441	26-Apr-2051	8 640	9 359	
38 452	Alberta Powerline LP	3.340	01-Jun-2032	39 768	40 233	
29 761	Alberta Powerline LP	3.351	01-Sep-2032	30 375	31 160	
11 705	Alectra Inc.	2.488	17-May-2027	11 703	12 057	
8 960	Alectra Inc.	1.751	11-Feb-2031	8 960	8 601	
4 455	AltaGas Canada Inc.	3.150	06-Apr-2026	4 856	4 644	
15 590	AltaGas Canada Inc.	3.130	07-Apr-2027	15 594	16 271	
23 657	AltaLink Investments LP	2.244	07-Mar-2022	23 816	23 686	
7 800	AltaLink LP	1.509	11-Sep-2030	7 789	7 387	
1 795	AltaLink LP	4.922	17-Sep-2043	2 528	2 366	
2 866	Arrow Lakes Power	5.516	05-Apr-2041	3 829	3 586	
6 700	Bank of Montreal	2.850	06-Mar-2024	7 112	6 881	
1 350	Bank of Nova Scotia	2.980	17-Apr-2023	1 384	1 382	
66 720	Bank of Nova Scotia	2.380	01-May-2023	67 795	67 669	
4 700	Bank of Nova Scotia	2.490	23-Sep-2024	4 882	4 798	
4 220	BC Tel	9.650	08-Apr-2022	5 700	4 317	
895	Bell Canada	3.800	21-Aug-2028	974	968	
14 170	Bridging North America GP	4.023	31-May-2038	14 333	14 721	
4 590	Bridging North America GP	4.341	31-Aug-2053	4 997	5 076	
9 000	Brookfield Property Finance ULC	4.346	03-Jul-2023	9 144	9 187	
43 095	Brookfield Property Finance ULC	4.300	01-Mar-2024	43 098	44 050	
23 090	Brookfield Property Finance ULC	3.926	24-Aug-2025	23 155	23 341	
1 120	Brookfield Property Finance ULC	4.000	30-Sep-2026	1 128	1 120	
11 985	Brookfield Renewable Partners ULC	4.250	15-Jan-2029	13 162	13 355	
1 865	Brookfield Renewable Partners ULC	3.380	15-Jan-2030	2 074	1 979	
488	Brookfield Renewable Partners ULC	4.290	05-Nov-2049	584	565	

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.)						
12 360	Brookfield Renewable Partners ULC	3.330	13-Aug-2050	\$ 12 375	\$ 12 212	
57 905	Bruce Power LP	3.969	23-Jun-2026	61 345	62 282	
26 125	Bruce Power LP	2.680	21-Dec-2028	26 068	26 602	
12 470	Bruce Power LP	4.010	21-Jun-2029	12 514	13 702	
7 845	Bruce Power LP	4.000	21-Jun-2030	8 006	8 610	
3 185	Bruce Power LP	4.132	21-Jun-2033	3 194	3 529	
11 185	Bruce Power LP	4.746	21-Jun-2049	11 184	13 882	
9 450	Calgary Airport Authority	3.454	07-Oct-2041	9 450	10 064	
4 725	Calgary Airport Authority	3.554	07-Oct-2051	4 725	5 167	
5 105	Calgary Airport Authority	3.554	07-Oct-2053	5 105	5 596	
7 085	Calgary Airport Authority	3.754	07-Oct-2061	7 085	7 569	
3 622	Calgary Glycol Facilities Corp.	3.257	29-Oct-2058	3 622	3 403	
25 885	Cameco Corp.	4.190	24-Jun-2024	26 174	27 098	
25 430	Cameco Corp.	2.950	21-Oct-2027	25 572	25 734	
14 160	Canadian Imperial Bank of Commerce	3.290	15-Jan-2024	15 154	14 656	
16 170	Canadian Pacific Railway Co.	1.589	24-Nov-2023	16 170	16 195	
14 700	Canadian Pacific Railway Co.	2.540	28-Feb-2028	14 699	14 950	
2 689	Canadian Utilities Ltd.	3.122	09-Nov-2022	2 800	2 738	
707	Canadian Utilities Ltd.	9.400	01-May-2023	926	780	
684	Capital City Link General Partnership	4.386	31-Mar-2046	791	764	
7 145	CBHP LP	2.393	27-Aug-2029	7 145	7 065	
15 360	CBHP LP	3.000	27-May-2053	15 360	14 401	
3 675	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	3 665	3 746	
9 153	Clover LP	4.216	30-Jun-2034	9 153	9 810	
9 677	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	9 656	9 795	
6 100	Cominar Real Estate Investment Trust	4.500	15-May-2024	6 100	6 291	
4 315	CU Inc.	9.920	01-Apr-2022	6 292	4 407	
9 310	CU Inc.	6.215	06-Mar-2024	11 575	10 193	
2 125	CU Inc.	5.563	26-May-2028	2 734	2 541	
2 535	CU Inc.	5.580	26-May-2038	3 334	3 397	
3 625	CU Inc.	4.543	24-Oct-2041	4 682	4 455	
3 579	CU Inc.	3.805	10-Sep-2042	3 793	4 014	
3 000	CU Inc.	4.722	09-Sep-2043	4 001	3 794	
7 270	CU Inc.	4.085	02-Sep-2044	8 664	8 520	
11 460	CU Inc.	3.763	19-Nov-2046	12 191	12 921	
7 975	CU Inc.	3.950	23-Nov-2048	9 751	9 313	
4 905	CU Inc.	2.963	07-Sep-2049	5 146	4 847	
350	CU Inc.	2.609	28-Sep-2050	300	322	
7 047	CU Inc.	4.947	18-Nov-2050	8 844	9 615	
8 330	CU Inc.	3.174	05-Sep-2051	8 318	8 560	
676	CU Inc.	4.558	07-Nov-2053	743	875	
720	CU Inc.	4.094	19-Oct-2054	726	865	
11 615	DP World Canada Investment Inc.	3.536	08-Nov-2041	11 615	11 912	
3 846	Dufferin Wind Power Inc.	4.317	30-Nov-2033	3 884	4 103	
7 416	Edmonton Regional Airports Authority	3.715	20-May-2051	7 416	7 701	
710	E-L Financial Corp. Ltd.	4.000	22-Jun-2050	732	745	
4 920	Ellisdon Infrastructure RIH General Partnership	3.930	31-Oct-2038	4 920	5 146	
1 052	Enbridge Gas Inc.	6.050	05-Jul-2023	1 201	1 122	
10 607	Enbridge Gas Inc.	3.310	11-Sep-2025	11 075	11 163	
14 244	Enbridge Gas Inc.	2.500	05-Aug-2026	14 497	14 608	
12 284	Enbridge Gas Inc.	6.650	03-Nov-2027	15 546	15 105	
1 940	Enbridge Gas Inc.	6.100	19-May-2028	2 456	2 366	
1 870	Enbridge Gas Inc.	2.370	09-Aug-2029	1 869	1 892	
29 885	Enbridge Gas Inc.	2.900	01-Apr-2030	30 735	31 200	
7 287	Enbridge Gas Inc.	6.900	15-Nov-2032	9 929	10 041	
1 095	Enbridge Gas Inc.	6.160	16-Dec-2033	1 476	1 463	
5 000	Enbridge Inc.	3.190	05-Dec-2022	5 110	5 091	

