

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

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

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



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



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

To the Unitholders and Trustee of

RBC FUNDS

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

RBC Select Balanced Portfolio
RBC Select Growth Portfolio
RBC Select Aggressive Growth Portfolio
RBC Select Choices Conservative Portfolio
RBC Select Choices Balanced Portfolio
RBC Select Choices Growth Portfolio
RBC Select Choices Aggressive Growth Portfolio
RBC Global Very Conservative Portfolio
RBC Global Conservative Portfolio
RBC Global Balanced Portfolio
RBC \$U.S. Global Balanced Portfolio
RBC Global Growth Portfolio
RBC Global All-Equity Portfolio
RBC Global Choices Very Conservative Portfolio
RBC Global Choices Conservative Portfolio
RBC Global Choices Balanced Portfolio
RBC Global Choices Growth Portfolio
RBC Global Choices All-Equity Portfolio
RBC Retirement Income Solution
RBC Retirement 2020 Portfolio
RBC Retirement 2025 Portfolio
RBC Retirement 2030 Portfolio
RBC Retirement 2035 Portfolio
RBC Retirement 2040 Portfolio
RBC Retirement 2045 Portfolio
RBC Retirement 2050 Portfolio
RBC Retirement 2055 Portfolio
RBC Retirement 2060 Portfolio
RBC Target 2025 Education Fund
RBC Target 2030 Education Fund
RBC Target 2035 Education Fund
RBC Canadian Dividend Fund
RBC Canadian Equity Fund
RBC Vision Canadian Equity Fund
RBC QUBE Canadian Equity Fund
RBC QUBE Low Volatility Canadian Equity Fund
RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund
RBC Trend Canadian Equity Fund
RBC Canadian Index Fund
RBC O'Shaughnessy Canadian Equity Fund
RBC O'Shaughnessy All-Canadian Equity Fund
RBC Canadian Equity Income Fund
RBC Canadian Mid-Cap Equity Fund
(formerly, RBC Private Canadian Mid-Cap Equity Pool)
RBC Canadian Small & Mid-Cap Resources Fund
RBC North American Value Fund
RBC North American Growth Fund
RBC U.S. Dividend Fund
RBC U.S. Dividend Currency Neutral Fund
RBC U.S. Equity Fund
RBC U.S. Equity Currency Neutral Fund
RBC QUBE U.S. Equity Fund
RBC QUBE Low Volatility U.S. Equity Fund
RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund
RBC U.S. Equity Value Fund
RBC U.S. Index Fund
RBC U.S. Index Currency Neutral Fund
(renamed RBC U.S. Equity Currency Neutral Index ETF Fund)
RBC O'Shaughnessy U.S. Value Fund (Unhedged)
RBC O'Shaughnessy U.S. Value Fund
RBC U.S. Mid-Cap Growth Equity Fund
RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund
RBC U.S. Mid-Cap Value Equity Fund
RBC U.S. Small-Cap Core Equity Fund
RBC U.S. Small-Cap Value Equity Fund
RBC O'Shaughnessy U.S. Growth Fund
RBC O'Shaughnessy U.S. Growth Fund II

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

RBC PRIVATE POOLS

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

RBC ALTERNATIVE FUNDS

BlueBay Global Alternative Bond Fund (Canada)

PH&N FUNDS

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

PH&N FUNDS (cont.)

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

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

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

Our opinion

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

What we have audited

The financial statements of each Fund comprise:

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

Basis for opinion

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

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

Independence

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 10, 2022



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

December 31, 2021

| Holdings | Security | Cost | Fair Value | % of Net Assets |
|---------------------------|--|----------|------------|-----------------|
| EQUITIES | | | | |
| PREFERRED EQUITIES | | | | |
| 50 000 | Bank of Montreal, Preferred Series 27, 3.852% | \$ 1 001 | \$ 1 229 | |
| 44 400 | Bank of Montreal, Preferred Series 29, 3.624% | 879 | 1 088 | |
| 103 800 | Bank of Montreal, Preferred Series 31, 3.851% | 1 962 | 2 542 | |
| 84 900 | Bank of Montreal, Preferred Series 38, 4.850% | 2 180 | 2 144 | |
| 45 800 | Bank of Montreal, Preferred Series 40, 4.500% | 1 121 | 1 166 | |
| 19 500 | Bank of Montreal, Preferred Series 42, 4.400% | 442 | 495 | |
| 40 000 | Brookfield Asset Management Inc., Preferred Series 2, 2.100% | 701 | 577 | |
| 17 600 | Brookfield Asset Management Inc., Preferred Series 24, 3.014% | 356 | 363 | |
| 29 600 | Brookfield Asset Management Inc., Preferred Series 26, 3.471% | 567 | 614 | |
| 52 200 | Brookfield Asset Management Inc., Preferred Series 32, 5.061% | 1 313 | 1 290 | |
| 4 600 | Brookfield Asset Management Inc., Preferred Series 34, 4.437% | 109 | 109 | |
| 5 000 | Brookfield Asset Management Inc., Preferred Series 36, 4.850% | 106 | 128 | |
| 48 300 | Brookfield Asset Management Inc., Preferred Series 37, 4.900% | 912 | 1 222 | |
| 34 600 | Brookfield Asset Management Inc., Preferred Series 40, 4.029% | 865 | 820 | |
| 91 400 | Brookfield Asset Management Inc., Preferred Series 42, 3.254% | 2 285 | 2 120 | |
| 103 100 | Brookfield Asset Management Inc., Preferred Series 46, 4.800% | 2 594 | 2 602 | |
| 90 000 | Canadian Imperial Bank of Commerce, Preferred Series 45, 4.400% | 2 050 | 2 280 | |
| 72 100 | Canadian Imperial Bank of Commerce, Preferred Series 47, 4.500% | 1 803 | 1 818 | |
| 40 000 | Canadian Utilities Ltd., Preferred Series CC, 4.500% | 890 | 1 004 | |
| 37 300 | Canadian Utilities Ltd., Preferred Series DD, 4.500% | 832 | 925 | |
| 33 000 | Canadian Utilities Ltd., Preferred Series FF, 4.500% | 825 | 891 | |
| 108 000 | Canadian Utilities Ltd., Preferred Series Y, 3.400% | 2 333 | 2 570 | |
| 15 600 | CU Inc., Preferred Series 4, 3.800% | 338 | 269 | |
| 68 500 | Enbridge Inc., Preferred Series 3, 3.737% | 1 668 | 1 304 | |
| 20 900 | Enbridge Inc., Preferred Series 11, 3.940% | 523 | 421 | |

| Holdings | Security | Cost | Fair Value | % of Net Assets |
|-----------------------------------|---|----------|------------|-----------------|
| PREFERRED EQUITIES (cont.) | | | | |
| 42 900 | Enbridge Inc., Preferred Series 17, 5.150% | \$ 1 103 | \$ 1 086 | |
| 62 800 | Enbridge Inc., Preferred Series B, 3.415% | 1 456 | 1 190 | |
| 86 200 | Enbridge Inc., Preferred Series D, 4.460% | 2 088 | 1 716 | |
| 92 900 | Enbridge Inc., Preferred Series F, 4.689% | 2 318 | 1 920 | |
| 103 500 | Enbridge Inc., Preferred Series H, 4.376% | 2 474 | 1 987 | |
| 28 900 | Enbridge Inc., Preferred Series P, 4.379% | 687 | 574 | |
| 150 100 | Enbridge Inc., Preferred Series R, 4.073% | 3 646 | 2 942 | |
| 64 325 | Fortis Inc., Preferred Series J, 4.750% | 1 554 | 1 615 | |
| 65 300 | Fortis Inc., Preferred Series M, 3.913% | 1 595 | 1 512 | |
| 123 700 | Great-West Lifeco Inc., Preferred Series G, 5.200% | 2 837 | 3 179 | |
| 121 800 | Great-West Lifeco Inc., Preferred Series M, 5.800% | 3 086 | 3 142 | |
| 72 000 | Great-West Lifeco Inc., Preferred Series N, 1.749% | 1 546 | 1 220 | |
| 72 600 | Great-West Lifeco Inc., Preferred Series P, 5.400% | 1 815 | 1 883 | |
| 21 700 | Great-West Lifeco Inc., Preferred Series Q, 5.150% | 537 | 551 | |
| 31 200 | Great-West Lifeco Inc., Preferred Series S, 5.250% | 780 | 811 | |
| 24 300 | Great-West Lifeco Inc., Preferred Series T, 5.150% | 608 | 645 | |
| 20 000 | Industrial Alliance Insurance & Financial Services Inc., Preferred Series I, 4.800% | 491 | 515 | |
| 25 700 | Manulife Financial Corporation, Preferred Series 1-7, 4.312% | 558 | 646 | |
| 11 200 | Manulife Financial Corporation, Preferred Series 9, 4.351% | 269 | 284 | |
| 37 000 | Manulife Financial Corporation, Preferred Series 13, 4.414% | 901 | 896 | |
| 10 000 | Manulife Financial Corporation, Preferred Series 17, 3.800% | 229 | 241 | |
| 90 300 | Manulife Financial Corporation, Preferred Series 19, 3.675% | 2 258 | 2 166 | |
| 99 000 | Manulife Financial Corporation, Preferred Series 23, 4.850% | 2 549 | 2 495 | |
| 22 300 | Power Financial Corp., Preferred Series E, 5.250% | 529 | 579 | |
| 1 800 | Power Financial Corp., Preferred Series K, 4.950% | 40 | 46 | |
| 19 000 | Power Financial Corp., Preferred Series T, 4.215% | 475 | 466 | |

