

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.



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
August 9, 2018



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

Unaudited Interim Financial Statements

The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
3 921	Access Justice Durham Ltd.	5.015	31-Aug-2039	\$ 4 316	\$ 4 414	
6 433	Access Prairies Partnership	4.232	01-Mar-2048	6 432	6 783	
2 308	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	2 591	2 716	
4 196	Access Roads Edmonton Ltd.	5.812	30-Sep-2037	4 941	5 035	
6 995	Aéroports de Montréal	6.950	16-Apr-2032	9 498	8 879	
4 890	Aéroports de Montréal	5.170	17-Sep-2035	6 329	6 085	
4 520	Aéroports de Montréal	5.670	16-Oct-2037	6 141	6 035	
4 571	Aéroports de Montréal	3.919	26-Sep-2042	5 034	5 018	
4 640	Aéroports de Montréal	3.918	12-Jun-2045	5 023	5 117	
20 213	Aéroports de Montréal	3.360	24-Apr-2047	20 470	20 272	
26 825	Alberta Powerline LP	3.340	01-Jun-2032	26 825	26 993	
26 810	Alberta Powerline LP	3.351	01-Sep-2032	26 810	27 029	
5 920	Alberta Powerline LP	4.065	01-Dec-2053	5 920	6 346	
6 075	Alberta Powerline LP	4.065	01-Mar-2054	6 075	6 513	
17 000	Alectra Inc.	4.521	29-Apr-2021	17 802	17 922	
3 473	Alectra Inc.	3.033	25-Jul-2022	3 470	3 527	
13 374	Alectra Inc.	3.239	21-Nov-2024	13 681	13 663	
23 565	Alectra Inc.	2.488	17-May-2027	23 049	22 655	
7 182	Alliance Pipeline LP	4.928	16-Dec-2019	7 845	7 355	
16 127	Alliance Pipeline LP	7.181	30-Jun-2023	19 357	17 945	
2 114	Alliance Pipeline LP	5.546	31-Dec-2023	2 344	2 205	
12 094	Alliance Pipeline LP	6.765	31-Dec-2025	14 491	13 665	
9 302	Alliance Pipeline LP	7.217	31-Dec-2025	11 538	10 709	
15 990	AltaLink Investments LP	3.674	05-Jun-2019	16 092	16 136	
20 357	AltaLink Investments LP	3.265	05-Jun-2020	20 332	20 591	
12 886	AltaLink Investments LP	2.244	07-Mar-2022	12 886	12 621	
14 150	Bank of Montreal	2.100	06-Oct-2020	14 042	13 989	
13 765	Bank of Montreal	1.880	31-Mar-2021	13 455	13 474	
53 138	Bank of Montreal	1.610	28-Oct-2021	51 271	51 238	
15 620	Bank of Montreal	2.890	20-Jun-2023	15 617	15 593	
1 017	BC Tel	9.650	08-Apr-2022	1 380	1 250	
26 645	Bell Canada	3.350	18-Jun-2019	26 943	26 896	
27 270	Bell Canada	3.250	17-Jun-2020	27 600	27 587	
17 945	Bell Canada	4.950	19-May-2021	18 972	18 988	
1 928	Blackbird Infrastructure 407 GP	3.760	30-Jun-2047	1 972	1 927	
8 378	Bow Centre Street LP	3.690	14-Jun-2021	8 373	8 257	
3 792	Bow Centre Street LP	3.693	14-Jun-2022	3 800	3 719	
25 925	Bow Centre Street LP	3.797	13-Jun-2023	25 479	25 117	
5 630	Brookfield Asset Management Inc.	3.950	09-Apr-2019	5 699	5 698	
29 977	Brookfield Asset Management Inc.	5.040	08-Mar-2024	30 780	32 270	
4 692	Brookfield Asset Management Inc.	4.820	28-Jan-2026	4 838	5 009	
315	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	315	320	
20 352	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	20 389	20 564	
23 336	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	23 562	23 143	
9 135	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	10 105	9 606	
7 567	Brookfield Renewable Energy Partners ULC	3.752	02-Jun-2025	7 880	7 657	
10 955	Bruce Power LP	2.844	23-Jun-2021	10 981	10 945	
6 955	Bruce Power LP	3.000	21-Jun-2024	6 954	6 860	
12 955	Bruce Power LP	3.969	23-Jun-2026	13 366	13 389	
20 580	Bruce Power LP	4.010	21-Jun-2029	20 674	21 080	