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.)						
10 339	Enbridge Inc.	3.940	30-Jun-2023	\$ 10 840	\$ 10 648	
5 531	Enbridge Pipelines Inc.	2.930	30-Nov-2022	5 601	5 625	
1 585	Enbridge Pipelines Inc.	6.350	17-Nov-2023	1 895	1 718	
22 000	Enbridge Pipelines Inc.	8.200	15-Feb-2024	30 969	24 790	
41 064	Enbridge Pipelines Inc.	3.450	29-Sep-2025	41 844	43 171	
4 435	Enbridge Pipelines Inc.	6.050	12-Feb-2029	5 733	5 301	
1 200	Enbridge Pipelines Inc.	6.500	11-Jun-2029	1 619	1 482	
3 331	Enbridge Pipelines Inc.	5.350	10-Nov-2039	4 047	4 005	
6 651	Enbridge Southern Lights LP	4.014	30-Jun-2040	6 718	7 064	
7 585	Energir Inc.	2.100	16-Apr-2027	7 680	7 657	
4 600	ENMAX Corp.	2.922	18-Oct-2022	4 600	4 663	
10 880	ENMAX Corp.	3.331	02-Jun-2025	11 308	11 306	
10 246	ENMAX Corp.	3.836	05-Jun-2028	10 769	10 947	
7 295	ENMAX Corp.	3.876	18-Oct-2029	7 328	7 831	
6 470	Enwave Energy Corp.	3.943	07-Dec-2037	6 470	6 979	
1 660	EPCOR Utilities Inc.	6.650	15-Apr-2038	2 438	2 441	
11 380	Fair Hydro Trust	3.357	15-May-2033	11 488	12 288	
8 750	Fair Hydro Trust	3.520	15-May-2038	8 750	9 622	
3 255	Fengate PCL Progress Partners Mbr LP	2.501	31-Jul-2038	3 258	3 111	
2 040	Fengate PCL Progress Partners Mbr LP	3.045	31-Jan-2054	2 029	1 880	
10 715	Fortified Trust	2.340	23-Jan-2023	10 860	10 859	
25 600	Fortis Inc.	2.850	12-Dec-2023	25 556	26 251	
25 585	Fortis Inc.	2.180	15-May-2028	25 880	25 560	
3 818	FortisAlberta Inc.	6.220	31-Oct-2034	5 590	5 221	
1 594	FortisBC Energy Inc.	5.800	13-May-2038	2 092	2 191	
2 165	FortisBC Inc.	5.600	09-Nov-2035	2 702	2 831	
16 806	FortisBC Inc.	6.100	02-Jun-2039	22 669	23 574	
2 779	FortisBC Inc.	4.000	28-Oct-2044	3 002	3 161	
14 160	Gaz Metro Inc.	7.050	30-Oct-2030	20 541	19 181	
6 180	Grand Renewable Solar LP	3.926	31-Jan-2035	6 319	6 647	
3 783	Greater Toronto Airports Authority	3.040	21-Sep-2022	3 889	3 823	
28 097	Greater Toronto Airports Authority	6.450	03-Dec-2027	37 163	34 555	
6 205	Greater Toronto Airports Authority	1.540	03-May-2028	6 201	5 992	
1 544	Greater Toronto Airports Authority	6.450	30-Jul-2029	1 906	1 808	
12 367	Greater Toronto Airports Authority	7.100	04-Jun-2031	17 962	16 966	
8 786	Greater Toronto Airports Authority	6.980	15-Oct-2032	12 668	12 243	
15 845	Greater Toronto Airports Authority	3.260	01-Jun-2037	16 487	16 726	
23 675	Greater Toronto Airports Authority	2.750	17-Oct-2039	23 581	23 329	
7 715	Greater Toronto Airports Authority	5.630	07-Jun-2040	10 409	10 681	
2 920	Greater Toronto Airports Authority	4.530	02-Dec-2041	3 546	3 627	
6 660	Greater Toronto Airports Authority	3.150	05-Oct-2051	6 648	6 897	
24 553	H2O Power LP	3.310	30-Nov-2029	24 641	25 325	
8 195	Halifax International Airport Authority	3.678	03-May-2051	8 195	8 761	
12 590	Health Montreal Collective LP	6.721	30-Sep-2049	17 557	17 406	
5 845	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	7 045	7 089	
9 975	Hydro One Inc.	3.200	13-Jan-2022	10 332	9 980	
5 840	Hydro One Inc.	0.710	16-Jan-2023	5 839	5 819	
30 324	Hydro One Inc.	2.540	05-Apr-2024	31 440	31 044	
10 152	Hydro One Inc.	2.970	26-Jun-2025	10 221	10 590	
625	Hydro One Inc.	2.770	24-Feb-2026	600	649	
46 032	Hydro One Inc.	3.020	05-Apr-2029	50 159	48 809	
20 990	Hydro One Inc.	2.160	28-Feb-2030	21 552	20 949	
44 220	Hydro One Inc.	1.690	16-Jan-2031	44 096	42 044	
7 985	Hydro One Inc.	2.230	17-Sep-2031	7 979	7 890	
8 925	Hydro One Inc.	6.930	01-Jun-2032	12 818	12 368	
3 867	Hydro One Inc.	6.350	31-Jan-2034	5 139	5 304	
6 105	Hydro One Inc.	5.360	20-May-2036	7 683	7 952	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
11 580	Hydro One Inc.	4.890	13-Mar-2037	\$ 13 996	\$ 14 538	
12 700	Hydro One Inc.	6.030	03-Mar-2039	17 665	17 935	
2 510	Hydro One Inc.	6.590	22-Apr-2043	3 614	3 926	
11 770	Hydro One Inc.	4.170	06-Jun-2044	12 578	13 976	
909	Hydro One Inc.	5.000	19-Oct-2046	1 148	1 227	
640	Hydro One Inc.	3.720	18-Nov-2047	775	722	
13 423	Hydro One Inc.	3.630	25-Jun-2049	15 047	14 975	
8 705	Hydro One Inc.	3.640	05-Apr-2050	10 362	9 746	
9 950	Hydro One Inc.	3.100	15-Sep-2051	9 942	10 135	
2 820	Hydro One Inc.	3.790	31-Jul-2062	2 937	3 269	
23 300	Hydro One Ltd.	1.410	15-Oct-2027	23 095	22 501	
13 733	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	13 805	14 083	
1 421	InPower BC General Partnership	4.471	31-Mar-2033	1 620	1 551	
4 215	Ivanhoe Cambridge II Inc.	2.296	12-Dec-2024	4 215	4 289	
10 887	Kingston Solar LP	3.571	31-Jul-2035	11 049	11 419	
25 375	Lievre Power Finance Corp.	4.046	31-Dec-2061	25 375	25 679	
5 000	Lower Mattagami Energy LP	3.416	20-Jun-2024	5 311	5 234	
2 109	Lower Mattagami Energy LP	2.307	21-Oct-2026	2 000	2 159	
9 370	Lower Mattagami Energy LP	2.433	14-May-2031	9 370	9 521	
3 605	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	3 616	3 690	