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



December 31, 2021

| Holdings | Security | Cost | Fair Value | % of Net Assets |
|-----------------------------------|--|----------------|----------------|-----------------|
| PREFERRED EQUITIES (cont.) | | | | |
| 183 200 | Royal Bank of Canada, Preferred Series BD, 3.200%* | \$ 4 448 | \$ 4 578 | |
| 48 880 | Royal Bank of Canada, Preferred Series BF, 3.000%* | 1 103 | 1 201 | |
| 52 200 | Sun Life Financial Inc., Preferred Series 3, 4.450% | 1 105 | 1 305 | |
| 80 200 | TC Energy Corp., Preferred Series 3, 1.694% | 1 594 | 1 159 | |
| 34 100 | TC Energy Corp., Preferred Series 5, 1.949% | 765 | 545 | |
| 90 500 | TC Energy Corp., Preferred Series 11, 3.355% | 2 252 | 2 193 | |
| 40 600 | Toronto-Dominion Bank, Preferred Series 1, 3.662% | 962 | 993 | |
| 124 100 | Toronto-Dominion Bank, Preferred Series 3, 3.681% | 2 942 | 3 052 | |
| 60 700 | Toronto-Dominion Bank, Preferred Series 5, 3.876% | 1 372 | 1 490 | |
| 60 800 | Toronto-Dominion Bank, Preferred Series 7, 3.201% | 1 379 | 1 519 | |
| 40 000 | Toronto-Dominion Bank, Preferred Series 18, 4.700% | 976 | 1 036 | |
| 35 000 | Toronto-Dominion Bank, Preferred Series 24, 5.100% | 854 | 939 | |
| TOTAL PREFERRED EQUITIES | | 84 836 | 84 308 | 5.1 |
| COMMON EQUITIES | | | | |
| Communication Services | | | | |
| 485 271 | Quebecor Inc., Class B | 13 801 | 13 854 | |
| 368 958 | Rogers Communications Inc., Class B | 22 242 | 22 222 | |
| 800 344 | Shaw Communications Inc., Class B | 22 023 | 30 725 | |
| 401 052 | TELUS Corp. | 9 860 | 11 947 | |
| | | 67 926 | 78 748 | 4.7 |
| Consumer Discretionary | | | | |
| 254 326 | Dollarama Inc. | 12 043 | 16 101 | |
| 74 286 | Restaurant Brands International Inc. | 6 113 | 5 698 | |
| | | 18 156 | 21 799 | 1.3 |
| Consumer Staples | | | | |
| 575 339 | Alimentation Couche-Tard Inc., Class A | 20 693 | 30 493 | |
| 114 997 | Loblaw Companies Ltd. | 7 872 | 11 918 | |
| | | 28 565 | 42 411 | 2.6 |
| Energy | | | | |
| 452 287 | ARC Resources Ltd. | 3 563 | 5 201 | |
| 299 089 | Canadian Natural Resources Ltd. | 10 244 | 15 986 | |
| 1 086 403 | Enbridge Inc. | 49 547 | 53 679 | |
| 639 880 | Keyera Corp. | 16 828 | 18 256 | |
| 456 000 | PrairieSky Royalty Ltd. | 6 200 | 6 215 | |
| 602 634 | Suncor Energy Inc. | 16 344 | 19 073 | |
| 463 266 | TC Energy Corp. | 27 399 | 27 254 | |
| 151 777 | Tourmaline Oil Corp. | 3 214 | 6 199 | |
| | | 133 339 | 151 863 | 9.1 |

| Holdings | Security | Cost | Fair Value | % of Net Assets |
|-------------------------------|---|----------------|------------------|-----------------|
| Financials | | | | |
| 304 675 | Bank of Montreal | \$ 30 465 | \$ 41 494 | |
| 602 512 | Bank of Nova Scotia | 42 305 | 53 955 | |
| 658 953 | Brookfield Asset Management Inc., Class A | 26 354 | 50 337 | |
| 5 225 | Brookfield Asset Management Reinsurance Partners Ltd. | 361 | 415 | |
| 222 622 | Canadian Imperial Bank of Commerce | 23 766 | 32 826 | |
| 104 732 | Definity Financial Corp. | 2 304 | 3 093 | |
| 962 620 | Element Fleet Management Corp. | 9 977 | 12 399 | |
| 99 835 | Intact Financial Corp. | 13 568 | 16 415 | |
| 1 455 676 | Manulife Financial Corporation | 32 720 | 35 096 | |
| 464 940 | Royal Bank of Canada* | 42 735 | 62 418 | |
| 375 604 | Sun Life Financial Inc. | 19 601 | 26 446 | |
| 634 481 | Toronto-Dominion Bank | 41 633 | 61 532 | |
| | | 285 789 | 396 426 | 23.8 |
| Industrials | | | | |
| 325 882 | Canadian National Railway Co. | 39 710 | 50 636 | |
| 550 975 | Canadian Pacific Railway Ltd. | 42 304 | 50 128 | |
| 229 008 | Finning International Inc. | 5 156 | 7 301 | |
| 443 641 | SNC-Lavalin Group Inc. | 15 626 | 13 713 | |
| 70 321 | Thomson Reuters Corp. | 7 895 | 10 637 | |
| 82 469 | Toromont Industries Ltd. | 5 984 | 9 431 | |
| 86 781 | Waste Connections Inc. | 10 374 | 14 961 | |
| 64 221 | WSP Global Inc. | 7 698 | 11 793 | |
| | | 134 747 | 168 600 | 10.1 |
| Information Technology | | | | |
| 11 700 | Constellation Software Inc. | 17 774 | 27 459 | |
| 201 950 | Open Text Corp. | 12 725 | 12 125 | |
| | | 30 499 | 39 584 | 2.4 |
| Materials | | | | |
| 75 083 | CCL Industries, Class B | 4 239 | 5 093 | |
| 116 892 | Nutrien Ltd. | 6 878 | 11 114 | |
| | | 11 117 | 16 207 | 1.0 |
| Real Estate | | | | |
| 212 390 | Allied Properties Real Estate Investment Trust | 8 681 | 9 335 | |
| 325 990 | Canadian Apartment Properties Real Estate Investment Trust | 19 288 | 19 546 | |
| 472 021 | Choice Properties Real Estate Investment Trust | 5 999 | 7 170 | |
| 860 211 | First Capital Real Estate Investment Trust | 15 076 | 16 224 | |
| | | 49 044 | 52 275 | 3.1 |
| Utilities | | | | |
| 70 600 | Brookfield Infrastructure Corp. | 5 203 | 6 095 | |
| 311 167 | Brookfield Infrastructure Partners LP | 18 221 | 23 957 | |
| 431 585 | Emera Inc. | 23 555 | 27 285 | |
| 355 750 | Fortis Inc. | 18 112 | 21 711 | |
| | | 65 091 | 79 048 | 4.8 |
| TOTAL COMMON EQUITIES | | 824 273 | 1 046 961 | 62.9 |
| TOTAL EQUITIES | | 909 109 | 1 131 269 | 68.0 |