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
16 180	Bruce Power LP	4.132	21-Jun-2033	\$ 16 187	\$ 16 478	
12 185	Cameco Corp.	5.670	02-Sep-2019	13 674	12 538	
14 956	Cameco Corp.	3.750	14-Nov-2022	15 113	14 816	
21 915	Cameco Corp.	4.190	24-Jun-2024	21 934	21 771	
6 095	Canadian Utilities Ltd.	9.400	01-May-2023	9 040	7 820	
2 600	Centra Gas Ontario Inc.	8.650	19-Oct-2018	3 506	2 648	
5 624	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	5 799	5 693	
5 740	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	6 117	5 889	
5 751	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	5 765	5 768	
16 257	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	16 275	16 166	
9 265	Cominar Real Estate Investment Trust	4.247	23-May-2023	9 265	9 159	
8 525	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	8 525	8 569	
5 390	CU Inc.	11.770	30-Nov-2020	8 209	6 516	
13 965	CU Inc.	9.920	01-Apr-2022	21 598	17 409	
14 712	CU Inc.	6.215	06-Mar-2024	17 709	17 234	
5 830	CU Inc.	5.563	26-May-2028	7 202	6 974	
7 418	CU Inc.	5.556	30-Oct-2037	8 937	9 529	
1 335	CU Inc.	4.722	09-Sep-2043	1 601	1 594	
1 000	CU Inc.	3.964	27-Jul-2045	1 076	1 072	
2 272	CU Inc.	3.857	14-Nov-2052	2 472	2 369	
10 575	CU Inc.	4.558	07-Nov-2053	11 413	12 492	
21 075	CU Inc.	4.094	19-Oct-2054	21 085	22 868	
10 535	CU Inc.	4.211	29-Oct-2055	10 543	11 743	
5 260	Dufferin Wind Power Inc.	4.317	30-Nov-2033	5 261	5 259	
4 055	Eagle Credit Card Trust	2.849	17-Oct-2018	4 055	4 065	
2 162	Edmonton Regional Airport Authority	7.214	01-Nov-2030	2 922	2 680	
19 456	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	19 678	19 458	
1 458	Emera Inc.	4.830	02-Dec-2019	1 597	1 502	
5 505	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	5 835	5 698	
17 215	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	19 500	18 426	
4 375	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	4 397	4 461	
10 910	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	10 926	10 506	
10 165	Enbridge Gas Distribution Inc.	6.650	03-Nov-2027	12 866	12 760	
3 107	Enbridge Gas Distribution Inc.	6.100	19-May-2028	3 748	3 800	
1 305	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 758	1 721	
6 154	Enbridge Gas Distribution Inc.	5.210	25-Feb-2036	7 674	7 494	
2 008	Enbridge Gas Distribution Inc.	4.500	23-Nov-2043	2 290	2 315	
6 025	Enbridge Gas Distribution Inc.	4.000	22-Aug-2044	6 329	6 472	
2 498	Enbridge Gas Distribution Inc.	4.950	22-Nov-2050	3 055	3 115	
15 353	Enbridge Inc.	4.770	02-Sep-2019	16 459	15 751	
14 569	Enbridge Inc.	4.260	01-Feb-2021	15 061	15 063	
4 211	Enbridge Inc.	3.160	11-Mar-2021	4 272	4 236	
1 875	Enbridge Inc.	6.100	14-Jul-2028	2 093	2 152	
702	Enbridge Inc.	5.120	28-Sep-2040	762	758	
3 285	Enbridge Income Fund	4.100	22-Feb-2019	3 434	3 321	
2 690	Enbridge Pipelines Inc.	6.620	19-Nov-2018	2 980	2 736	
5 296	Enbridge Pipelines Inc.	4.450	06-Apr-2020	5 469	5 465	
5 006	Enbridge Pipelines Inc.	2.930	30-Nov-2022	5 046	5 015	
920	Enbridge Pipelines Inc.	3.790	17-Aug-2023	991	953	
3 140	Enbridge Pipelines Inc.	6.350	17-Nov-2023	3 739	3 611	
4 382	Enbridge Pipelines Inc.	8.200	15-Feb-2024	5 934	5 450	
18 870	Enbridge Pipelines Inc.	3.450	29-Sep-2025	19 146	19 086	
8 086	Enbridge Pipelines Inc.	3.000	10-Aug-2026	8 152	7 894	
15 354	Enbridge Pipelines Inc.	5.330	06-Apr-2040	17 735	17 962	
6 936	Enbridge Pipelines Inc.	4.550	17-Aug-2043	7 853	7 403	
13 838	Enbridge Pipelines Inc.	4.550	29-Sep-2045	14 366	14 813	
2 243	Enbridge Pipelines Inc.	4.130	09-Aug-2046	2 248	2 248	

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PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
15 191	Enbridge Southern Lights LP	4.014	30-Jun-2040	\$ 15 186	\$ 14 872	
7 250	Enwave Energy Corp.	3.943	07-Dec-2037	7 250	7 123	
23 705	Fair Hydro Trust	3.357	15-May-2033	23 733	24 306	
12 675	Fair Hydro Trust	3.520	15-May-2038	12 675	13 301	
960	Fortis Inc.	2.850	12-Dec-2023	961	947	
2 060	FortisAlberta Inc.	5.850	15-Apr-2038	2 622	2 738	
1 650	FortisAlberta Inc.	4.110	29-Sep-2044	1 836	1 807	
448	FortisAlberta Inc.	4.800	27-Oct-2050	513	547	
1 860	FortisBC Energy Inc.	5.550	25-Sep-2036	2 187	2 369	
5 332	FortisBC Energy Inc.	6.000	02-Oct-2037	7 098	7 168	
4 130	FortisBC Energy Inc.	5.200	06-Dec-2040	4 469	5 191	
9 985	Gaz Metro Inc.	4.930	18-Jun-2019	11 144	10 242	
6 035	Gaz Metro Inc.	5.450	12-Jul-2021	7 003	6 545	
2 500	Gaz Metro Inc.	9.000	16-May-2025	3 777	3 385	
13 635	GE Capital Canada Funding Co.	5.680	10-Sep-2019	14 182	14 144	
18 905	GE Capital Canada Funding Co.	4.600	26-Jan-2022	20 186	19 955	
55 005	Genesis Trust II	1.675	17-Sep-2018	55 010	54 979	
28 645	Genesis Trust II	2.433	15-May-2019	28 864	28 697	
7 056	Grand Renewable Solar LP	3.926	31-Jan-2035	7 056	7 006	
3 316	Great Lakes Power Ltd.	6.600	16-Jun-2023	3 819	3 725	
17 924	Greater Toronto Airports Authority	6.450	03-Dec-2027	23 853	23 072	
949	Greater Toronto Airports Authority	6.450	30-Jul-2029	1 203	1 127	
6 455	Greater Toronto Airports Authority	7.050	12-Jun-2030	9 185	8 979	
4 256	Greater Toronto Airports Authority	7.100	04-Jun-2031	6 300	6 024	
13 955	Greater Toronto Airports Authority	6.980	15-Oct-2032	20 184	20 013	
11 147	Greater Toronto Airports Authority	6.470	02-Feb-2034	15 992	15 690	
5 910	Greater Toronto Airports Authority	3.260	01-Jun-2037	5 906	5 931	
2 130	Greater Toronto Airports Authority	5.630	07-Jun-2040	2 800	2 909	
7 752	Greater Toronto Airports Authority	5.300	25-Feb-2041	10 222	10 269	
4 560	Greater Toronto Airports Authority	4.530	02-Dec-2041	5 477	5 507	
35 451	H2O Power LP	3.310	30-Nov-2029	35 451	34 378	
10 454	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	12 280	12 164	
19 655	Hydro One Inc.	1.620	30-Apr-2020	19 652	19 374	
12 150	Hydro One Inc.	1.840	24-Feb-2021	12 186	11 918	
10 140	Hydro One Inc.	2.570	25-Jun-2021	10 139	10 125	
10 050	Hydro One Inc.	2.970	26-Jun-2025	10 047	10 043	
280	Hydro One Inc.	6.930	01-Jun-2032	413	385	
1 369	Hydro One Inc.	6.350	31-Jan-2034	1 825	1 831	
3 668	Hydro One Inc.	4.890	13-Mar-2037	4 286	4 317	
2 377	Hydro One Inc.	6.030	03-Mar-2039	3 132	3 209	
1 555	Hydro One Inc.	6.590	22-Apr-2043	2 321	2 309	
5 025	Hydro One Inc.	4.590	09-Oct-2043	6 146	5 829	
10 195	Hydro One Inc.	3.630	25-Jun-2049	10 193	10 202	
20 798	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	20 785	20 355	
1 710	Hydro Ottawa Holdings Inc.	3.639	02-Feb-2045	1 629	1 717	
780	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	864	807	
19 640	Inter Pipeline Ltd.	3.448	20-Jul-2020	19 907	19 926	
1 930	Keyera Corp.	3.934	21-Jun-2028	1 930	1 938	
13 426	Kingston Solar LP	3.571	31-Jul-2035	13 426	12 968	
14 324	Lower Mattagami Energy LP	4.331	18-May-2021	15 707	15 015	
5 215	Lower Mattagami Energy LP	2.307	21-Oct-2026	5 215	4 961	
10 360	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	10 358	10 800	
249	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	249	252	
14 135	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	14 137	14 237	
5 640	Mosaic Transit Partners GP	4.111	28-Feb-2038	5 640	5 746	
3 500	Mosaic Transit Partners GP	4.470	28-Feb-2053	3 500	3 635	
8 350	Mountain View Partners GP	3.974	31-Mar-2051	8 350	8 449	
1 875	NAV Canada	4.397	18-Feb-2021	1 967	1 963	