7 490	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	7 491	7 835	
5 825	Mobilinx Hurontario GP	3.276	31-May-2039	5 825	5 748	
4 410	Mobilinx Hurontario GP	3.642	31-May-2054	4 410	4 367	
5 175	Mosaic Transit Partners GP	4.111	28-Feb-2038	5 175	5 498	
3 205	Mosaic Transit Partners GP	4.470	28-Feb-2053	3 205	3 597	
6 855	Mountain View Partners GP	3.974	31-Mar-2051	6 855	7 238	
40 453	MPT Finco Inc.	3.457	30-Nov-2029	41 236	41 654	
15 863	North Battleford Power LP	4.958	31-Dec-2032	17 649	17 982	
22 506	North West Redwater Partnership	3.200	22-Jul-2024	23 053	23 264	
21 931	North West Redwater Partnership	3.200	24-Apr-2026	22 897	22 886	
14 240	North West Redwater Partnership	2.800	01-Jun-2031	14 213	14 284	
19 678	North West Redwater Partnership	4.150	01-Jun-2033	21 002	21 697	
9 955	North West Redwater Partnership	3.650	01-Jun-2035	10 441	10 412	
13 287	North West Redwater Partnership	4.750	01-Jun-2037	13 636	15 546	
495	North West Redwater Partnership	4.350	10-Jan-2039	499	559	
2 920	Northland Power Solar Finance One LP	4.397	30-Jun-2032	2 920	3 178	
10 300	Northwestern Hydro Acquisition Co. II LP	3.877	31-Dec-2036	10 300	11 201	
13 837	Northwestern Hydro Acquisition Co. III LP	3.940	31-Dec-2038	14 297	15 119	
10 495	Northwestern Hydro Acquisition Co. Inc.	3.985	31-Dec-2034	10 495	11 547	
10 118	Nouvelle Autoroute 30 Financement Inc.	3.742	31-Dec-2032	10 137	10 633	
8 371	Nouvelle Autoroute 30 Financement Inc.	3.750	31-Mar-2033	8 371	8 794	
1 531	Nova Gas Transmission Ltd.	9.900	16-Dec-2024	2 091	1 862	
2 375	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 388	2 973	
9 812	Nova Scotia Power Inc.	8.850	19-May-2025	14 356	11 944	
13 952	Nova Scotia Power Inc.	6.280	09-Apr-2029	17 235	16 888	
2 165	Ontario Power Generation Inc.	2.893	08-Apr-2025	2 315	2 246	
15 180	Ontario Power Generation Inc.	1.170	22-Apr-2026	15 097	14 745	
46 350	Ontario Power Generation Inc.	3.315	04-Oct-2027	47 922	49 372	
12 625	Ontario Power Generation Inc.	2.977	13-Sep-2029	12 720	13 211	
30 805	Ontario Power Generation Inc.	3.215	08-Apr-2030	32 447	32 696	
6 000	Ontario Power Generation Inc.	3.838	22-Jun-2048	7 109	6 673	
24 955	Ontario Power Generation Inc.	4.248	18-Jan-2049	26 000	29 646	
526	Ornge Issuer Trust	5.727	11-Jun-2034	631	622	
48 200	Pembina Pipeline Corp.	2.560	01-Jun-2023	49 748	48 872	
3 420	Pembina Pipeline Corp.	3.530	10-Dec-2031	3 419	3 498	
6 665	Pembina Pipeline Corp.	4.490	10-Dec-2051	6 665	7 030	
7 731	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	8 364	8 805	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
4 941	Plenary Properties LTAP LP	6.288	31-Jan-2044	\$ 6 734	\$ 6 588	
111	Power Corp of Canada	8.570	22-Apr-2039	193	186	
360	Power Corp of Canada	4.810	31-Jan-2047	459	453	
240	Power Corp of Canada	4.455	27-Jul-2048	299	291	
45	Power Financial Corp.	6.900	11-Mar-2033	63	60	
7 120	PSS Generating Station LP	4.795	24-Oct-2067	7 120	8 923	
3 680	Ridley Grain Ltd.	5.227	01-Aug-2024	3 680	3 832	
5 895	RioCan Real Estate Investment Trust	3.725	18-Apr-2023	6 028	6 056	
11 270	Royal Bank of Canada*	2.949	01-May-2023	11 752	11 537	
2 840	Royal Bank of Canada*	2.352	02-Jul-2024	2 936	2 889	
1 725	Royal Bank of Canada*	2.609	01-Nov-2024	1 798	1 766	
286	Sea To Sky Highway Investment LP	2.629	31-Aug-2030	296	287	
6 276	SEC LP and Arci Ltd.	5.188	29-Aug-2033	6 550	6 925	
1 634	SGTP Highway Bypass LP	4.105	31-Jan-2045	1 870	1 759	
13 185	Sinai Health System	3.209	08-Apr-2060	13 185	13 871	
1 970	SmartCentres Real Estate Investment Trust	3.192	11-Jun-2027	1 970	2 031	
1 772	SNC-Lavalin Group Inc.	6.632	30-Jun-2044	2 322	2 357	
775	Spy Hill Power LP	4.140	31-Mar-2036	899	848	
2 965	TELUS Corp.	2.850	13-Nov-2031	2 958	2 957	
9 330	Teranet Holdings LP	3.544	11-Jun-2025	9 330	9 756	
1 571	Teranet Holdings LP	5.754	17-Dec-2040	1 798	1 927	
541	Teranet Holdings LP	6.100	17-Jun-2041	638	690	
50 135	The Manufacturers Life Insurance Co.	3.181	22-Nov-2027	51 347	51 034	
1 380	Toronto Hydro Corp.	2.910	10-Apr-2023	1 416	1 404	
1 235	Toronto Hydro Corp.	2.430	11-Dec-2029	1 276	1 268	
9 280	Toronto Hydro Corp.	1.500	15-Oct-2030	9 269	8 780	
16 160	Toronto-Dominion Bank	3.005	30-May-2023	16 768	16 573	
4 355	Toronto-Dominion Bank	2.850	08-Mar-2024	4 550	4 476	
14 265	Toronto-Dominion Bank	3.226	24-Jul-2024	15 197	14 885	
19 005	Toronto-Dominion Bank	2.496	02-Dec-2024	19 123	19 416	
14 390	Toyota Credit Canada Inc.	2.310	23-Oct-2024	14 386	14 634	
23 592	TransAlta OCP LP	4.509	05-Aug-2030	23 592	25 284	
15 565	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	16 314	16 018	
3 300	TransCanada PipeLines Ltd.	7.310	15-Jan-2027	4 133	3 978	
1 890	TransCanada PipeLines Ltd.	6.280	26-May-2028	2 255	2 253	
