

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, 2022



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 SHORT TERM BOND & MORTGAGE FUND

June 30, 2022

| | Par Value (000s) | Cost (\$) | Fair Value (\$) | % of Net Assets |
|--|------------------|-----------|-----------------|-----------------|
| BONDS | | | | |
| CANADIAN BONDS | | | | |
| CORPORATE | | | | |
| Alectra Inc. 3.239% Nov 21, 2024 | 13 000 | 13 932 | 12 795 | |
| Alectra Inc. 2.488% May 17, 2027 | 2 305 | 2 159 | 2 141 | |
| AltaLink LP 3.668% Nov 06, 2023 | 13 540 | 14 415 | 13 517 | |
| AltaLink LP 2.747% May 29, 2026 | 5 080 | 5 231 | 4 851 | |
| Bank of Montreal 2.850% Mar 06, 2024 | 217 429 | 227 714 | 212 735 | |
| Bank of Montreal 2.280% Jul 29, 2024 | 83 034 | 83 252 | 79 732 | |
| Bank of Montreal 4.609% Sep 10, 2025 | 11 700 | 12 932 | 11 880 | |
| Bank of Montreal 1.551% May 28, 2026 | 5 205 | 4 731 | 4 656 | |
| Bank of Montreal 2.700% Dec 09, 2026 | 5 480 | 5 380 | 5 151 | |
| Bank of Montreal 3.650% Apr 01, 2027 | 18 495 | 18 495 | 17 692 | |
| Bank of Nova Scotia 2.380% May 01, 2023 | 94 590 | 96 859 | 93 416 | |
| Bank of Nova Scotia 2.950% Mar 08, 2027 | 3 165 | 3 161 | 2 936 | |
| Bell Telephone Co. of Canada 3.350% Mar 12, 2025 | 42 190 | 41 723 | 41 026 | |
| Bell Telephone Co. of Canada 7.000% Sep 24, 2027 | 6 049 | 8 049 | 6 590 | |
| BHP Billiton Finance Ltd. 3.230% May 15, 2023 CAD | 33 938 | 35 522 | 33 773 | |
| Brookfield Asset Management Inc. 5.040% Mar 08, 2024 | 29 693 | 32 918 | 29 978 | |
| Brookfield Property Finance ULC 4.346% Jul 03, 2023 | 12 884 | 13 308 | 12 766 | |
| Brookfield Property Finance ULC 4.300% Mar 01, 2024 | 35 405 | 35 407 | 34 590 | |
| Brookfield Property Finance ULC 3.926% Aug 24, 2025 | 12 135 | 12 135 | 11 400 | |
| Brookfield Property Finance ULC 3.930% Jan 15, 2027 | 2 205 | 2 193 | 2 000 | |
| Brookfield Renewable Partners ULC 3.752% Jun 02, 2025 | 41 269 | 44 127 | 40 493 | |
| Brookfield Renewable Partners ULC 3.630% Jan 15, 2027 | 1 285 | 1 375 | 1 233 | |