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PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
11 454	North Battleford Power LP	4.958	31-Dec-2032	\$ 11 544	\$ 12 491	
8 783	North West Redwater Partnership	3.200	24-Apr-2026	8 769	8 749	
21 551	North West Redwater Partnership	2.800	01-Jun-2027	21 006	20 678	
7 725	North West Redwater Partnership	4.250	01-Jun-2029	7 745	8 238	
20 255	North West Redwater Partnership	4.150	01-Jun-2033	20 633	21 502	
7 185	North West Redwater Partnership	3.650	01-Jun-2035	7 180	7 144	
6 529	North West Redwater Partnership	4.750	01-Jun-2037	6 649	7 412	
5 540	North West Redwater Partnership	4.350	10-Jan-2039	5 569	5 984	
10 924	North West Redwater Partnership	4.050	22-Jul-2044	11 205	11 395	
4 202	Northland Power Solar Finance One LP	4.397	30-Jun-2032	4 202	4 354	
10 545	Nouvelle Autoroute 30 Financement Inc.	3.742	31-Dec-2032	10 545	10 714	
10 450	Nouvelle Autoroute 30 Financement Inc.	3.750	31-Mar-2033	10 450	10 632	
6 286	Nova Gas Transmission Ltd.	9.900	16-Dec-2024	9 442	8 598	
3 285	Nova Gas Transmission Ltd.	8.900	27-May-2025	4 969	4 350	
2 625	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 744	3 561	
8 500	Nova Scotia Power Inc.	9.750	02-Aug-2019	11 904	9 120	
13 343	Nova Scotia Power Inc.	8.850	19-May-2025	19 616	17 688	
1 268	Nova Scotia Power Inc.	5.670	14-Nov-2035	1 529	1 596	
4 125	Nova Scotia Power Inc.	5.610	15-Jun-2040	5 525	5 327	
7 705	OMERS Realty Corp.	2.473	12-Nov-2019	7 705	7 715	
18 285	OMERS Realty Corp.	3.203	24-Jul-2020	18 495	18 513	
26 290	Ontario Power Generation Inc.	3.315	04-Oct-2027	26 516	26 427	
9 590	Ontario Power Generation Inc.	3.838	22-Jun-2048	9 594	9 669	
1 412	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	1 916	1 782	
2 382	Pembina Pipeline Corp.	3.770	24-Oct-2022	2 476	2 440	
6 548	Plenary Health Hamilton LP	5.796	31-May-2043	8 427	8 082	
10 105	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	10 932	10 995	
8 465	PSS Generating Station LP	4.795	24-Oct-2067	8 465	9 183	
13 850	Ridley Grain Ltd.	5.227	01-Aug-2024	13 850	14 685	
5 000	Rogers Communications Inc.	5.380	04-Nov-2019	5 203	5 193	
3 123	Rogers Communications Inc.	5.340	22-Mar-2021	3 335	3 331	
22 530	Royal Bank of Canada*	2.820	12-Jul-2018	23 113	22 538	
14 759	Royal Bank of Canada*	2.770	11-Dec-2018	15 168	14 815	
76 686	Royal Bank of Canada*	1.400	26-Apr-2019	76 827	76 299	
19 285	Royal Bank of Canada*	2.980	07-May-2019	19 502	19 418	
10 565	Royal Bank of Canada*	1.590	23-Mar-2020	10 421	10 426	
8 945	Royal Bank of Canada*	2.860	04-Mar-2021	8 975	8 988	
27 660	Royal Bank of Canada*	2.030	15-Mar-2021	27 134	27 191	
9 718	SEC LP and Arci Ltd.	5.188	29-Aug-2033	9 741	10 380	
9 075	SGTP Highway Bypass LP	4.105	31-Jan-2045	9 076	9 516	
5 235	Sun Life Financial Inc.	2.770	13-May-2024	5 296	5 254	
4 490	TELUS Corp.	5.050	04-Dec-2019	4 662	4 664	
4 002	TELUS Corp.	5.050	23-Jul-2020	4 198	4 194	
1 630	TELUS Corp.	3.600	26-Jan-2021	1 663	1 663	
12 960	TMX Group Ltd.	3.253	03-Oct-2018	12 993	13 010	
3 619	Toronto Hydro Corp.	4.490	12-Nov-2019	3 984	3 725	
8 595	Toronto Hydro Corp.	3.540	18-Nov-2021	9 294	8 876	
23 315	Toronto-Dominion Bank	1.693	02-Apr-2020	22 981	23 017	
49 570	Toronto-Dominion Bank	1.680	08-Jun-2021	48 420	48 364	
47 985	Toronto-Dominion Bank	2.621	22-Dec-2021	47 785	47 831	
2 500	TransCanada PipeLines Ltd.	8.050	17-Feb-2039	3 761	3 817	
13 453	TransCanada PipeLines Ltd.	4.550	15-Nov-2041	14 131	14 248	
10 762	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	10 835	11 092	
17 360	TransCanada PipeLines Ltd.	4.330	16-Sep-2047	17 367	17 825	
16 760	TransCanada PipeLines Ltd.	4.180	03-Jul-2048	16 771	16 728	
21 990	TransEd Partners GP	3.951	30-Sep-2050	20 339	21 571	
14 896	Union Gas Ltd.	8.750	03-Aug-2018	19 119	14 983	