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



PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

December 31, 2021

| Holdings | Security | Cost | Fair Value | % of Net Assets |
|-------------------------------|--|----------------|----------------|-----------------|
| UNDERLYING FUNDS | | | | |
| 6 006 691 | Phillips, Hager & North High Yield Bond Fund – Series O* | \$ 68 838 | \$ 67 631 | |
| 7 992 354 | RBC High Yield Bond Fund – Series O* | 85 308 | 86 290 | |
| TOTAL UNDERLYING FUNDS | | 154 146 | 153 921 | 9.2 |

| Par Value (000s) | Security | Coupon Rate % | Maturity | Cost | Fair Value | % of Net Assets |
|-----------------------|---|---------------|-------------|--------|------------|-----------------|
| BONDS | | | | | | |
| CANADIAN BONDS | | | | | | |
| CORPORATE | | | | | | |
| 455 | 407 International Inc. | 6.470 | 27-Jul-2029 | \$ 628 | \$ 582 | |
| 275 | 407 International Inc. | 3.720 | 11-May-2048 | 321 | 308 | |
| 342 | Access Justice Durham Ltd. | 5.015 | 31-Aug-2039 | 376 | 410 | |
| 647 | Access Prairies Partnership | 4.232 | 01-Mar-2048 | 647 | 697 | |
| 432 | Aéroports de Montréal | 6.950 | 16-Apr-2032 | 585 | 538 | |
| 295 | Aéroports de Montréal | 6.550 | 11-Oct-2033 | 421 | 408 | |
| 455 | Aéroports de Montréal | 5.670 | 16-Oct-2037 | 644 | 615 | |
| 225 | Aéroports de Montréal | 3.919 | 26-Sep-2042 | 240 | 257 | |
| 360 | Aéroports de Montréal | 3.918 | 12-Jun-2045 | 408 | 415 | |
| 300 | Aéroports de Montréal | 3.441 | 26-Apr-2051 | 300 | 325 | |
| 1 769 | Alberta Powerline LP | 3.340 | 01-Jun-2032 | 1 769 | 1 850 | |
| 1 838 | Alberta Powerline LP | 3.351 | 01-Sep-2032 | 1 838 | 1 925 | |
| 150 | Alectra Inc. | 2.488 | 17-May-2027 | 157 | 155 | |
| 772 | Alectra Inc. | 1.751 | 11-Feb-2031 | 752 | 741 | |
| 590 | AltaGas Canada Inc. | 3.130 | 07-Apr-2027 | 590 | 616 | |
| 780 | Bank of Montreal | 2.890 | 20-Jun-2023 | 799 | 799 | |
| 3 525 | Bell Canada | 3.350 | 12-Mar-2025 | 3 475 | 3 671 | |
| 1 070 | Bridging North America GP | 4.023 | 31-May-2038 | 1 082 | 1 112 | |
| 520 | Brookfield Property Finance ULC | 4.346 | 03-Jul-2023 | 537 | 531 | |
| 2 275 | Brookfield Property Finance ULC | 4.300 | 01-Mar-2024 | 2 275 | 2 325 | |
| 1 350 | Brookfield Property Finance ULC | 4.000 | 30-Sep-2026 | 1 350 | 1 350 | |
| 165 | Brookfield Property Finance ULC | 3.930 | 15-Jan-2027 | 164 | 166 | |
| 370 | Brookfield Renewable Partners ULC | 4.250 | 15-Jan-2029 | 388 | 412 | |
| 4 505 | Bruce Power LP | 3.969 | 23-Jun-2026 | 4 905 | 4 846 | |
| 510 | Bruce Power LP | 2.680 | 21-Dec-2028 | 510 | 519 | |
| 745 | Bruce Power LP | 4.000 | 21-Jun-2030 | 744 | 818 | |
| 285 | Calgary Airport Authority | 3.454 | 07-Oct-2041 | 285 | 304 | |
| 170 | Calgary Airport Authority | 3.554 | 07-Oct-2053 | 170 | 186 | |
| 215 | Calgary Airport Authority | 3.754 | 07-Oct-2061 | 215 | 230 | |
| 209 | Calgary Glycol Facilities Corp. | 3.257 | 29-Oct-2058 | 209 | 197 | |
| 1 765 | Cameco Corp. | 4.190 | 24-Jun-2024 | 1 761 | 1 848 | |
| 960 | Cameco Corp. | 2.950 | 21-Oct-2027 | 960 | 971 | |
| 505 | Canadian Pacific Railway Co. | 1.589 | 24-Nov-2023 | 505 | 506 | |
| 460 | Canadian Pacific Railway Co. | 2.540 | 28-Feb-2028 | 460 | 468 | |
| 235 | Canadian Utilities Ltd. | 9.400 | 01-May-2023 | 343 | 259 | |
| 1 095 | CBHP LP | 3.000 | 27-May-2053 | 1 095 | 1 027 | |
| 687 | Clover LP | 4.216 | 30-Jun-2034 | 687 | 736 | |
| 286 | Comber Wind Financial Corp. | 5.132 | 15-Nov-2030 | 331 | 313 | |
| 555 | CU Inc. | 9.920 | 01-Apr-2022 | 806 | 567 | |
| 1 150 | CU Inc. | 6.215 | 06-Mar-2024 | 1 362 | 1 259 | |
| 1 190 | CU Inc. | 4.085 | 02-Sep-2044 | 1 363 | 1 395 | |
| 590 | CU Inc. | 3.950 | 23-Nov-2048 | 668 | 689 | |
| 325 | CU Inc. | 4.947 | 18-Nov-2050 | 417 | 443 | |
| 235 | CU Inc. | 3.174 | 05-Sep-2051 | 235 | 241 | |
| 355 | DP World Canada Investment Inc. | 3.536 | 08-Nov-2041 | 355 | 364 | |
| 451 | Dufferin Wind Power Inc. | 4.317 | 30-Nov-2033 | 451 | 481 | |
| 327 | Edmonton Regional Airports Authority | 3.715 | 20-May-2051 | 327 | 340 | |
| 340 | Ellisdon Infrastructure RIH General Partnership | 3.930 | 31-Oct-2038 | 340 | 356 | |