4 417	TransCanada PipeLines Ltd.	7.340	18-Jul-2028	5 868	5 555	
5 000	TransCanada PipeLines Ltd.	6.890	07-Aug-2028	6 190	6 167	
1 819	TransCanada PipeLines Ltd.	6.500	09-Dec-2030	2 338	2 226	
2 450	TransCanada PipeLines Ltd.	8.200	15-Aug-2031	3 718	3 346	
18 379	TransEd Partners GP	3.951	30-Sep-2050	16 998	19 042	
5 138	Trillium Windpower LP	5.803	15-Feb-2033	5 993	6 038	
5 000	Union Gas Ltd.	3.190	17-Sep-2025	5 091	5 243	
7 905	Union Gas Ltd.	8.650	10-Nov-2025	10 867	9 801	
25 084	Union Gas Ltd.	2.880	22-Nov-2027	25 628	26 212	
5 280	Union Gas Ltd.	5.460	11-Sep-2036	6 745	6 896	
4 835	Unity Health Toronto	3.308	01-Jun-2061	4 835	5 276	
4 636	Vancouver Airport Authority	7.425	07-Dec-2026	6 420	5 835	
7 330	Vancouver Airport Authority	1.760	20-Sep-2030	7 330	7 070	
8 060	Vancouver Airport Fuel Facilities Corp.	2.168	23-Jun-2025	8 060	7 889	
3 982	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	3 982	3 954	
17 038	Westcoast Energy Inc.	3.120	05-Dec-2022	17 782	17 350	
3 000	Westcoast Energy Inc.	3.430	12-Sep-2024	3 186	3 122	
18 805	Westcoast Energy Inc.	8.850	21-Jul-2025	25 164	22 979	
38 600	Westcoast Energy Inc.	3.770	08-Dec-2025	42 839	41 036	
2 975	Westcoast Energy Inc.	6.750	15-Dec-2027	3 831	3 656	
12 820	Westcoast Energy Inc.	4.791	28-Oct-2041	14 239	14 913	
1 740	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	1 737	1 773	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
4 221	Winnipeg Airport Authority Inc.	5.205	28-Sep-2040	\$ 5 048	\$ 4 871	
6 106	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	6 854	7 513	
3 945	Winnipeg Airport Authority Inc.	3.659	30-Sep-2047	3 945	4 193	
2 375	Winnipeg Airport Authority Inc.	3.040	03-Feb-2051	2 375	2 262	
				2 977 820	2 987 812	25.8
FEDERAL						
90 811	Canada Housing Trust No. 1	2.400	15-Dec-2022	92 122	92 236	
116 688	Canada Housing Trust No. 1	2.350	15-Sep-2023	119 220	119 238	
46 899	Canada Housing Trust No. 1	2.900	15-Jun-2024	49 167	48 782	
78 216	Canada Housing Trust No. 1	1.950	15-Dec-2025	83 522	79 745	
13 302	Canada Housing Trust No. 1	2.250	15-Dec-2025	13 648	13 715	
27 104	Canada Housing Trust No. 1	1.250	15-Jun-2026	27 223	26 814	
24 750	Canada Housing Trust No. 1	1.550	15-Dec-2026	24 701	24 751	
1 265	Canada Housing Trust No. 1	2.350	15-Mar-2028	1 360	1 317	
832	CBC Monetization Trust	4.688	15-May-2027	832	898	
1 370	Government of Canada	0.500	01-Mar-2022	1 370	1 371	
74 334	Government of Canada	1.000	01-Sep-2022	74 847	74 557	
125	Government of Canada	1.500	01-Jun-2023	127	126	
575 979	Government of Canada	0.500	01-Nov-2023	570 978	571 311	
461 954	Government of Canada	0.750	01-Feb-2024	458 568	459 560	
27 080	Government of Canada	2.500	01-Jun-2024	28 825	28 014	
30 485	Government of Canada	1.500	01-Sep-2024	31 341	30 834	
84 563	Government of Canada	1.250	01-Mar-2025	87 823	84 865	
74 474	Government of Canada	2.250	01-Jun-2025	80 364	77 255	
92 857	Government of Canada	0.500	01-Sep-2025	93 093	90 654	
85 716	Government of Canada	1.500	01-Jun-2026	89 120	86 800	
448 829	Government of Canada	1.000	01-Sep-2026	446 989	443 749	
89 613	Government of Canada	1.250	01-Mar-2027	89 327	89 424	
400	Government of Canada	2.000	01-Jun-2028	409	418	
19 835	Government of Canada	1.250	01-Jun-2030	19 541	19 691	
1 635	Government of Canada	0.500	01-Dec-2030	1 515	1 514	
86 087	Government of Canada	1.500	01-Jun-2031	86 198	86 699	
2	Government of Canada	5.750	01-Jun-2033	3	3	
39 435	Government of Canada	1.250	01-Dec-2047	49 190	53 528	
100 492	Government of Canada	2.000	01-Dec-2051	103 171	108 146	
18 758	Government of Canada	1.750	01-Dec-2053	18 410	18 937	
72 458	Government of Canada	2.750	01-Dec-2064	84 374	93 987	
				2 827 378	2 828 939	24.4
PROVINCIAL/MUNICIPAL						
6 335	Carleton University	3.264	05-Jul-2061	6 335	6 645	
1 935	Centre Hospitalier de l'Université de Montréal	4.448	01-Oct-2049	2 644	2 492	
5 000	City of Montreal	3.000	01-Sep-2025	5 241	5 253	
14 232	City of Ottawa	2.500	11-May-2051	14 156	13 908	
1 992	City of Toronto	5.342	18-Jul-2027	2 292	2 188	
5 457	City of Toronto	2.200	21-Dec-2031	5 439	5 497	
780	City of Toronto	4.700	10-Jun-2041	1 021	1 026	
1 495	City of Toronto	3.800	13-Dec-2042	1 675	1 774	
2 070	City of Vancouver	2.300	05-Nov-2031	2 069	2 109	
2 655	Concordia University	3.626	10-Feb-2039	2 655	2 905	
2 585	Concordia University	6.550	02-Sep-2042	4 156	4 037	
2 655	Concordia University	3.678	10-Feb-2059	2 655	2 998	
10 000	First Nations Finance Authority	3.400	26-Jun-2024	10 551	10 504	
57 724	First Nations Finance Authority	3.050	01-Jun-2028	62 175	62 091	
48 441	First Nations Finance Authority	1.710	16-Jun-2030	48 776	47 434	
4 900	Hamilton Health Sciences Corp.	3.683	17-Jan-2059	4 900	5 632	
11 023	Hospital for Sick Children	5.217	16-Dec-2049	12 519	15 849	