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PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
9 682	Union Gas Ltd.	8.650	10-Nov-2025	\$ 13 643	\$ 13 092	
1 650	Union Gas Ltd.	2.810	01-Jun-2026	1 629	1 626	
2 000	Union Gas Ltd.	6.050	02-Sep-2038	2 651	2 722	
1 768	Union Gas Ltd.	5.200	23-Jul-2040	2 143	2 211	
5 000	Union Gas Ltd.	4.880	21-Jun-2041	5 826	6 028	
4 059	Union Gas Ltd.	4.200	02-Jun-2044	4 555	4 495	
4 325	Union Gas Ltd.	3.800	01-Jun-2046	4 425	4 507	
2 520	Vancouver Airport Authority	3.857	10-Nov-2045	2 812	2 798	
4 610	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	4 610	4 728	
6 009	Vancouver Fraser Port Authority	4.630	20-Apr-2020	6 815	6 192	
12 750	Wells Fargo Canada Corp.	2.944	25-Jul-2019	12 840	12 832	
11 926	Westcoast Energy Inc.	5.600	16-Jan-2019	12 498	12 141	
3 099	Westcoast Energy Inc.	9.900	10-Jan-2020	3 521	3 422	
9 898	Westcoast Energy Inc.	3.883	28-Oct-2021	10 544	10 220	
1 476	Westcoast Energy Inc.	3.120	05-Dec-2022	1 375	1 485	
3 692	Westcoast Energy Inc.	6.750	15-Dec-2027	4 754	4 530	
1 465	Westcoast Energy Inc.	7.150	20-Mar-2031	1 931	1 916	
4 091	Westcoast Energy Inc.	4.791	28-Oct-2041	4 389	4 506	
4 850	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	4 851	4 900	
5 269	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	5 446	6 736	
4 575	Winnipeg Airport Authority Inc.	3.659	30-Sep-2047	4 575	4 839	
				2 615 372	2 592 897	26.7
FEDERAL						
95 865	Canada Housing Trust No. 1	1.250	15-Dec-2020	95 601	93 918	
115 248	Canada Housing Trust No. 1	3.350	15-Dec-2020	125 911	118 650	
205 308	Canada Housing Trust No. 1	1.250	15-Jun-2021	205 236	199 844	
71 135	Canada Housing Trust No. 1	3.800	15-Jun-2021	75 205	74 391	
65 066	Canada Housing Trust No. 1	1.150	15-Dec-2021	63 783	62 725	
119 053	Canada Housing Trust No. 1	1.500	15-Dec-2021	118 781	116 146	
53 349	Canada Housing Trust No. 1	2.650	15-Mar-2022	56 880	54 068	
208 361	Canada Housing Trust No. 1	1.750	15-Jun-2022	209 241	204 088	
294 981	Canada Housing Trust No. 1	2.400	15-Dec-2022	298 080	295 707	
86 761	Canada Housing Trust No. 1	2.350	15-Jun-2023	86 470	86 627	
11 628	Canada Housing Trust No. 1	2.900	15-Jun-2024	11 757	11 923	
11 939	Canada Housing Trust No. 1	2.250	15-Dec-2025	12 003	11 736	
8 969	Canada Housing Trust No. 1	1.900	15-Sep-2026	8 705	8 559	
88 064	Canada Housing Trust No. 1	2.350	15-Jun-2027	88 031	86 690	
20 819	Canada Housing Trust No. 1	2.350	15-Mar-2028	20 572	20 442	
45 657	Canada Housing Trust No. 1	2.650	15-Mar-2028	45 554	46 011	
3 247	CBC Monetization Trust	4.688	15-May-2027	3 281	3 526	
5 259	Government of Canada	1.250	01-Sep-2018	5 256	5 257	
65 160	Government of Canada	1.750	01-Mar-2019	65 240	65 210	
7 185	Government of Canada	3.750	01-Jun-2019	7 322	7 315	
4 600	Government of Canada	1.750	01-Sep-2019	4 601	4 597	
126 072	Government of Canada	1.750	01-May-2020	125 723	125 710	
14	Government of Canada	3.500	01-Jun-2020	15	14	
256 481	Government of Canada	0.750	01-Mar-2021	252 344	248 367	
124 388	Government of Canada	3.250	01-Jun-2021	135 392	128 788	
190 074	Government of Canada	0.750	01-Sep-2021	182 574	182 837	
4 515	Government of Canada	0.500	01-Mar-2022	4 243	4 274	
15 990	Government of Canada	2.750	01-Jun-2022	16 478	16 422	
250 210	Government of Canada	1.750	01-Mar-2023	248 668	246 743	
124 105	Government of Canada	1.500	01-Jun-2023	122 613	120 773	
49 927	Government of Canada	2.500	01-Jun-2024	51 341	50 985	
50 490	Government of Canada	2.250	01-Jun-2025	51 136	50 868	
76 928	Government of Canada	2.000	01-Jun-2028	75 792	75 792	
8 435	Government of Canada	4.000	01-Jun-2041	10 909	11 115	