| Bruce Power LP 3.000% Jun 21, 2024 | 3 810 | 3 747 | 3 725 | |
| Bruce Power LP 3.969% Jun 23, 2026 | 39 570 | 43 186 | 38 856 | |
| Bruce Power LP 2.680% Dec 21, 2028 | 32 335 | 32 207 | 28 607 | |
| Cameco Corp. 4.190% Jun 24, 2024 | 22 103 | 23 546 | 21 990 | |
| Cameco Corp. 2.950% Oct 21, 2027 | 17 735 | 17 859 | 16 147 | |
| Canadian Imperial Bank of Commerce 2.350% Aug 28, 2024 | 24 145 | 23 590 | 23 152 | |
| Canadian Imperial Bank of Commerce 2.750% Mar 07, 2025 | 43 130 | 42 999 | 41 265 | |
| Canadian Pacific Railway Co. 1.589% Nov 24, 2023 | 32 320 | 32 318 | 31 266 | |
| Canadian Pacific Railway Co. 6.910% Oct 01, 2024 | 4 817 | 5 453 | 4 969 | |
| Canadian Pacific Railway Co. 2.540% Feb 28, 2028 | 29 350 | 28 838 | 26 263 | |
| Canadian Pacific Railway Co. 3.150% Mar 13, 2029 | 4 800 | 4 350 | 4 362 | |
| Canadian Utilities Ltd. 3.122% Nov 09, 2022 | 38 164 | 39 560 | 38 198 | |
| Capital Power Corp. 4.284% Sep 18, 2024 | 5 860 | 6 394 | 5 834 | |
| Choice Properties Real Estate Investment Trust 2.951% Jan 18, 2023 | 29 530 | 30 623 | 29 445 | |
| CU Inc. 9.400% May 01, 2023 | 19 062 | 22 845 | 19 867 | |
| CU Inc. 6.215% Mar 06, 2024 | 10 862 | 12 674 | 11 241 | |
| Emera Inc. 2.900% Jun 16, 2023 | 58 026 | 59 761 | 57 463 | |
| Enbridge Gas Inc. 6.050% Jul 05, 2023 | 1 899 | 2 231 | 1 937 | |
| Enbridge Gas Inc. 3.790% Jul 10, 2023 | 13 748 | 14 732 | 13 749 | |
| Enbridge Gas Inc. 3.150% Aug 22, 2024 | 12 500 | 13 513 | 12 301 | |
| Enbridge Gas Inc. 9.850% Dec 02, 2024 | 8 400 | 11 270 | 9 465 | |
| Enbridge Gas Inc. 3.310% Sep 11, 2025 | 29 144 | 31 366 | 28 459 | |
| Enbridge Gas Inc. 3.190% Sep 17, 2025 | 25 177 | 26 852 | 24 485 | |
| Enbridge Gas Inc. 8.850% Oct 02, 2025 | 220 | 297 | 249 | |
| Enbridge Gas Inc. 8.650% Nov 10, 2025 | 5 868 | 7 867 | 6 614 | |
| Enbridge Gas Inc. 2.500% Aug 05, 2026 | 12 708 | 12 357 | 11 923 | |
| Enbridge Gas Inc. 7.600% Oct 29, 2026 | 2 591 | 3 481 | 2 905 | |
| Enbridge Gas Inc. 2.880% Nov 22, 2027 | 5 000 | 5 210 | 4 671 | |