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PROVINCIAL/MUNICIPAL (cont.)						
4 925	Hospital for Sick Children	3.416	07-Dec-2057	\$ 4 925	\$ 5 522	
120	McGill University	3.975	29-Jan-2056	141	145	
476	McGill University Health Centre	5.360	31-Dec-2043	730	665	
5 260	McMaster University	3.255	17-Jun-2051	5 260	5 728	
3 480	McMaster University	6.150	07-Oct-2052	5 530	5 649	
6 840	McMaster University	3.405	17-Jun-2071	6 840	7 388	
10 947	Municipal Finance Authority of British Columbia	1.350	30-Jun-2026	10 935	10 826	
36 027	Ontario Electricity Financial Corp.	8.500	26-May-2025	55 102	44 251	
7 007	Ontario Electricity Financial Corp.	9.000	26-May-2025	10 759	8 726	
40 915	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	60 023	52 471	
1 870	Ontario Infrastructure Projects Corp.	4.700	01-Jun-2037	2 388	2 360	
841	Ontario School Boards Financing Corp.	7.200	09-Jun-2025	973	934	
1 592	Ontario School Boards Financing Corp.	6.550	19-Oct-2026	1 872	1 797	
11 608	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	13 686	13 074	
2 678	Ontario School Boards Financing Corp.	5.800	07-Nov-2028	3 201	3 064	
18 469	Ontario School Boards Financing Corp.	5.483	26-Nov-2029	21 129	21 122	
6 226	Ontario School Boards Financing Corp.	4.789	08-Aug-2030	6 996	6 953	
6 680	Ontario School Boards Financing Corp.	5.070	18-Apr-2031	7 648	7 600	
15 424	Ontario School Boards Financing Corp.	5.376	25-Jun-2032	18 261	18 066	
8 840	OPB Finance Trust	2.950	02-Feb-2026	9 277	9 278	
12 330	OPB Finance Trust	2.980	25-Jan-2027	12 775	12 961	
19 182	Province of Alberta	2.200	01-Jun-2026	18 336	19 697	
725	Province of Alberta	2.550	01-Jun-2027	748	757	
376	Province of Alberta	2.900	01-Dec-2028	399	402	
25 348	Province of Alberta	3.450	01-Dec-2043	28 572	29 150	
51 141	Province of Alberta	3.300	01-Dec-2046	53 700	58 048	
165 716	Province of Alberta	3.100	01-Jun-2050	175 286	184 093	
8 000	Province of Manitoba	2.550	02-Jun-2026	7 973	8 335	
13 674	Province of Manitoba	4.050	05-Sep-2045	15 963	17 324	
86 866	Province of Manitoba	2.850	05-Sep-2046	80 031	91 716	
11 984	Province of New Brunswick	3.650	03-Jun-2024	13 257	12 654	
14 500	Province of New Brunswick	4.800	26-Sep-2039	18 915	19 212	
5 474	Province of New Brunswick	4.800	03-Jun-2041	6 605	7 375	
13 076	Province of New Brunswick	3.550	03-Jun-2043	13 365	15 249	
35 748	Province of New Brunswick	3.800	14-Aug-2045	38 092	43 601	
50 236	Province of New Brunswick	3.050	14-Aug-2050	52 984	55 277	
25 867	Province of Newfoundland and Labrador	3.300	17-Oct-2046	24 212	27 988	
40 709	Province of Newfoundland and Labrador	2.650	17-Oct-2050	36 127	39 207	
1 609	Province of Ontario	3.500	02-Jun-2024	1 771	1 693	
66 352	Province of Ontario	2.600	02-Jun-2025	71 671	68 890	
56 110	Province of Ontario	8.500	02-Dec-2025	85 326	70 830	
108 932	Province of Ontario	2.400	02-Jun-2026	115 430	112 855	
81 584	Province of Ontario	1.850	01-Feb-2027	85 886	82 552	
66 615	Province of Ontario	2.600	02-Jun-2027	73 520	69 828	
78 704	Province of Ontario	2.900	02-Jun-2028	88 443	84 127	
91 358	Province of Ontario	2.700	02-Jun-2029	99 726	96 710	
134 021	Province of Ontario	2.050	02-Jun-2030	141 905	135 195	
270 313	Province of Ontario	1.350	02-Dec-2030	257 572	256 483	
370 355	Province of Ontario	2.150	02-Jun-2031	373 166	374 344	
71 368	Province of Ontario	6.200	02-Jun-2031	100 588	97 079	
135 130	Province of Ontario	5.600	02-Jun-2035	185 297	186 309	
37 136	Province of Ontario	4.700	02-Jun-2037	46 866	48 259	
168 510	Province of Ontario	4.600	02-Jun-2039	219 851	220 072	
4 689	Province of Ontario	4.650	02-Jun-2041	6 070	6 278	
193 311	Province of Ontario	3.500	02-Jun-2043	207 157	226 624	
38 391	Province of Ontario	3.450	02-Jun-2045	46 583	45 055	
86 928	Province of Ontario	2.900	02-Dec-2046	87 089	93 777	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
463	Province of Ontario	2.800	02-Jun-2048	\$ 467	\$ 492	
56 292	Province of Ontario	2.900	02-Jun-2049	57 427	61 068	
61 922	Province of Ontario	2.650	02-Dec-2050	67 637	64 373	
141 908	Province of Ontario	1.900	02-Dec-2051	118 967	125 520	
20 862	Province of Quebec	3.750	01-Sep-2024	22 645	22 206	
96 239	Province of Quebec	8.500	01-Apr-2026	147 407	123 533	
3 191	Province of Quebec	2.500	01-Sep-2026	3 259	3 327	
51 750	Province of Quebec	2.750	01-Sep-2027	54 495	54 818	
75 541	Province of Quebec	2.750	01-Sep-2028	80 431	80 304	
7 784	Province of Quebec	2.300	01-Sep-2029	8 517	8 043	
22 588	Province of Quebec	1.900	01-Sep-2030	23 196	22 559	
80 429	Province of Quebec	6.250	01-Jun-2032	118 223	111 419	
2 135	Province of Quebec	5.750	01-Dec-2036	2 930	3 057	
4 000	Province of Quebec	5.000	01-Dec-2041	5 453	5 632	
65 030	Province of Quebec	3.500	01-Dec-2045	82 533	77 530	
71 843	Province of Quebec	3.500	01-Dec-2048	90 230	86 848	
204 483	Province of Quebec	3.100	01-Dec-2051	236 724	234 380	
24 982	Province of Saskatchewan	2.550	02-Jun-2026	25 099	26 031	
392	Province of Saskatchewan	2.650	02-Jun-2027	407	412	
6 290	Province of Saskatchewan	6.400	05-Sep-2031	9 277	8 661	
16 993	Province of Saskatchewan	3.900	02-Jun-2045	20 586	21 045	
23 792	Province of Saskatchewan	2.750	02-Dec-2046	23 150	24 695	
585	Province of Saskatchewan	3.300	02-Jun-2048	672	670	
78 894	Province of Saskatchewan	3.100	02-Jun-2050	85 978	87 877	
7 752	Queen's University	6.100	19-Nov-2032	10 114	10 181	
4 720	Queen's University	2.889	27-Apr-2060	4 720	4 577	
15 000	South Coast British Columbia Transportation Authority	1.600	03-Jul-2030	14 764	14 489	
14 476	The 55 Ontario School Board Trust	5.900	02-Jun-2033	21 070	19 306	
5 425	Trillium Health Partners Volunteers	3.702	20-Dec-2058	5 425	6 274	
7 668	University of British Columbia	6.650	01-Dec-2031	10 262	10 359	
1 586	University of British Columbia	4.817	26-Jul-2035	1 967	1 935	
930	University of Guelph	6.240	10-Oct-2042	1 463	1 385	
3 686	University of Ottawa	2.635	13-Feb-2060	3 730	3 338	
2 850	University of Toronto	6.780	18-Jul-2031	4 029	3 834	
1 024	University of Toronto	5.841	15-Dec-2043	1 470	1 484	
2 960	University of Toronto	4.937	16-Nov-2045	3 765	3 947	
144	University of Toronto	4.493	13-Dec-2046	179	182	
1 924	York Region District School Board	5.095	01-Jun-2031	2 248	2 188	
11 719	York Region District School Board	5.098	07-Jun-2032	13 055	13 450	
830	York University	6.480	07-Mar-2042	1 255	1 244	
5 060	York University	4.458	26-Feb-2054	5 931	6 459	
4 720	York University	3.394	01-Apr-2060	4 720	5 037	
				4 722 069	4 702 136	40.6
TOTAL CANADIAN BONDS				10 527 267	10 518 887	90.8
UNITED KINGDOM BONDS						
24 020	Heathrow Funding Ltd. CAD	3.250	21-May-2025	24 721	24 806	
9 655	Heathrow Funding Ltd. CAD	2.694	13-Oct-2027	9 655	9 695	
13 130	Heathrow Funding Ltd. CAD	3.400	08-Mar-2028	13 617	13 624	
910	Heathrow Funding Ltd. CAD	3.782	04-Sep-2030	975	968	
15 720	Heathrow Funding Ltd. CAD	3.661	13-Jan-2031	15 718	16 503	
14 625	Heathrow Funding Ltd. CAD	3.726	13-Apr-2033	15 127	15 203	
67 902	National Grid Electricity Transmission Plc. CAD	2.301	22-Jun-2029	67 923	67 484	
TOTAL UNITED KINGDOM BONDS				147 736	148 283	1.3