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
11 815	Government of Canada	1.250	01-Dec-2047	\$ 13 341	\$ 14 385	
95 314	Government of Canada	2.750	01-Dec-2048	105 117	106 842	
34 071	Government of Canada	0.500	01-Dec-2050	32 798	34 553	
38 950	Government of Canada	2.000	01-Dec-2051	36 620	37 147	
				3 072 614	3 033 045	31.3
PROVINCIAL/MUNICIPAL						
5 000	City of Montreal	3.500	01-Sep-2024	5 206	5 205	
790	City of Montreal	2.750	01-Sep-2026	789	779	
26 172	City of Montreal	3.150	01-Sep-2028	26 182	26 396	
7 500	City of Montreal	3.150	01-Dec-2036	7 450	7 425	
1 364	City of Ottawa	4.462	18-Jul-2025	1 501	1 440	
1 092	City of Ottawa	4.990	28-Aug-2026	1 239	1 171	
3 000	City of Ottawa	4.600	14-Jul-2042	3 586	3 691	
5 845	City of Ottawa	3.100	27-Jul-2048	5 588	5 727	
16 000	City of Toronto	3.500	06-Dec-2021	16 636	16 539	
4 175	City of Vancouver	2.900	20-Nov-2025	4 257	4 188	
5 050	First Nations Finance Authority	3.400	26-Jun-2024	5 209	5 203	
8 199	First Nations Finance Authority	3.050	01-Jun-2028	8 185	8 106	
8 322	Hospital for Sick Children	5.217	16-Dec-2049	8 344	11 191	
14 175	Hospital for Sick Children	3.416	07-Dec-2057	14 175	14 156	
5 060	McGill University	6.150	22-Sep-2042	7 021	7 272	
12 000	Municipal Finance Authority of British Columbia	2.500	19-Apr-2026	11 664	11 727	
33 717	Ontario Electricity Financial Corp.	8.500	26-May-2025	48 025	45 624	
57 493	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	79 547	79 252	
17 612	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	20 777	19 834	
8 371	OPB Finance Trust	2.950	02-Feb-2026	8 371	8 393	
20 555	OPB Finance Trust	2.980	25-Jan-2027	20 558	20 545	
84 422	Province of Alberta	2.200	01-Jun-2026	80 686	81 251	
7 736	Province of Alberta	3.900	01-Dec-2033	8 452	8 638	
29 955	Province of Alberta	3.450	01-Dec-2043	33 305	32 353	
72 488	Province of Alberta	3.300	01-Dec-2046	75 733	76 655	
7 778	Province of Manitoba	4.050	05-Sep-2045	8 498	9 127	
92 922	Province of Manitoba	2.850	05-Sep-2046	85 560	88 563	
10 350	Province of New Brunswick	3.650	03-Jun-2024	11 484	10 898	
19 710	Province of New Brunswick	4.800	26-Sep-2039	25 638	24 616	
7 865	Province of New Brunswick	4.800	03-Jun-2041	9 525	9 918	
14 909	Province of New Brunswick	3.550	03-Jun-2043	14 436	15 839	
35 992	Province of New Brunswick	3.800	14-Aug-2045	38 406	39 983	
31 031	Province of Newfoundland and Labrador	3.300	17-Oct-2046	29 066	31 624	
18 811	Province of Ontario	3.150	02-Jun-2022	19 459	19 321	
14 334	Province of Ontario	2.850	02-Jun-2023	15 303	14 549	
72 446	Province of Ontario	2.600	08-Sep-2023	72 421	72 617	
141 090	Province of Ontario	3.500	02-Jun-2024	156 264	147 861	
101 115	Province of Ontario	2.600	02-Jun-2025	101 194	100 576	
91 874	Province of Ontario	8.500	02-Dec-2025	137 018	126 777	
28 270	Province of Ontario	2.400	02-Jun-2026	27 736	27 566	
26 426	Province of Ontario	2.600	02-Jun-2027	25 963	25 981	
190 837	Province of Ontario	6.200	02-Jun-2031	268 053	257 667	
167 005	Province of Ontario	5.600	02-Jun-2035	230 705	224 748	
13 508	Province of Ontario	4.700	02-Jun-2037	17 118	16 815	
161 682	Province of Ontario	4.600	02-Jun-2039	209 982	201 472	
230 412	Province of Ontario	3.500	02-Jun-2043	244 218	249 868	
10 360	Province of Ontario	3.450	02-Jun-2045	10 908	11 179	
76 864	Province of Ontario	2.900	02-Dec-2046	74 649	75 153	
12 116	Province of Ontario	2.800	02-Jun-2048	11 527	11 637	
131 979	Province of Ontario	2.900	02-Jun-2049	128 915	129 417	
45 077	Province of Quebec	9.375	16-Jan-2023	68 216	58 218	

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
1 600	Province of Quebec	3.000	01-Sep-2023	\$ 1 640	\$ 1 637	
17 146	Province of Quebec	2.750	01-Sep-2025	17 143	17 244	
93 615	Province of Quebec	8.500	01-Apr-2026	144 426	130 778	
475	Province of Quebec	2.500	01-Sep-2026	476	467	
14 448	Province of Quebec	2.750	01-Sep-2027	14 598	14 422	
65 563	Province of Quebec	6.000	01-Oct-2029	86 237	85 206	
4 571	Province of Quebec	5.000	01-Dec-2041	5 925	6 118	
12 775	Province of Quebec	3.500	01-Dec-2045	13 997	14 029	
25 541	Province of Quebec	3.500	01-Dec-2048	27 928	28 303	
16 187	Province of Saskatchewan	2.550	02-Jun-2026	16 268	15 975	
7 761	Province of Saskatchewan	6.400	05-Sep-2031	11 433	10 690	
22 439	Province of Saskatchewan	3.900	02-Jun-2045	27 376	26 174	
28 328	Province of Saskatchewan	2.750	02-Dec-2046	27 578	27 030	
2 750	Regional Municipality of York	2.600	15-Dec-2025	2 693	2 700	
10 145	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	10 344	10 487	
7 829	University of British Columbia	6.650	01-Dec-2031	10 482	10 627	
4 400	University of Toronto	4.937	16-Nov-2045	5 820	5 554	
33 400	York Region District School Board	5.531	13-May-2026	37 238	36 733	
9 223	York Region District School Board	4.616	21-Jun-2027	9 974	9 848	
				3 016 324	2 958 773	30.5
TOTAL CANADIAN BONDS						
				8 704 310	8 584 715	88.5
UNITED KINGDOM BONDS						
1 190	Heathrow Funding Ltd. CAD	3.000	17-Jun-2021	1 199	1 199	
9 450	Heathrow Funding Ltd. CAD	3.400	08-Mar-2028	9 437	9 473	
				10 636	10 672	0.1
TOTAL UNITED KINGDOM BONDS						
UNITED STATES BONDS						
7 645	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	7 650	7 387	
24 605	AT&T Inc. CAD	3.825	25-Nov-2020	25 100	25 173	
18 185	Bank of America Corp. CAD	2.604	15-Mar-2023	18 185	17 891	
9 655	Bank of America Corp. CAD	3.407	20-Sep-2025	9 655	9 638	
315	Caterpillar Financial Services Ltd. CAD	2.800	08-Jun-2021	315	316	
18 036	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	17 532	18 041	
12 940	Molson Coors International LP CAD	2.250	18-Sep-2018	12 910	12 947	
26 850	Molson Coors International LP CAD	2.750	18-Sep-2020	26 695	26 784	
8 350	The Walt Disney Co. CAD	2.758	07-Oct-2024	8 244	8 234	
32 850	United Parcel Service Inc. CAD	2.125	21-May-2024	32 706	31 372	
46 845	United States Treasury	2.875	15-May-2028	62 165	61 687	
161 419	United States Treasury	3.125	15-May-2048	218 724	217 911	
5 565	Wells Fargo & Co. CAD	2.222	15-Mar-2021	5 565	5 476	
36 950	Wells Fargo & Co. CAD	2.509	27-Oct-2023	36 990	35 671	
				482 436	478 528	4.9
TOTAL UNITED STATES BONDS						
TOTAL BONDS						
				9 197 382	9 073 915	93.5
MORTGAGE-BACKED SECURITIES						
3 634	Peoples Trust	4.200	01-Oct-2019	3 661	3 722	
TOTAL MORTGAGE-BACKED SECURITIES						
				3 661	3 722	0.1