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



December 31, 2021

| Par Value (000s) | Security | Coupon Rate % | Maturity | Cost | Fair Value | % of Net Assets |
|--------------------------|--|------------------|-------------|--------|---------------|--------------------|
| CORPORATE (cont.) | | | | | | |
| 565 | Enbridge Gas Inc. | 2.500 | 05-Aug-2026 | \$ 565 | \$ 579 | |
| 1 000 | Enbridge Gas Inc. | 6.650 | 03-Nov-2027 | 1 270 | 1 230 | |
| 125 | Enbridge Inc. | 5.120 | 28-Sep-2040 | 149 | 145 | |
| 1 480 | Enbridge Pipelines Inc. | 6.050 | 12-Feb-2029 | 1 882 | 1 769 | |
| 275 | Enbridge Southern Lights LP | 4.014 | 30-Jun-2040 | 275 | 292 | |
| 170 | ENMAX Corp. | 3.836 | 05-Jun-2028 | 184 | 182 | |
| 60 | ENMAX Corp. | 3.876 | 18-Oct-2029 | 61 | 64 | |
| 515 | Enwave Energy Corp. | 3.943 | 07-Dec-2037 | 515 | 556 | |
| 950 | Fair Hydro Trust | 3.520 | 15-May-2038 | 950 | 1 045 | |
| 180 | Fengate PCL Progress Partners Mbr LP | 2.501 | 31-Jul-2038 | 180 | 172 | |
| 125 | Fengate PCL Progress Partners Mbr LP | 3.045 | 31-Jan-2054 | 124 | 115 | |
| 535 | Fortis Inc. | 2.180 | 15-May-2028 | 535 | 534 | |
| 155 | FortisAlberta Inc. | 3.672 | 09-Sep-2047 | 159 | 173 | |
| 361 | FortisBC Energy Inc. | 6.500 | 01-May-2034 | 461 | 503 | |
| 250 | Gaz Metro Inc. | 7.050 | 30-Oct-2030 | 355 | 339 | |
| 504 | Grand Renewable Solar LP | 3.926 | 31-Jan-2035 | 504 | 542 | |
| 315 | Greater Toronto Airports Authority | 6.450 | 03-Dec-2027 | 420 | 387 | |
| 140 | Greater Toronto Airports Authority | 7.100 | 04-Jun-2031 | 207 | 192 | |
| 940 | Greater Toronto Airports Authority | 3.260 | 01-Jun-2037 | 946 | 992 | |
| 255 | Greater Toronto Airports Authority | 5.300 | 25-Feb-2041 | 357 | 343 | |
| 200 | Greater Toronto Airports Authority | 3.150 | 05-Oct-2051 | 200 | 207 | |
| 2 316 | H2O Power LP | 3.310 | 30-Nov-2029 | 2 316 | 2 389 | |
| 250 | Halifax International Airport Authority | 3.678 | 03-May-2051 | 250 | 267 | |
| 338 | Health Montreal Collective LP | 6.721 | 30-Sep-2049 | 466 | 467 | |
| 426 | Hospital Infrastructure Partners NOH Partnership | 5.439 | 31-Jan-2045 | 488 | 516 | |
| 1 395 | Hydro One Inc. | 2.540 | 05-Apr-2024 | 1 478 | 1 428 | |
| 545 | Hydro One Inc. | 2.160 | 28-Feb-2030 | 576 | 544 | |
| 225 | Hydro One Inc. | 7.350 | 03-Jun-2030 | 310 | 308 | |
| 2 905 | Hydro One Inc. | 1.690 | 16-Jan-2031 | 2 909 | 2 762 | |
| 285 | Hydro One Inc. | 2.230 | 17-Sep-2031 | 285 | 282 | |
| 1 345 | Hydro One Inc. | 6.350 | 31-Jan-2034 | 1 751 | 1 845 | |
| 300 | Hydro One Inc. | 3.100 | 15-Sep-2051 | 300 | 306 | |
| 325 | Hydro One Inc. | 3.790 | 31-Jul-2062 | 338 | 377 | |
| 868 | Kingston Solar LP | 3.571 | 31-Jul-2035 | 868 | 910 | |
| 815 | Lievre Power Finance Corp. | 4.046 | 31-Dec-2061 | 815 | 825 | |
| 665 | Lower Mattagami Energy LP | 3.416 | 20-Jun-2024 | 707 | 696 | |
| 300 | Lower Mattagami Energy LP | 2.433 | 14-May-2031 | 300 | 305 | |
| 1 225 | Maple Leaf Sports & Entertainment Ltd. | 4.940 | 30-Jun-2023 | 1 225 | 1 254 | |
| 965 | Melancthon Wolfe Wind LP | 3.834 | 31-Dec-2028 | 965 | 1 009 | |
| 370 | Mobilinx Hurontario GP | 3.276 | 31-May-2039 | 370 | 365 | |
| 210 | Mobilinx Hurontario GP | 3.642 | 31-May-2054 | 210 | 208 | |
| 420 | Mosaic Transit Partners GP | 4.111 | 28-Feb-2038 | 420 | 446 | |
| 260 | Mosaic Transit Partners GP | 4.470 | 28-Feb-2053 | 260 | 292 | |
| 665 | Mountain View Partners GP | 3.974 | 31-Mar-2051 | 665 | 702 | |
| 786 | MPT Finco Inc. | 3.457 | 30-Nov-2029 | 786 | 809 | |
| 1 803 | North Battleford Power LP | 4.958 | 31-Dec-2032 | 1 873 | 2 044 | |
| 445 | North West Redwater Partnership | 2.800 | 01-Jun-2031 | 444 | 446 | |
| 60 | North West Redwater Partnership | 3.650 | 01-Jun-2035 | 59 | 63 | |
| 298 | Northland Power Solar Finance One LP | 4.397 | 30-Jun-2032 | 298 | 324 | |
| 675 | Northwestern Hydro Acquisition Co. II LP | 3.877 | 31-Dec-2036 | 675 | 734 | |
| 675 | Northwestern Hydro Acquisition Co. III LP | 3.940 | 31-Dec-2038 | 675 | 738 | |
| 57 | Nouvelle Autoroute 30 Financement Inc. | 3.742 | 31-Dec-2032 | 57 | 60 | |
| 736 | Nouvelle Autoroute 30 Financement Inc. | 3.750 | 31-Mar-2033 | 736 | 774 | |
| 430 | Nova Scotia Power Inc. | 8.850 | 19-May-2025 | 619 | 523 | |
| 800 | OMERS Realty Corp. | 3.358 | 05-Jun-2023 | 826 | 823 | |
| 450 | Ontario Power Generation Inc. | 1.170 | 22-Apr-2026 | 450 | 437 | |
| 430 | Ontario Power Generation Inc. | 3.315 | 04-Oct-2027 | 478 | 458 | |
| 1 185 | Ontario Power Generation Inc. | 3.215 | 08-Apr-2030 | 1 293 | 1 258 | |

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.) | | | | | | |
| 390 | Ontario Power Generation Inc. | 3.838 | 22-Jun-2048 | \$ 411 | \$ 434 | |
| 16 | Ornge Issuer Trust | 5.727 | 11-Jun-2034 | 20 | 19 | |
| 333 | Ottawa MacDonald-Cartier International Airport Authority | 6.973 | 25-May-2032 | 452 | 409 | |
| 3 165 | Pembina Pipeline Corp. | 2.560 | 01-Jun-2023 | 3 240 | 3 209 | |
| 110 | Pembina Pipeline Corp. | 3.530 | 10-Dec-2031 | 110 | 112 | |
| 350 | Pembina Pipeline Corp. | 4.490 | 10-Dec-2051 | 350 | 369 | |
| 782 | Plenary Health North Bay Finco Inc. | 5.182 | 13-Mar-2040 | 846 | 891 | |
| 910 | PSS Generating Station LP | 4.795 | 24-Oct-2067 | 910 | 1 140 | |
| 1 545 | Ridley Grain Ltd. | 5.227 | 01-Aug-2024 | 1 545 | 1 609 | |
| 310 | RioCan Real Estate Investment Trust | 3.725 | 18-Apr-2023 | 317 | 318 | |
| 250 | Royal Bank of Canada* | 2.352 | 02-Jul-2024 | 257 | 254 | |
| 185 | SEC LP and Arci Ltd. | 5.188 | 29-Aug-2033 | 185 | 204 | |
| 655 | Sinai Health System | 3.209 | 08-Apr-2060 | 655 | 689 | |
| 215 | TELUS Corp. | 2.850 | 13-Nov-2031 | 214 | 214 | |
| 80 | The Manufacturers Life Insurance Co. | 3.181 | 22-Nov-2027 | 82 | 81 | |
| 555 | Toronto Hydro Corp. | 1.500 | 15-Oct-2030 | 554 | 525 | |
| 640 | Toronto-Dominion Bank | 3.005 | 30-May-2023 | 664 | 656 | |
| 345 | Toronto-Dominion Bank | 2.850 | 08-Mar-2024 | 353 | 355 | |
| 205 | Toronto-Dominion Bank | 3.226 | 24-Jul-2024 | 218 | 214 | |
| 2 410 | Toronto-Dominion Bank | 2.496 | 02-Dec-2024 | 2 452 | 2 462 | |
| 1 525 | Toyota Credit Canada Inc. | 2.310 | 23-Oct-2024 | 1 525 | 1 551 | |
| 1 796 | TransAlta OCP LP | 4.509 | 05-Aug-2030 | 1 796 | 1 925 | |
| 2 043 | TransEd Partners GP | 3.951 | 30-Sep-2050 | 1 889 | 2 116 | |
| 2 130 | Union Gas Ltd. | 3.190 | 17-Sep-2025 | 2 220 | 2 234 | |
| 535 | Union Gas Ltd. | 2.810 | 01-Jun-2026 | 521 | 555 | |
| 155 | Unity Health Toronto | 3.308 | 01-Jun-2061 | 155 | 169 | |
| 155 | Vancouver Airport Authority | 1.760 | 20-Sep-2030 | 148 | 150 | |
| 405 | Vancouver Airport Fuel Facilities Corp. | 2.168 | 23-Jun-2025 | 405 | 396 | |
| 329 | Vancouver Airport Fuel Facilities Corp. | 3.653 | 20-Mar-2051 | 329 | 327 | |
| 1 600 | Westcoast Energy Inc. | 3.770 | 08-Dec-2025 | 1 675 | 1 701 | |
| 285 | Westcoast Energy Inc. | 6.750 | 15-Dec-2027 | 367 | 350 | |
| 540 | Winnipeg Airport Authority Inc. | 3.039 | 14-Apr-2023 | 530 | 550 | |
| 339 | Winnipeg Airport Authority Inc. | 6.102 | 20-Nov-2040 | 421 | 417 | |
| 100 | Winnipeg Airport Authority Inc. | 3.040 | 03-Feb-2051 | 100 | 95 | |
| | | | | 103 006 | 104 626 | 6.3 |
| FEDERAL | | | | | | |
| 5 044 | Canada Housing Trust No. 1 | 2.400 | 15-Dec-2022 | 5 132 | 5 123 | |
| 560 | Canada Housing Trust No. 1 | 2.350 | 15-Sep-2023 | 572 | 572 | |
| 1 580 | Canada Housing Trust No. 1 | 0.950 | 15-Jun-2025 | 1 599 | 1 557 | |
| 2 903 | Canada Housing Trust No. 1 | 2.250 | 15-Dec-2025 | 2 984 | 2 993 | |
| 3 439 | Canada Housing Trust No. 1 | 1.550 | 15-Dec-2026 | 3 432 | 3 439 | |
| 15 743 | Government of Canada | 0.500 | 01-Nov-2023 | 15 607 | 15 615 | |
| 13 179 | Government of Canada | 0.750 | 01-Feb-2024 | 13 082 | 13 112 | |
| 310 | Government of Canada | 2.500 | 01-Jun-2024 | 327 | 322 | |
| 3 258 | Government of Canada | 1.250 | 01-Mar-2025 | 3 357 | 3 271 | |
| 2 014 | Government of Canada | 0.500 | 01-Sep-2025 | 2 020 | 1 966 | |
| 6 999 | Government of Canada | 1.500 | 01-Jun-2026 | 7 416 | 7 088 | |
| 9 106 | Government of Canada | 1.000 | 01-Sep-2026 | 9 068 | 9 003 | |
| 49 | Government of Canada | 1.250 | 01-Mar-2027 | 49 | 49 | |
| 510 | Government of Canada | 2.250 | 01-Jun-2029 | 542 | 544 | |
| 295 | Government of Canada | 0.500 | 01-Dec-2030 | 275 | 273 | |
| 8 327 | Government of Canada | 1.500 | 01-Jun-2031 | 8 264 | 8 386 | |
| 1 228 | Government of Canada | 1.250 | 01-Dec-2047 | 1 561 | 1 666 | |
| 4 163 | Government of Canada | 2.000 | 01-Dec-2051 | 4 220 | 4 480 | |
| 570 | Government of Canada | 1.750 | 01-Dec-2053 | 559 | 575 | |
| 1 566 | Government of Canada | 2.750 | 01-Dec-2064 | 1 812 | 2 031 | |
| | | | | 81 878 | 82 065 | 4.9 |