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
UNITED STATES BONDS						
41 990	AT&T Inc. CAD	4.000	25-Nov-2025	\$ 47 360	\$ 44 885	
12 725	AT&T Inc. CAD	4.850	25-May-2047	14 411	14 438	
24 090	AT&T Inc. CAD	5.100	25-Nov-2048	26 640	28 451	
10 585	Bank of America Corp. CAD	3.301	24-Apr-2024	10 976	10 844	
3 130	Bank of America Corp. CAD	3.407	20-Sep-2025	3 088	3 256	
28 790	Bank of America Corp. CAD	3.515	24-Mar-2026	28 790	30 156	
10 000	John Deere Financial Inc. CAD	2.410	14-Jan-2025	10 593	10 198	
47 575	Nestlé Holdings Inc. CAD	2.192	26-Jan-2029	47 574	48 254	
50 095	New York Life Global Funding CAD	2.000	17-Apr-2028	50 071	49 840	
2 500	The Walt Disney Co. CAD	3.057	30-Mar-2027	2 602	2 594	
8 968	United Parcel Service Inc. CAD	2.125	21-May-2024	8 919	9 086	
71 860	Verizon Communications Inc. CAD	2.375	22-Mar-2028	72 072	71 966	
9 375	Verizon Communications Inc. CAD	2.500	16-May-2030	9 358	9 313	
TOTAL UNITED STATES BONDS				332 454	333 281	2.9
TOTAL BONDS				11 007 457	11 000 451	95.0
MORTGAGES[†]						
CMHC Insured						
1 362	Mortgage, 4.260% Nov 01, 2022			1 362	1 397	
6 205	Mortgage, 3.160% Sep 05, 2024			6 218	6 369	
TOTAL MORTGAGES				7 580	7 766	0.1
SHORT-TERM INVESTMENTS[‡]				208 997	208 997	1.8
TOTAL INVESTMENTS				11 504 275	11 522 950	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					61 156	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$11 584 106	100.0