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Par Value (000s)	Security	Cost	Fair Value	% of Net Assets
MORTGAGES				
CMHC Insured				
22 437	5.040% Jan 01, 2019	\$ 22 581	\$ 22 781	
477	2.980% Jul 01, 2019	477	477	
1 886	4.860% Jun 05, 2020	1 912	1 960	
3 625	4.260% Nov 01, 2022	3 625	3 819	
7 799	3.160% Sep 05, 2024	7 815	7 632	
TOTAL MORTGAGES		36 410	36 669	0.4
SHORT-TERM INVESTMENTS†		422 506	422 506	4.4
TOTAL INVESTMENTS		9 659 959	9 536 812	98.4
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		—	2 996	—
TOTAL PORTFOLIO		\$ 9 659 959	9 539 808	98.4
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			157 052	1.6
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 9 696 860	100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 112 793 Sold USD 84 901 @ 1.3285	17-Sep-2018	\$ 1 328
Bought CAD 51 534 Sold USD 38 882 @ 1.3254	17-Sep-2018	488
Bought CAD 25 927 Sold USD 19 523 @ 1.3280	17-Sep-2018	296
Bought CAD 39 212 Sold USD 29 527 @ 1.3280	17-Sep-2018	447
Bought CAD 51 902 Sold USD 39 201 @ 1.3240	17-Sep-2018	437
TOTAL FOREIGN EXCHANGE		\$ 2 996

All counterparties have a credit rating of at least A.

* 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 1.45% to 1.94% and mature between July 3, 2018 and November 29, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 9 536 812	\$ 9 695 057
Cash	12 320	12 668
Due from investment dealers	165 160	–
Subscriptions receivable	5 533	6 242
Unrealized gain on foreign exchange contracts	2 996	–
Dividends receivable, interest accrued and other assets	43 966	43 803
TOTAL ASSETS	9 766 787	9 757 770
LIABILITIES		
Due to investment dealers	61 848	–
Redemptions payable	7 559	13 196
Accounts payable and accrued expenses	520	602
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	69 927	13 798
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 9 696 860	\$ 9 743 972
Investments at cost	\$ 9 659 959	\$ 9 801 579
NAV		
SERIES A	\$ 69 734	\$ 80 316
ADVISOR SERIES	\$ 32 515	\$ 38 041
SERIES D	\$ 503 966	\$ 548 269
SERIES F	\$ 87 916	\$ 94 337
SERIES O	\$ 9 002 729	\$ 8 983 009
NAV PER UNIT		
SERIES A	\$ 10.18	\$ 10.27
ADVISOR SERIES	\$ 10.19	\$ 10.28
SERIES D	\$ 10.10	\$ 10.19
SERIES F	\$ 10.15	\$ 10.24
SERIES O	\$ 10.11	\$ 10.20

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 144 602	\$ 153 413
Derivative income	(2 555)	2 460
Net realized gain (loss) on investments	(61 875)	(5 672)
Change in unrealized gain (loss) on investments	(13 629)	91 773
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	66 543	241 974
Securities lending revenue	–	–
(see note 7 in the generic notes)	572	–
Net gain (loss) on foreign cash balances	892	1 186
TOTAL OTHER INCOME (LOSS)	1 464	1 186
TOTAL INCOME (LOSS)	68 007	243 160
EXPENSES (see notes – Fund Specific Information)		
Management fees	1 935	2 299
Administration fees	1 053	1 130
Independent Review Committee costs	1	1
GST/HST	308	351
TOTAL EXPENSES	3 297	3 781
INCREASE (DECREASE) IN NAV	\$ 64 710	\$ 239 379
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 40	\$ 1 836
ADVISOR SERIES	\$ 11	\$ 836
SERIES D	\$ 1 752	\$ 12 377
SERIES F	\$ 360	\$ 2 217
SERIES O	\$ 62 547	\$ 222 113
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.01	\$ 0.20
ADVISOR SERIES	\$ –	\$ 0.20
SERIES D	\$ 0.03	\$ 0.22
SERIES F	\$ 0.04	\$ 0.22
SERIES O	\$ 0.07	\$ 0.25

Statements of Cash Flow (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 64 710	\$ 239 379
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(655)	(309)
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	61 875	5 672
Change in unrealized loss (gain) on investments	13 629	(91 773)
(Increase) decrease in accrued receivables	(163)	5 699
Increase (decrease) in accrued payables	(82)	(43)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(8 090 091)	(8 916 822)
Proceeds from sale and maturity of investments	8 067 179	9 557 222
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	116 402	799 025
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	962 399	808 590
Cash paid on redemption of redeemable units	(1 076 148)	(1 608 321)
Distributions paid to holders of redeemable units	(3 001)	(4 056)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (116 750)	\$ (803 787)
Net increase (decrease) in cash for the period	(348)	(4 762)
Cash (bank overdraft), beginning of period	12 668	11 142
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 12 320	\$ 6 380
Interest received (paid)	\$ 143 784	\$ 158 803
Dividends received, net of withholding taxes	\$ —	\$ —

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 80 316	\$ 101 217	\$ 38 041	\$ 46 859	\$ 548 269	\$ 600 761	\$ 94 337	\$ 104 591
INCREASE (DECREASE) IN NAV	40	1 836	11	836	1 752	12 377	360	2 217
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 223	2 174	1 752	2 966	8 893	13 529	6 110	11 482
Reinvestments of distributions to holders of redeemable units	740	993	334	431	6 251	7 401	960	1 176
Redemption of redeemable units	(11 803)	(14 257)	(7 256)	(9 422)	(54 535)	(44 023)	(12 654)	(13 575)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(9 840)	(11 090)	(5 170)	(6 025)	(39 391)	(23 093)	(5 584)	(917)
Distributions from net income	(782)	(1 049)	(367)	(475)	(6 664)	(7 853)	(1 197)	(1 460)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(782)	(1 049)	(367)	(475)	(6 664)	(7 853)	(1 197)	(1 460)
NET INCREASE (DECREASE) IN NAV	(10 582)	(10 303)	(5 526)	(5 664)	(44 303)	(18 569)	(6 421)	(160)
NAV AT END OF PERIOD	\$ 69 734	\$ 90 914	\$ 32 515	\$ 41 195	\$ 503 966	\$ 582 192	\$ 87 916	\$ 104 431