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



December 31, 2021

| Par Value (000s) | Security | Coupon Rate % | Maturity | Cost | Fair Value | % of Net Assets |
|-----------------------------|---|------------------|-------------|--------|---------------|--------------------|
| PROVINCIAL/MUNICIPAL | | | | | | |
| 200 | Carleton University | 3.264 | 05-Jul-2061 | \$ 200 | \$ 210 | |
| 432 | City of Ottawa | 2.500 | 11-May-2051 | 430 | 422 | |
| 175 | City of Toronto | 2.200 | 21-Dec-2031 | 174 | 176 | |
| 185 | Concordia University | 3.626 | 10-Feb-2039 | 185 | 202 | |
| 185 | Concordia University | 3.678 | 10-Feb-2059 | 185 | 209 | |
| 114 | First Nations Finance Authority | 3.050 | 01-Jun-2028 | 116 | 123 | |
| 787 | First Nations Finance Authority | 1.710 | 16-Jun-2030 | 795 | 771 | |
| 135 | Hamilton Health Sciences Corp. | 3.683 | 17-Jan-2059 | 135 | 155 | |
| 10 | Hospital for Sick Children | 5.217 | 16-Dec-2049 | 10 | 14 | |
| 770 | Hospital for Sick Children | 3.416 | 07-Dec-2057 | 770 | 863 | |
| 165 | McMaster University | 3.255 | 17-Jun-2051 | 165 | 180 | |
| 215 | McMaster University | 3.405 | 17-Jun-2071 | 215 | 232 | |
| 502 | Municipal Finance Authority of British Columbia | 1.350 | 30-Jun-2026 | 501 | 496 | |
| 3 536 | Ontario Electricity Financial Corp. | 8.500 | 26-May-2025 | 5 118 | 4 343 | |
| 2 908 | Ontario Electricity Financial Corp. | 8.250 | 22-Jun-2026 | 4 322 | 3 729 | |
| 602 | Ontario School Boards Financing Corp. | 7.200 | 09-Jun-2025 | 680 | 668 | |
| 377 | Ontario School Boards Financing Corp. | 5.900 | 11-Oct-2027 | 427 | 424 | |
| 1 215 | Ontario School Boards Financing Corp. | 5.483 | 26-Nov-2029 | 1 407 | 1 390 | |
| 1 768 | Ontario School Boards Financing Corp. | 5.070 | 18-Apr-2031 | 2 016 | 2 011 | |
| 707 | Ontario School Boards Financing Corp. | 5.376 | 25-Jun-2032 | 822 | 828 | |
| 1 539 | Province of Alberta | 2.200 | 01-Jun-2026 | 1 515 | 1 580 | |
| 1 373 | Province of Alberta | 3.450 | 01-Dec-2043 | 1 551 | 1 579 | |
| 1 840 | Province of Alberta | 3.300 | 01-Dec-2046 | 1 945 | 2 089 | |
| 4 535 | Province of Alberta | 3.100 | 01-Jun-2050 | 4 731 | 5 038 | |
| 834 | Province of Manitoba | 4.050 | 05-Sep-2045 | 911 | 1 057 | |
| 2 450 | Province of Manitoba | 2.850 | 05-Sep-2046 | 2 307 | 2 587 | |
| 1 669 | Province of New Brunswick | 3.650 | 03-Jun-2024 | 1 846 | 1 762 | |
| 284 | Province of New Brunswick | 4.800 | 03-Jun-2041 | 331 | 383 | |
| 736 | Province of New Brunswick | 3.550 | 03-Jun-2043 | 713 | 858 | |
| 1 108 | Province of New Brunswick | 3.800 | 14-Aug-2045 | 1 176 | 1 351 | |
| 1 668 | Province of New Brunswick | 3.050 | 14-Aug-2050 | 1 712 | 1 835 | |
| 1 419 | Province of Newfoundland and Labrador | 3.300 | 17-Oct-2046 | 1 328 | 1 535 | |
| 893 | Province of Newfoundland and Labrador | 2.650 | 17-Oct-2050 | 779 | 860 | |
| 857 | Province of Ontario | 7.500 | 07-Feb-2024 | 1 193 | 967 | |
| 2 557 | Province of Ontario | 8.500 | 02-Dec-2025 | 3 857 | 3 228 | |
| 800 | Province of Ontario | 2.400 | 02-Jun-2026 | 841 | 829 | |
| 3 768 | Province of Ontario | 1.850 | 01-Feb-2027 | 3 963 | 3 813 | |
| 5 053 | Province of Ontario | 2.900 | 02-Jun-2028 | 5 585 | 5 401 | |
| 225 | Province of Ontario | 2.700 | 02-Jun-2029 | 252 | 238 | |
| 2 507 | Province of Ontario | 2.050 | 02-Jun-2030 | 2 655 | 2 529 | |
| 5 629 | Province of Ontario | 1.350 | 02-Dec-2030 | 5 303 | 5 341 | |
| 6 802 | Province of Ontario | 2.150 | 02-Jun-2031 | 6 829 | 6 875 | |
| 4 349 | Province of Ontario | 6.200 | 02-Jun-2031 | 6 068 | 5 916 | |
| 2 750 | Province of Ontario | 2.250 | 02-Dec-2031 | 2 739 | 2 791 | |
| 5 375 | Province of Ontario | 5.600 | 02-Jun-2035 | 7 401 | 7 411 | |
| 250 | Province of Ontario | 4.700 | 02-Jun-2037 | 318 | 325 | |
| 3 753 | Province of Ontario | 4.600 | 02-Jun-2039 | 4 854 | 4 901 | |
| 3 915 | Province of Ontario | 3.500 | 02-Jun-2043 | 4 179 | 4 590 | |
| 1 285 | Province of Ontario | 3.450 | 02-Jun-2045 | 1 434 | 1 508 | |
| 5 645 | Province of Ontario | 2.900 | 02-Dec-2046 | 5 773 | 6 090 | |
| 2 465 | Province of Ontario | 2.650 | 02-Dec-2050 | 2 727 | 2 563 | |
| 8 978 | Province of Ontario | 1.900 | 02-Dec-2051 | 7 435 | 7 941 | |
| 184 | Province of Quebec | 3.750 | 01-Sep-2024 | 200 | 196 | |
| 4 407 | Province of Quebec | 8.500 | 01-Apr-2026 | 6 686 | 5 657 | |
| 2 394 | Province of Quebec | 2.750 | 01-Sep-2027 | 2 495 | 2 536 | |
| 3 741 | Province of Quebec | 2.750 | 01-Sep-2028 | 4 208 | 3 977 | |
| 105 | Province of Quebec | 2.300 | 01-Sep-2029 | 115 | 108 | |