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

[†] The Fund holds 2 mortgages with a fair value of \$7 766. These mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed. None of the mortgages are pre-payable.

[‡] Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.21% to 0.27% and mature between January 6, 2022 and February 7, 2022.



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	\$ 11 522 950	\$ 11 141 181
Cash	6 959	6 666
Due from investment dealers	2 485	1 091
Subscriptions receivable	10 938	14 484
Margin receivable	10	10
Dividends receivable, interest accrued and other assets	47 034	47 352
TOTAL ASSETS	11 590 376	11 210 784
LIABILITIES		
Due to investment dealers	2 083	6 380
Redemptions payable	2 922	2 399
Accounts payable and accrued expenses	1 265	1 328
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	6 270	10 107
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 11 584 106	\$ 11 200 677
Investments at cost	\$ 11 504 275	\$ 10 603 984
NAV		
SERIES A	\$ 254 305	\$ 301 187
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 541 879	\$ 616 450
SERIES F	\$ 1 394 748	\$ 1 427 986
SERIES O	\$ 9 393 174	\$ 8 855 054
NAV PER UNIT		
SERIES A	\$ 11.73	\$ 12.31
ADVISOR SERIES	\$ –	\$ –
SERIES D	\$ 11.73	\$ 12.31
SERIES F	\$ 11.74	\$ 12.32
SERIES O	\$ 11.66	\$ 12.24

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	\$ 296 887	\$ 286 928
Income from investment trusts	20 888	16 467
Derivative income (loss)	–	457
Net realized gain (loss) on investments	(19 308)	302 488
Change in unrealized gain (loss) on investments	(518 522)	446 948
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(220 055)	1 053 288
Net gain (loss) on foreign cash balances	457	254
TOTAL OTHER INCOME (LOSS)	457	254
TOTAL INCOME (LOSS)	(219 598)	1 053 542
EXPENSES (see notes – Fund Specific Information)		
Management fees	10 929	9 730
Administration fees	2 896	2 604
Independent Review Committee costs	2	2
GST/HST	1 408	1 238
TOTAL EXPENSES	15 235	13 574
INCREASE (DECREASE) IN NAV	\$ (234 833)	\$ 1 039 968
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (9 774)	\$ 11 343
ADVISOR SERIES	\$ –	\$ 11 449
SERIES D	\$ (16 676)	\$ 57 932
SERIES F	\$ (37 591)	\$ 95 649
SERIES O	\$ (170 792)	\$ 863 595
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.41)	\$ 0.72
ADVISOR SERIES	\$ –	\$ 1.18
SERIES D	\$ (0.35)	\$ 1.17
SERIES F	\$ (0.32)	\$ 1.07
SERIES O	\$ (0.22)	\$ 1.24



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	\$ (234 833)	\$ 1 039 968
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(5 152)	(864)
Non-cash dividends	—	—
Non-cash distributions from underlying funds	(20 888)	(16 467)
Net realized loss (gain) on investments	19 308	(302 488)
Change in unrealized loss (gain) on investments	518 522	(446 948)
(Increase) decrease in accrued receivables	318	(1 201)
Increase (decrease) in accrued payables	(63)	293
(Increase) decrease in margin accounts	—	44
Cost of investments purchased*	(22 694 495)	(22 576 967)
Proceeds from sale and maturity of investments*	21 795 245	22 192 905
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	(622 038)	(111 725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	2 393 712	2 437 984
Cash paid on redemption of redeemable units*	(1 711 091)	(2 238 077)
Distributions paid to holders of redeemable units	(60 290)	(87 930)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
	\$ 622 331	\$ 111 977
Net increase (decrease) in cash for the period	293	252
Cash (bank overdraft), beginning of period	6 666	6 414
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 6 959	\$ 6 666
Interest received (paid) [†]	\$ 292 053	\$ 284 863
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.



PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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	\$ 301 187	\$ 119 854	\$ —	\$ 110 040	\$ 616 450	\$ 567 028	\$ 1 427 986	\$ 839 128
INCREASE (DECREASE) IN NAV	(9 774)	11 343	—	11 449	(16 676)	57 932	(37 591)	95 649
Early redemption fees	—	—	—	—	—	1	4	19
Proceeds from redeemable units issued	60 480	213 317	—	27 450	38 835	79 241	537 308	794 360
Reinvestments of distributions to holders of redeemable units	4 181	5 975	—	1 112	11 092	18 596	22 328	28 971
Redemption of redeemable units	(97 051)	(42 493)	—	(148 776)	(95 566)	(85 719)	(523 180)	(287 662)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(32 390)	176 799	—	(120 214)	(45 639)	12 119	36 460	535 688
Distributions from net income	(4 609)	(3 599)	—	(1 275)	(12 025)	(14 059)	(31 513)	(27 334)
Distributions from net gains	(109)	(3 210)	—	—	(231)	(6 570)	(594)	(15 145)
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(4 718)	(6 809)	—	(1 275)	(12 256)	(20 629)	(32 107)	(42 479)
NET INCREASE (DECREASE) IN NAV	(46 882)	181 333	—	(110 040)	(74 571)	49 422	(33 238)	588 858
NAV AT END OF PERIOD	\$ 254 305	\$ 301 187	\$ —	\$ —	\$ 541 879	\$ 616 450	\$ 1 394 748	\$ 1 427 986