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 8 983 009	\$ 9 531 479	\$ 9 743 972	\$ 10 384 907
INCREASE (DECREASE) IN NAV	62 547	222 113	64 710	239 379
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	958 541	793 637	976 519	823 788
Reinvestments of distributions to holders of redeemable units	139 493	145 632	147 778	155 633
Redemption of redeemable units	(999 092)	(1 501 814)	(1 085 340)	(1 583 091)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	98 942	(562 545)	38 957	(603 670)
Distributions from net income	(141 769)	(148 896)	(150 779)	(159 733)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(141 769)	(148 896)	(150 779)	(159 733)
NET INCREASE (DECREASE) IN NAV	19 720	(489 328)	(47 112)	(524 024)
NAV AT END OF PERIOD	\$ 9 002 729	\$ 9 042 151	\$ 9 696 860	\$ 9 860 883

PHILLIPS, HAGER & NORTH BOND FUND

Investment Management®

June 30, 2018

Effective July 4, 2016, units of the Fund are no longer available for purchase by new investors. Investors who held units of the Fund on July 4, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

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

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

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

Rating	June 30 2018	December 31 2017
AAA	39.0	44.8
AA	31.5	28.9
A	17.9	15.8
BBB	10.5	9.3
BB	0.5	0.5
Unrated*	0.6	0.7
Total	100.0	100.0

* Mortgages, which represent 71.4% (December 31, 2017 – 84.0%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at June 30, 2018 and December 31, 2017, there were no mortgage payments in arrears for more than 90 days.

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Federal Bonds	31.9	40.0
Corporate Bonds	31.1	25.6
Provincial Bonds	28.0	29.0
Municipal Bonds	2.5	1.8
Mortgages	0.4	0.6
Mortgage-Backed Bonds	0.1	0.1
Cash/Other	6.0	2.9
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	5.3	2.8
1 – 5 years	38.6	37.0
5 – 10 years	22.1	29.3
> 10 years	34.0	30.9
Total	100.0	100.0

As at June 30, 2018, 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 7.3% (December 31, 2017 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

The following is a summary of the inputs used as of June 30, 2018 and December 31, 2017.

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	9 066 642	47 664	9 114 306
Short-term investments	–	422 506	–	422 506
Derivatives – assets	–	2 996	–	2 996
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	9 492 144	47 664	9 539 808
% of total portfolio	–	99.5	0.5	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	9 405 140	58 300	9 463 440
Short-term investments	–	231 617	–	231 617
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	9 636 757	58 300	9 695 057
% of total portfolio	–	99.4	0.6	100.0

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

During the periods ended June 30, 2018 and December 31, 2017, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	June 30 2018	December 31 2017
Balance at beginning of period	58 300	53 788
Net purchases	20 545	28 609
Net sales	(41 774)	(22 128)
Net transfers in	–	–
Net transfers out	10 995	–
Realized gains (losses)	(3)	(5)
Change in unrealized gains (losses)	(399)	(1 964)
Balance at end of period	47 664	58 300
Unrealized gains (losses)	322	658

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

As at June 30, 2018, a 10% increase or decrease in the weighted average spread premium of 0.94% (December 31, 2017 – 0.97%), an unobservable input, would have increased or decreased the Fund's NAV respectively by approximately 0.0% (December 31, 2017 – 0.0%).

Management fees and administration fees (see note 8 in the generic notes)

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

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

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

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

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	61	60
Advisor Series	121	120
Series D	11	11
Series F	64	63
Value of all units	3	3

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

The non-capital and capital losses as at December 31, 2017 for the Fund were approximately:

Capital losses	39 048
Non-capital losses	–

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Redeemable units (000s)

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

For the periods ended June 30

(see note 2 in the generic notes)

	2018	2017
--	------	------

Series A

Opening units	7 818	9 809
Issued number of units	121	208
Reinvested number of units	73	96
Redeemed number of units	(1 163)	(1 368)
Ending number of units	6 849	8 745

Advisor Series

Opening units	3 701	4 539
Issued number of units	173	284
Reinvested number of units	33	41
Redeemed number of units	(715)	(903)
Ending number of units	3 192	3 961

Series D

Opening units	53 814	58 716
Issued number of units	882	1 308
Reinvested number of units	619	719
Redeemed number of units	(5 403)	(4 266)
Ending number of units	49 912	56 477

Series F

Opening units	9 215	10 172
Issued number of units	603	1 103
Reinvested number of units	95	114
Redeemed number of units	(1 248)	(1 308)
Ending number of units	8 665	10 081

Series O

Opening units	880 544	930 497
Issued number of units	95 007	76 839
Reinvested number of units	13 789	14 130
Redeemed number of units	(98 859)	(145 270)
Ending number of units	890 481	876 196

Securities lending revenue (\$000s except %)

(see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	1 956 463	–
Fair value of collateral received	2 002 462	–

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	763	100	–	–
RBC IS (paid)	(191)	(25)	–	–
Tax withheld	–	–	–	–
Fund revenue	572	75	–	–

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

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

	June 30 2018	December 31 2017
BonaVista Balanced Fund	0.1	0.1
BonaVista Private Balanced Fund	0.1	0.1
Phillips, Hager & North Balanced Fund	3.8	3.6
Phillips, Hager & North Balanced Pension Trust	4.8	4.8
Phillips, Hager & North LifeTime 2015 Fund	–	–
Phillips, Hager & North LifeTime 2020 Fund	–	–
RBC Select Conservative Portfolio	0.8	0.8
RBC Select Very Conservative Portfolio	19.4	19.0
Total	29.0	28.4

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 August 9, 2018.

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 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 are available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. 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 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 period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2018 and 2017, or as at June 30, 2018 and December 31, 2017, as applicable. In the year a Fund or series is established, “period” represents the period from inception to June 30 of that fiscal year.

3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies of the Funds, which are investment entities, are as follows:

Adoption of New Accounting Standards Effective January 1, 2018, the Funds adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the current or comparative period. The Funds’ financial assets and financial liabilities previously designated as FVTPL under IAS 39 Financial Instruments continue to be measured as FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost.