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



December 31, 2021

| Par Value (000s) | Security | Coupon Rate % | Maturity | Cost | Fair Value | % of Net Assets |
|---|---|------------------|-------------|---------------------|------------------|---------------------|
| PROVINCIAL/MUNICIPAL (cont.) | | | | | | |
| 655 | Province of Quebec | 1.900 | 01-Sep-2030 | \$ 695 | \$ 654 | |
| 2 233 | Province of Quebec | 6.250 | 01-Jun-2032 | 3 190 | 3 093 | |
| 2 376 | Province of Quebec | 3.500 | 01-Dec-2045 | 2 990 | 2 833 | |
| 3 495 | Province of Quebec | 3.500 | 01-Dec-2048 | 4 628 | 4 225 | |
| 5 265 | Province of Quebec | 3.100 | 01-Dec-2051 | 5 975 | 6 035 | |
| 1 317 | Province of Saskatchewan | 2.550 | 02-Jun-2026 | 1 312 | 1 372 | |
| 798 | Province of Saskatchewan | 6.400 | 05-Sep-2031 | 1 193 | 1 099 | |
| 1 311 | Province of Saskatchewan | 3.900 | 02-Jun-2045 | 1 618 | 1 624 | |
| 1 185 | Province of Saskatchewan | 2.750 | 02-Dec-2046 | 1 156 | 1 230 | |
| 733 | Province of Saskatchewan | 3.100 | 02-Jun-2050 | 794 | 816 | |
| 1 310 | Queen's University | 6.100 | 19-Nov-2032 | 1 709 | 1 720 | |
| 626 | The 55 Ontario School Board Trust | 5.900 | 02-Jun-2033 | 911 | 835 | |
| 385 | Trillium Health Partners Volunteers | 3.702 | 20-Dec-2058 | 385 | 445 | |
| 527 | University of British Columbia | 6.650 | 01-Dec-2031 | 706 | 712 | |
| 240 | York University | 3.394 | 01-Apr-2060 | 240 | 256 | |
| | | | | 154 130 | 152 640 | 9.2 |
| TOTAL CANADIAN BONDS | | | | 339 014 | 339 331 | 20.4 |
| UNITED KINGDOM BONDS | | | | | | |
| 550 | Heathrow Funding Ltd. CAD | 3.250 | 21-May-2025 | 561 | 568 | |
| 420 | Heathrow Funding Ltd. CAD | 2.694 | 13-Oct-2027 | 420 | 422 | |
| 585 | Heathrow Funding Ltd. CAD | 3.782 | 04-Sep-2030 | 598 | 622 | |
| 720 | Heathrow Funding Ltd. CAD | 3.661 | 13-Jan-2031 | 720 | 756 | |
| 350 | Heathrow Funding Ltd. CAD | 3.726 | 13-Apr-2033 | 363 | 364 | |
| 2 300 | National Grid Electricity Transmission Plc. CAD | 2.301 | 22-Jun-2029 | 2 299 | 2 286 | |
| | | | | 4 961 | 5 018 | 0.3 |
| TOTAL UNITED KINGDOM BONDS | | | | | | |
| UNITED STATES BONDS | | | | | | |
| 900 | AT&T Inc. CAD | 4.000 | 25-Nov-2025 | 1 014 | 962 | |
| 140 | AT&T Inc. CAD | 5.100 | 25-Nov-2048 | 139 | 165 | |
| 3 500 | Metropolitan Life Global Funding I CAD | 1.950 | 20-Mar-2028 | 3 409 | 3 446 | |
| 1 425 | Nestlé Holdings Inc. CAD | 2.192 | 26-Jan-2029 | 1 425 | 1 445 | |
| 1 415 | New York Life Global Funding CAD | 2.000 | 17-Apr-2028 | 1 412 | 1 408 | |
| 1 775 | Verizon Communications Inc. CAD | 2.375 | 22-Mar-2028 | 1 774 | 1 778 | |
| | | | | 9 173 | 9 204 | 0.6 |
| TOTAL UNITED STATES BONDS | | | | 9 173 | 9 204 | 0.6 |
| TOTAL BONDS | | | | 353 148 | 353 553 | 21.3 |
| SHORT-TERM INVESTMENTS† | | | | | | |
| TOTAL INVESTMENTS | | | | \$ 1 437 625 | 1 659 965 | 99.8 |
| OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | | | | | 4 102 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | | | | | \$ 1 664 067 |
| | | | | | | 100.0 |

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 0.22% to 0.26% and mature between January 5, 2022 and February 2, 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 | \$ 1 659 965 | \$ 1 542 564 |
| Cash | 1 703 | 1 469 |
| Due from investment dealers | 866 | 2 487 |
| Subscriptions receivable | 645 | 182 |
| Dividends receivable, interest accrued and other assets | 4 176 | 4 089 |
| TOTAL ASSETS | 1 667 355 | 1 550 791 |
| LIABILITIES | | |
| Due to investment dealers | 509 | 1 309 |
| Redemptions payable | 672 | 864 |
| Accounts payable and accrued expenses | 2 107 | 2 042 |
| TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | 3 288 | 4 215 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV") | \$ 1 664 067 | \$ 1 546 576 |
| Investments at cost | \$ 1 437 625 | \$ 1 450 986 |
| NAV | | |
| SERIES A | \$ 1 079 909 | \$ 1 048 731 |
| ADVISOR SERIES | \$ – | \$ – |
| SERIES H | \$ 32 141 | \$ 29 103 |
| SERIES D | \$ 118 422 | \$ 105 817 |
| SERIES F | \$ 297 031 | \$ 247 552 |
| SERIES I | \$ 6 081 | \$ 5 059 |
| SERIES O | \$ 130 483 | \$ 110 314 |
| NAV PER UNIT | | |
| SERIES A | \$ 10.07 | \$ 9.15 |
| ADVISOR SERIES | \$ – | \$ – |
| SERIES H | \$ 10.25 | \$ 9.30 |
| SERIES D | \$ 11.19 | \$ 10.08 |
| SERIES F | \$ 11.57 | \$ 10.40 |
| SERIES I | \$ 11.76 | \$ 10.55 |
| SERIES O | \$ 12.70 | \$ 11.32 |

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) | | |
| Dividends | \$ 34 467 | \$ 34 202 |
| Interest for distribution purposes | 11 740 | 15 997 |
| Income from investment trusts | 10 762 | 8 673 |
| Derivative income (loss) | – | 25 |
| Net realized gain (loss) on investments | 75 164 | 29 103 |
| Change in unrealized gain (loss) on investments | 130 762 | 3 833 |
| TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES | 262 895 | 91 833 |
| Other income (loss) | – | 5 |
| Securities lending revenue (see note 7 in the generic notes) | 81 | 79 |
| Net gain (loss) on foreign cash balances | (6) | (27) |
| TOTAL OTHER INCOME (LOSS) | 75 | 57 |
| TOTAL INCOME (LOSS) | 262 970 | 91 890 |
| EXPENSES (see notes – Fund Specific Information) | | |
| Management fees | 20 853 | 20 371 |
| Administration fees | 1 542 | 1 487 |
| Independent Review Committee costs | 2 | 2 |
| GST/HST | 2 158 | 2 106 |
| Transaction costs | 536 | 606 |
| TOTAL EXPENSES | 25 091 | 24 572 |
| INCREASE (DECREASE) IN NAV | \$ 237 879 | \$ 67 318 |
| INCREASE (DECREASE) IN NAV | | |
| SERIES A | \$ 154 230 | \$ 43 238 |
| ADVISOR SERIES | \$ – | \$ (640) |
| SERIES H | \$ 4 444 | \$ 1 163 |
| SERIES D | \$ 17 276 | \$ 4 849 |
| SERIES F | \$ 41 543 | \$ 12 472 |
| SERIES I | \$ 864 | \$ 309 |
| SERIES O | \$ 19 522 | \$ 5 927 |
| INCREASE (DECREASE) IN NAV PER UNIT | | |
| SERIES A | \$ 1.40 | \$ 0.37 |
| ADVISOR SERIES | \$ – | \$ (0.13) |
| SERIES H | \$ 1.44 | \$ 0.36 |
| SERIES D | \$ 1.63 | \$ 0.45 |
| SERIES F | \$ 1.71 | \$ 0.51 |
| SERIES I | \$ 1.76 | \$ 0.65 |
| SERIES O | \$ 1.96 | \$ 0.58 |