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	\$ 8 855 054	\$ 8 408 274	\$ 11 200 677	\$ 10 044 324
INCREASE (DECREASE) IN NAV	(170 792)	863 595	(234 833)	1 039 968
Early redemption fees	—	—	4	20
Proceeds from redeemable units issued	1 783 343	1 354 992	2 419 966	2 469 360
Reinvestments of distributions to holders of redeemable units	204 458	265 150	242 059	319 804
Redemption of redeemable units	(1 025 621)	(1 700 415)	(1 741 418)	(2 265 065)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	962 180	(80 273)	920 611	524 119
Distributions from net income	(249 263)	(241 881)	(297 410)	(288 148)
Distributions from net gains	(4 005)	(94 661)	(4 939)	(119 586)
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(253 268)	(336 542)	(302 349)	(407 734)
NET INCREASE (DECREASE) IN NAV	538 120	446 780	383 429	1 156 353
NAV AT END OF PERIOD	\$ 9 393 174	\$ 8 855 054	\$ 11 584 106	\$ 11 200 677



December 31, 2021

General information (see note 1 in the generic notes)

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

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

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

Liquidity risk (%)

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

Credit risk (%)

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

Rating	December 31 2021	December 31 2020
AAA	25.2	16.2
AA	37.9	40.4
A	20.0	22.3
BBB	13.1	18.3
BB	2.1	1.8
B	1.1	0.8
Unrated*	0.6	0.2
Total	100.0	100.0

* Mortgages, which represent 14.3% (December 31, 2020 – 46.4%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at December 31, 2021 and 2020, there were no mortgage payments in arrears for more than 90 days.

Concentration risk (%)

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

Investment mix	December 31 2021	December 31 2020
Provincial Bonds	38.0	33.6
Corporate Bonds	30.0	36.7
Federal Bonds	24.4	14.2
Underlying Funds	2.6	3.1
Municipal Bonds	2.6	4.1
Mortgages	0.1	0.1
Cash/Other	2.3	8.2
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	2.6	5.3
1 – 5 years	35.2	26.1
5 – 10 years	27.2	27.6
> 10 years	35.0	41.0
Total	100.0	100.0

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

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

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	305 736	–	–	305 736
Fixed-income and debt securities	–	11 000 451	7 766	11 008 217
Short-term investments	–	208 997	–	208 997
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	305 736	11 209 448	7 766	11 522 950
% of total portfolio	2.7	97.2	0.1	100.0

December 31, 2020	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	346 595	–	–	346 595
Fixed-income and debt securities	–	9 919 010	8 227	9 927 237
Short-term investments	–	867 349	–	867 349
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	346 595	10 786 359	8 227	11 141 181
% of total portfolio	3.1	96.8	0.1	100.0

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



December 31, 2021

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

	December 31 2021	December 31 2020
Balance at beginning of period	8 227	9 676
Net purchases	–	–
Net sales	(176)	(1 740)
Net transfers in (out)	–	–
Realized gains (losses)	–	–
Change in unrealized gains (losses)	(285)	291
Balance at end of period	7 766	8 227
Change in unrealized gains (losses) for Level 3 assets held at end of period	(285)	302

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

As at December 31, 2021, a 10% increase or decrease in the weighted average spread premium of 0.99% (December 31, 2020 – 1.01%), 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%	0.04%
Series F	0.40%	0.05%
Series O	n/a*	0.02%

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

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

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

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

	December 31 2021	December 31 2020
Units held		
Series A	60	59
Series D	63	62
Series F	64	62
Value of all units	2	2

Unconsolidated structured entities (%) (see note 3 in the generic notes)

The table below summarizes the Fund's interest in the sponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the sponsored funds ("Ownership"). All sponsored funds are established and conduct business in Canada.

	December 31 2021		December 31 2020	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
High Yield Bond Fund	2.1	3.2	2.0	3.3
RBC High Yield Bond Fund	0.5	1.8	1.0	3.6

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

The Fund had no capital or non-capital losses as at December 31, 2021.

Redeemable units (000s)

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

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

	2021	2020
Series A		
Opening units	24 474	10 381
Issued number of units	5 109	17 083
Reinvested number of units	359	490
Redeemed number of units	(8 253)	(3 480)
Ending number of units	21 689	24 474

Advisor Series

Opening units	–	9 520
Issued number of units	–	2 273
Reinvested number of units	–	93
Redeemed number of units	–	(11 886)
Ending number of units	–	–



December 31, 2021

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

	2021	2020
Series D		
Opening units	50 088	49 101
Issued number of units	3 284	6 516
Reinvested number of units	952	1 532
Redeemed number of units	(8 112)	(7 061)
Ending number of units	46 212	50 088
Series F		
Opening units	115 893	72 567
Issued number of units	45 429	64 711
Reinvested number of units	1 914	2 376
Redeemed number of units	(44 435)	(23 761)
Ending number of units	118 801	115 893
Series O		
Opening units	723 547	732 064
Issued number of units	152 044	111 945
Reinvested number of units	17 643	21 960
Redeemed number of units	(87 778)	(142 422)
Ending number of units	805 456	723 547

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
RBC Balanced Growth & Income Class	0.2	0.2
RBC Balanced Growth & Income Fund	1.5	1.4
RBC Conservative Bond Pool	0.7	0.6
RBC Conservative Growth & Income Fund	0.6	0.5
RBC Core Bond Pool	2.8	2.5
RBC Core Plus Bond Pool	3.3	3.0
RBC Monthly Income Bond Fund	2.3	2.9
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	0.1	–
RBC Retirement 2030 Portfolio	0.1	–
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 Retirement Income Solution	–	–
RBC Select Balanced Portfolio	0.2	–
RBC Select Choices Balanced Portfolio	0.2	0.2
RBC Select Choices Conservative Portfolio	0.1	0.1
RBC Select Choices Growth Portfolio	–	–
RBC Select Conservative Portfolio	28.8	26.3
RBC Select Growth Portfolio	0.7	0.6
RBC Select Very Conservative Portfolio	14.4	13.3
RBC Target 2025 Education Fund	0.8	0.8
RBC Target 2030 Education Fund	1.0	0.6
Total	57.8	53.0

December 31, 2021

1. The Funds

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

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

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

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

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

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

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

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

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

Series N units are only available to related funds.

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

2. Financial year

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

3. Summary of significant accounting policies

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

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

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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.

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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)

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.