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the Funds classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities are solely principal and interest; however, these securities 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 and derivative contracts are measured at FVTPL.

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.

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.

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.

June 30, 2018

The hierarchy of inputs is summarized below:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

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

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

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

Investments 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 and debentures are valued at the closing 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 fair value, which is approximated at cost plus accrued interest.

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

June 30, 2018

Unrealized gains and losses are recorded as “Receivable on open swap contracts” or “Payable on open swap contracts” in the Statements of Financial Position. 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” in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Underlying Funds – Underlying funds that are mutual 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. Under these fair valuation procedures, 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. Management also has procedures 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.

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 fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

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 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 Corporate 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 Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund) 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” in the Statements of Comprehensive Income.

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 Corporate 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 Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

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:

ARS – Argentinian peso	KZT – Kazakhstan tenge
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	RUB – Russian ruble
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	THB – Thailand baht
HUF – Hungarian forint	TRY – Turkish new lira
IDR – Indonesian rupiah	TWD – New Taiwan dollar
ILS – Israeli new shekel	USD – United States dollar
INR – Indian rupee	UYU – Uruguay peso
JPY – Japanese yen	ZAR – South African rand
KRW – South Korean won	

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.

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 fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 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.

Currency risk

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

Other price risk

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

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.

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 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 the costs related to the Independent Review Committee of the Funds, and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but

not limited to, GST/HST). Other fund costs will be allocated 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 mutual funds"). A Fund will not invest in units of an underlying mutual 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 mutual 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 mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

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

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond 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 and Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (for a portion of the Fund). RBC Global Asset Management (UK) Limited is the sub-advisor for the RBC Global Bond Fund

(for a portion of the Fund), RBC Global Corporate Bond Fund (for a portion of the Fund), RBC U.S. Monthly Income Fund (for a portion of the Fund), RBC Balanced Fund (for the European equity portion of the Fund), RBC Global Balanced Fund (for the European equity portion of the Fund), RBC International Dividend Growth Fund, RBC International Equity Fund (for the European equity portion of the Fund), RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Emerging Markets Dividend Fund, RBC 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 Global Equity Focus Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, Phillips, Hager & North Overseas Equity Fund and Phillips, Hager & North Global Equity Fund. RBC Investment Management (Asia) Limited is the sub-advisor for the 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 Asian Equity Fund, RBC Asia Pacific Ex-Japan Equity Fund and RBC Japanese Equity Fund. BlueBay Asset Management LLP is the sub-advisor of the BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada) and BlueBay \$U.S. Global Convertible Bond Fund (Canada).

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.

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.

Other Related-Party Transactions

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

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

Inter-Fund Trading

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

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

9. Revision of comparative information

Where applicable, certain comparative figures on the Statements of Cash Flow have been revised.

Amounts reclassified to “Non-cash distributions from underlying funds” have been presented separately from amounts related to “Cost of investments purchased” to appropriately reflect the non-cash components of investments purchased. The impact on the “Net cash provided by (used in) operating activities” is nil.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, RBC Strategic Income Bond Fund, RBC Emerging Markets Bond Fund (CAD Hedged), 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 Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, 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 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 Aggressive Growth Portfolio, RBC Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced 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 and Phillips, Hager & North LifeTime 2050 Fund.

Amounts reclassified to “(Increase) decrease in margin accounts” have been presented separately from amounts related to “Cash (bank overdraft), beginning of period,” to appropriately separate changes in margin accounts.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), RBC Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC North American Growth Fund, RBC U.S. Index Currency Neutral Fund, RBC International Index Currency Neutral Fund and Phillips, Hager & North Total Return Bond Fund.

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Where applicable, certain comparative figures on the Statements of Comprehensive Income have been revised due to the implementation of IFRS 9. Certain amounts previously recorded as “Net gain (loss) on foreign currencies and other net assets,” “Other derivatives” and “Net gain (loss) from futures contracts” are now recorded as “Derivative income.” And certain amounts previously recorded as “Other income (loss)” are now recorded as “Income from investment trusts.”

Comparative figures on the Statements of Comprehensive Income have been revised for the following funds:

RBC Canadian Short-Term Income Fund, RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Vision Bond Fund, RBC Global 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 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 European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), 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 Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, 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 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 Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Canadian Dividend Fund, RBC Canadian Equity Fund, RBC QUBE Canadian Equity Fund, RBC QUBE Low Volatility Canadian Equity Fund, RBC Trend Canadian Equity Fund, RBC Vision 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 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. Index Fund, RBC U.S. Index Currency Neutral Fund, 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 International Dividend Growth Fund, RBC International Equity Fund, RBC International Equity Currency Neutral Fund, RBC International Index Currency Neutral 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 Japanese Equity Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Emerging Markets Dividend Fund, RBC 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 Global Equity Focus Fund, RBC QUBE Global Equity Fund, RBC QUBE Low Volatility Global Equity Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, RBC O’Shaughnessy Global Equity Fund, RBC QUBE All Country World 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 Canadian Corporate Bond Pool, RBC Private Income Pool, RBC Private Canadian Dividend Pool, RBC Private Canadian Growth and Income Equity Pool, RBC Private Canadian Equity Pool, RBC Private Canadian Mid-Cap Equity Pool, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, RBC Private EAFE Equity Pool, Phillips, Hager & North Bond Fund, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North High Yield Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced Fund, Phillips, Hager & North Dividend Income Fund, Phillips, Hager & North Canadian Equity Value Fund, Phillips, Hager & North Canadian Equity Underlying Fund, Phillips, Hager & North Canadian Equity Underlying Fund II, Phillips, Hager & North Canadian

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Growth Fund, Phillips, Hager & North Canadian Income Fund, Phillips, Hager & North Vintage 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 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 and Phillips, Hager & North LifeTime 2050 Fund.

Where applicable, certain comparative figures in the Fair Value Hierarchy table have been revised to reflect the investment in exchange-traded funds as part of “Underlying funds” rather than as “Equities.” Comparative figures in the Fair Value Hierarchy table have been revised for the following funds:

RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Balanced Growth & Income 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 U.S. Index Currency Neutral Fund, RBC U.S. Small-Cap Core Equity Fund, RBC Life Science and Technology Fund, RBC International Index Currency Neutral Fund, Phillips, Hager & North U.S. Dividend Income Fund, Phillips, Hager & North U.S. Multi-Style All-Cap 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 and Phillips, Hager & North LifeTime 2050 Fund.