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 | \$ 237 879 | \$ 67 318 |
| ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS | | |
| Interest for distribution purposes | (197) | (44) |
| Non-cash dividends | (374) | (1 222) |
| Non-cash distributions from underlying funds | (9 529) | (7 833) |
| Net realized loss (gain) on investments | (75 164) | (29 103) |
| Change in unrealized loss (gain) on investments | (130 762) | (3 833) |
| (Increase) decrease in accrued receivables | (87) | 274 |
| Increase (decrease) in accrued payables | 65 | (276) |
| (Increase) decrease in margin accounts | — | — |
| Cost of investments purchased* | (1 360 969) | (1 565 086) |
| Proceeds from sale and maturity of investments* | 1 460 415 | 1 746 434 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| | 121 277 | 206 629 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of redeemable units* | 128 375 | 122 862 |
| Cash paid on redemption of redeemable units* | (240 477) | (320 568) |
| Distributions paid to holders of redeemable units | (8 941) | (9 410) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | |
| | \$ (121 043) | \$ (207 116) |
| Net increase (decrease) in cash for the period | 234 | (487) |
| Cash (bank overdraft), beginning of period | 1 469 | 1 956 |
| CASH (BANK OVERDRAFT), END OF PERIOD | \$ 1 703 | \$ 1 469 |
| | | |
| Interest received (paid) [†] | \$ 12 373 | \$ 16 342 |
| Income from investment trusts received (paid) ^{†‡} | \$ 1 193 | \$ 798 |
| Dividends received (paid) ^{†‡} | \$ 33 216 | \$ 32 908 |

* Excludes in-kind transactions.

[†] Classified as part of operating activities.

[‡] Net of withholding taxes, if applicable.



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

| For the periods ended December 31 (see note 2 in the generic notes) | Series A | | Advisor Series | | Series H | | Series D | |
|--|---------------------|---------------------|----------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| NAV AT BEGINNING OF PERIOD | \$ 1 048 731 | \$ 1 115 736 | \$ — | \$ 46 998 | \$ 29 103 | \$ 31 605 | \$ 105 817 | \$ 112 644 |
| INCREASE (DECREASE) IN NAV | 154 230 | 43 238 | — | (640) | 4 444 | 1 163 | 17 276 | 4 849 |
| Early redemption fees | — | — | — | — | — | — | — | — |
| Proceeds from redeemable units issued | 81 690 | 98 410 | — | 1 831 | 1 774 | 525 | 16 900 | 9 641 |
| Reinvestments of distributions to holders of redeemable units | 49 344 | 49 685 | — | 845 | 1 048 | 983 | 4 049 | 3 776 |
| Redemption of redeemable units | (200 782) | (204 719) | — | (47 734) | (2 703) | (3 672) | (20 014) | (19 726) |
| NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS | (69 748) | (56 624) | — | (45 058) | 119 | (2 164) | 935 | (6 309) |
| Distributions from net income | (18 927) | (26 386) | — | (640) | (541) | (739) | (1 989) | (2 641) |
| Distributions from net gains | (34 377) | (3 469) | — | (84) | (984) | (97) | (3 617) | (347) |
| Distributions from capital | — | (23 764) | — | (576) | — | (665) | — | (2 379) |
| TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS | (53 304) | (53 619) | — | (1 300) | (1 525) | (1 501) | (5 606) | (5 367) |
| NET INCREASE (DECREASE) IN NAV | 31 178 | (67 005) | — | (46 998) | 3 038 | (2 502) | 12 605 | (6 827) |
| NAV AT END OF PERIOD | \$ 1 079 909 | \$ 1 048 731 | \$ — | \$ — | \$ 32 141 | \$ 29 103 | \$ 118 422 | \$ 105 817 |

| For the periods ended December 31 (see note 2 in the generic notes) | Series F | | Series I | | Series O | | Total | |
|--|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| NAV AT BEGINNING OF PERIOD | \$ 247 552 | \$ 253 507 | \$ 5 059 | \$ 5 738 | \$ 110 314 | \$ 119 602 | \$ 1 546 576 | \$ 1 685 830 |
| INCREASE (DECREASE) IN NAV | 41 543 | 12 472 | 864 | 309 | 19 522 | 5 927 | 237 879 | 67 318 |
| Early redemption fees | — | — | — | — | — | — | — | — |
| Proceeds from redeemable units issued | 56 158 | 32 197 | 315 | 91 | 10 400 | 5 321 | 167 237 | 148 016 |
| Reinvestments of distributions to holders of redeemable units | 10 513 | 9 652 | 260 | 236 | 5 898 | 5 591 | 71 112 | 70 768 |
| Redemption of redeemable units | (45 321) | (47 762) | (142) | (1 069) | (9 722) | (20 496) | (278 684) | (345 178) |
| NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS | 21 350 | (5 913) | 433 | (742) | 6 576 | (9 584) | (40 335) | (126 394) |
| Distributions from net income | (4 747) | (6 158) | (97) | (121) | (2 097) | (2 771) | (28 398) | (39 456) |
| Distributions from net gains | (8 667) | (810) | (178) | (16) | (3 832) | (364) | (51 655) | (5 187) |
| Distributions from capital | — | (5 546) | — | (109) | — | (2 496) | — | (35 535) |
| TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS | (13 414) | (12 514) | (275) | (246) | (5 929) | (5 631) | (80 053) | (80 178) |
| NET INCREASE (DECREASE) IN NAV | 49 479 | (5 955) | 1 022 | (679) | 20 169 | (9 288) | 117 491 | (139 254) |
| NAV AT END OF PERIOD | \$ 297 031 | \$ 247 552 | \$ 6 081 | \$ 5 059 | \$ 130 483 | \$ 110 314 | \$ 1 664 067 | \$ 1 546 576 |



December 31, 2021

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with monthly income that may consist of dividend income, interest income, realized capital gains and return of capital. Investors in the Fund will also have the potential for modest capital growth.

Series H and Series I units have been capped and are no longer available for purchase by new investors effective June 30, 2016. Existing investors who hold Series H and Series I units of the Fund can continue to make additional investments into these series.

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)

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 30.5% (December 31, 2020 – 39.2%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

| Rating | December 31 2021 | December 31 2020 |
|--------------|---------------------|---------------------|
| AAA | 16.3 | 10.6 |
| AA | 28.2 | 31.3 |
| A | 14.7 | 17.4 |
| BBB | 12.3 | 20.7 |
| BB | 16.3 | 12.4 |
| B | 10.8 | 6.6 |
| CCC | 0.5 | 0.6 |
| Unrated | 0.9 | 0.4 |
| Total | 100.0 | 100.0 |

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 |
|--------------------|---------------------|---------------------|
| Canadian Equities | 62.9 | 53.0 |
| Bonds | 30.5 | 39.1 |
| Preferred Equities | 5.1 | 4.9 |
| Cash/Other | 1.5 | 3.0 |
| Total | 100.0 | 100.0 |

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 30.5% (December 31, 2020 – 39.2%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

| Term to maturity | December 31 2021 | December 31 2020 |
|------------------|---------------------|---------------------|
| Less than 1 year | 1.8 | 6.4 |
| 1 – 5 years | 36.0 | 25.0 |
| 5 – 10 years | 32.1 | 26.8 |
| > 10 years | 30.1 | 41.8 |
| Total | 100.0 | 100.0 |

As at December 31, 2021, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.1% (December 31, 2020 – 7.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 10% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

| | December 31 2021 | December 31 2020 |
|--------------------------|---------------------|---------------------|
| S&P/TSX Capped Composite | | |
| Total Return Index | + or - 6.0 | + or - 5.9 |

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

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

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|---------|---------|-----------|
| Equities | 1 131 269 | – | – | 1 131 269 |
| Underlying funds | 153 921 | – | – | 153 921 |
| Fixed-income and debt securities | – | 353 553 | – | 353 553 |
| Short-term investments | – | 21 222 | – | 21 222 |
| Derivatives – assets | – | – | – | – |
| Derivatives – liabilities | – | – | – | – |
| Total financial instruments | 1 285 190 | 374 775 | – | 1 659 965 |
| % of total portfolio | 77.4 | 22.6 | – | 100.0 |



December 31, 2021

| December 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|------------------|----------------|----------|------------------|
| Equities | 890 013 | 5 140 | – | 895 153 |
| Underlying funds | 150 862 | – | – | 150 862 |
| Fixed-income and debt securities | – | 455 358 | – | 455 358 |
| Short-term investments | – | 41 191 | – | 41 191 |
| Derivatives – assets | – | – | – | – |
| Derivatives – liabilities | – | – | – | – |
| Total financial instruments | 1 040 875 | 501 689 | – | 1 542 564 |
| % of total portfolio | 67.5 | 32.5 | – | 100.0 |

For the period ended December 31, 2021, there were transfers of \$5,140 of financial instruments into Level 1 from Level 2. The securities transferred into Level 1 relate to the exchange of restricted-trading, discount-priced securities for listed, actively traded equity positions. For the period ended December 31, 2020, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 | 1.65% | 0.10% |
| Advisor Series | 1.65% | 0.10% |
| Series H | 1.50% | 0.10% |
| Series D | 0.90% | 0.10% |
| Series F | 0.65% | 0.10% |
| Series I | 0.50% | 0.10% |
| Series O | n/a* | 0.05% |

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

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

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

| | December 31 2021 | December 31 2020 |
|---------------------------|---------------------|---------------------|
| Units held | | |
| Series H | 169 | 161 |
| Series I | 163 | 156 |
| Series O | 88 | 84 |
| Value of all units | 5 | 4 |

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 | 4.1 | 0.9 | 4.3 | 0.9 |
| RBC High Yield Bond Fund | 5.2 | 2.5 | 5.5 | 2.6 |

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 | 114 568 | 120 909 |
| Issued number of units | 8 444 | 11 072 |
| Reinvested number of units | 5 088 | 5 650 |
| Redeemed number of units | (20 817) | (23 063) |
| Ending number of units | 107 283 | 114 568 |
| Advisor Series | | |
| Opening units | – | 5 091 |
| Issued number of units | – | 205 |
| Reinvested number of units | – | 97 |
| Redeemed number of units | – | (5 393) |
| Ending number of units | – | – |
| Series H | | |
| Opening units | 3 128 | 3 376 |
| Issued number of units | 177 | 58 |
| Reinvested number of units | 106 | 110 |
| Redeemed number of units | (276) | (416) |
| Ending number of units | 3 135 | 3 128 |
| Series D | | |
| Opening units | 10 493 | 11 178 |
| Issued number of units | 1 588 | 987 |
| Reinvested number of units | 377 | 391 |
| Redeemed number of units | (1 876) | (2 063) |
| Ending number of units | 10 582 | 10 493 |



December 31, 2021

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

| | 2021 | 2020 |
|----------------------------|---------|---------|
| Series F | | |
| Opening units | 23 812 | 24 473 |
| Issued number of units | 5 056 | 3 183 |
| Reinvested number of units | 947 | 972 |
| Redeemed number of units | (4 133) | (4 816) |
| Ending number of units | 25 682 | 23 812 |
| Series I | | |
| Opening units | 479 | 547 |
| Issued number of units | 28 | 9 |
| Reinvested number of units | 23 | 23 |
| Redeemed number of units | (13) | (100) |
| Ending number of units | 517 | 479 |
| Series O | | |
| Opening units | 9 746 | 10 687 |
| Issued number of units | 855 | 487 |
| Reinvested number of units | 486 | 519 |
| Redeemed number of units | (809) | (1 947) |
| Ending number of units | 10 278 | 9 746 |

Transaction costs (\$000s except %)

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

| | December 31 2021 | | December 31 2020 | |
|--------------------------------------|---------------------|-----|---------------------|-----|
| | \$ | % | \$ | % |
| Total transaction costs | 536 | 100 | 606 | 100 |
| Related-party brokerage commissions* | 50 | 9 | 64 | 11 |
| Commission arrangements [†] | 34 | 6 | 44 | 7 |

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

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

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

| | December 31 2021 | December 31 2020 |
|-----------------------------------|---------------------|---------------------|
| Fair value of securities loaned | 105 770 | 69 683 |
| Fair value of collateral received | 107 885 | 71 133 |

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the Fund to the securities lending revenue disclosed in the Statements of Comprehensive Income.

| | December 31 2021 | | December 31 2020 | |
|---------------|---------------------|------|---------------------|------|
| | \$ | % | \$ | % |
| Gross revenue | 111 | 100 | 107 | 100 |
| RBC IS (paid) | (28) | (25) | (27) | (25) |
| Tax withheld | (2) | (2) | (1) | (1) |
| Fund revenue | 81 | 73 | 79 | 74 |

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

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

| | December 31 2021 | December 31 2020 |
|--|---------------------|---------------------|
| Phillips, Hager & North Monthly Income Class | 5.2 | 4.8 |

Subsequent event

On November 23, 2021, the Independent Review Committee approved a proposal to merge the Phillips, Hager & North Monthly Income Class into the Fund, on a tax-deferred basis. The merger is expected to take place on or about April 8, 2022.

December 31, 2021

1. The Funds

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

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

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

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

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

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

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

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

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

Series N units are only available to related funds.

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

2. Financial year

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

3. Summary of significant accounting policies

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

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

December 31, 2021

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

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

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

Classification of Redeemable Units The Funds have multiple features across the different series of the Funds. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

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

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

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

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

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

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

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

December 31, 2021

Determination of Fair Value The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds' financial instruments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices, vendor fair value factors and prices of underlying funds that are not daily traded; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The three-tier hierarchy of investments and derivatives is included in Notes to Financial Statements – Fund Specific Information.

Investments and derivatives are recorded at fair value, which is determined as follows:

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

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

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

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

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

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

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

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

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

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Any unrealized gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" and realized gain or loss on foreign exchange contracts is included in "Derivative income (loss)" in the Statements of Comprehensive Income.

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

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

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

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

Underlying Funds – Underlying funds that are not exchange-traded funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

Fair Valuation of Investments – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

Management also has procedures where the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the manager and are approved by the manager. The VC provides oversight of the Funds’ valuation policies and procedures.

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

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

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

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

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

Valuation of Series A different NAV is calculated for each series of units of a Fund. The NAV of a particular series of units is computed by calculating the value of the series’ proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative NAV of each series. Expenses are accrued daily.

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

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

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

Increase (Decrease) in NAV per Unit Increase (decrease) in NAV per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series, divided by the average units outstanding per series during the period.

Early Redemption Fees Early redemption fees (short-term trading fees) are paid directly to a Fund and are designed to deter excessive trading and its associated costs. With the exception of money market funds, a Fund may apply a fee of 2% of the current value of units if the unitholder redeems or switches out units within seven days of purchasing or previously switching into a Fund. These amounts are included in the Statements of Changes in NAV.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

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

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

4. Critical accounting judgments and estimates

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

Fair value measurement of securities not quoted in an active market

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

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

5. Financial instrument risk and capital management

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

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

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

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

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

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

Liquidity risk

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

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those

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Funds participating in a securities lending program (see note 7). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

Concentration risk

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

Interest rate risk

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

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

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls. The currency risk as disclosed in the Fund Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of a Fund.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency

risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Taxes

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

7. Securities lending revenue

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

8. Administrative and other related-party transactions**Manager and Portfolio Manager**

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

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is paid a management fee by the Funds as compensation for its services. The management fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

The Funds pay a fixed administration fee to RBC GAM. The fixed administration fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. RBC GAM in turn pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim reports, prospectuses, statements and investor communications.

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including any costs and expenses of the Independent Review Committee (“IRC”) of the Funds that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, “other fund costs”), and taxes (including, but not limited to, GST/HST). RBC GAM, not the Funds, is responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the IRC. Other fund costs are allocated proportionately to each series based upon the relative NAV of each series. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates (“underlying funds”). A Fund will not invest in units of an underlying fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would

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

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

Sub-Advisors

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

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

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

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

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

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

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

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

Trustee

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

Distributors

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

Custodian

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

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Registrars

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

Brokers and Dealers

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

Securities Lending Agent

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

Mortgage Administrator Agent

Royal Bank administers mortgages on behalf of the Funds. Royal Bank earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the IRC with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

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

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