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



June 30, 2022

| | Par Value (000s) | Cost (\$) | Fair Value (\$) | % of Net Assets |
|---|------------------|-----------|-----------------|-----------------|
| CORPORATE (cont.) | | | | |
| Enbridge Inc. 3.190% Dec 05, 2022 | 43 496 | 45 404 | 43 491 | |
| Enbridge Inc. 3.940% Jan 13, 2023 | 13 575 | 14 195 | 13 614 | |
| Enbridge Inc. 3.950% Nov 19, 2024 | 27 525 | 29 508 | 27 217 | |
| Enbridge Inc. 2.440% Jun 02, 2025 | 12 590 | 13 040 | 11 879 | |
| Enbridge Inc. 3.200% Jun 08, 2027 | 7 450 | 6 876 | 6 923 | |
| Enbridge Pipelines Inc. 3.790% Aug 17, 2023 | 68 127 | 72 213 | 67 905 | |
| Enbridge Pipelines Inc. 6.350% Nov 17, 2023 | 21 263 | 25 119 | 21 804 | |
| Enbridge Pipelines Inc. 8.200% Feb 15, 2024 | 4 950 | 5 888 | 5 219 | |
| Enbridge Pipelines Inc. 3.450% Sep 29, 2025 | 11 230 | 11 907 | 10 887 | |
| Enbridge Pipelines Inc. 3.000% Aug 10, 2026 | 12 178 | 12 480 | 11 470 | |
| Energir Inc. 9.000% May 16, 2025 | 7 365 | 9 978 | 8 317 | |
| ENMAX Corp. 2.922% Oct 18, 2022 | 68 360 | 69 582 | 68 363 | |
| ENMAX Corp. 3.805% Dec 05, 2024 | 8 770 | 9 102 | 8 625 | |
| ENMAX Corp. 3.331% Jun 02, 2025 | 10 360 | 11 035 | 10 002 | |
| ENMAX Corp. 3.836% Jun 05, 2028 | 4 210 | 4 545 | 3 962 | |
| Federation des Caisses Desjardins du Quebec 1.093% Jan 21, 2026 | 8 000 | 7 507 | 7 098 | |
| Fortis Inc. 2.180% May 15, 2028 | 25 905 | 25 675 | 22 749 | |
| Fortis Inc. 4.431% May 31, 2029 | 20 320 | 20 323 | 19 912 | |
| Greater Toronto Airports Authority 6.450% Dec 03, 2027 | 1 215 | 1 354 | 1 326 | |
| Hydro One Inc. 2.540% Apr 05, 2024 | 17 373 | 17 879 | 16 993 | |
| Hydro One Inc. 1.760% Feb 28, 2025 | 18 017 | 18 241 | 17 024 | |
| Hydro One Ltd. 1.410% Oct 15, 2027 | 18 917 | 18 835 | 16 412 | |
| Hydro Ottawa Holding Inc. 2.614% Feb 03, 2025 | 2 000 | 2 027 | 1 930 | |
| Ivanhoe Cambridge II Inc. 2.909% Jun 27, 2023 | 19 308 | 19 870 | 19 123 | |
| John Deere Financial Inc. 2.400% Sep 17, 2024 | 5 | 5 | 5 | |
| John Deere Financial Inc. 2.310% Jun 20, 2025 | 21 220 | 21 215 | 20 066 | |
| Loblaw Companies Ltd. 4.860% Sep 12, 2023 | 10 125 | 10 506 | 10 202 | |
| Loblaw Companies Ltd. 4.488% Dec 11, 2028 | 9 835 | 9 874 | 9 680 | |
| Lower Mattagami Energy LP 3.416% Jun 20, 2024 | 2 241 | 2 397 | 2 221 | |
| Lower Mattagami Energy LP 2.307% Oct 21, 2026 | 100 | 95 | 93 | |
| Manufacturers Life Insurance Co. 3.181% Nov 22, 2027 | 119 225 | 123 915 | 119 105 | |
| Metro Inc. 1.922% Dec 02, 2024 | 10 065 | 10 065 | 9 531 | |
| Metro Inc. 3.390% Dec 06, 2027 | 5 970 | 6 142 | 5 613 | |
| NAV Canada 7.560% Mar 01, 2027 | 26 795 | 32 284 | 29 010 | |
| NAV Canada 7.400% Jun 01, 2027 | 1 668 | 2 299 | 1 895 | |
| North West Redwater Partnership 1.200% Dec 01, 2023 | 49 579 | 49 592 | 47 687 | |
| North West Redwater Partnership 3.200% Jul 22, 2024 | 37 321 | 38 177 | 36 677 | |
| North West Redwater Partnership 3.200% Apr 24, 2026 | 35 377 | 36 473 | 33 948 | |
| NOVA Gas Transmission Ltd. 8.875% May 27, 2026 | 225 | 255 | 253 | |
| NOVA Gas Transmission Ltd. 8.460% Jun 05, 2026 | 9 596 | 10 717 | 10 672 | |
| Nova Scotia Power Inc. 8.850% May 19, 2025 | 2 000 | 2 657 | 2 226 | |
| OMERS Realty Corp. 3.358% Jun 05, 2023 | 7 210 | 7 476 | 7 178 | |
| Ontario Power Generation Inc. 2.893% Apr 08, 2025 | 63 920 | 67 160 | 61 935 | |
| Ontario Power Generation Inc. 1.170% Apr 22, 2026 | 56 000 | 56 264 | 50 016 | |
| Ontario Power Generation Inc. 3.315% Oct 04, 2027 | 19 008 | 20 091 | 18 078 | |
| Pembina Pipeline Corp. 3.770% Oct 24, 2022 | 50 180 | 52 260 | 50 296 | |
| Pembina Pipeline Corp. 2.560% Jun 01, 2023 | 23 707 | 24 181 | 23 371 | |
| Pembina Pipeline Corp. 2.990% Jan 22, 2024 | 22 800 | 23 795 | 22 279 | |
| Pembina Pipeline Corp. 3.710% Aug 11, 2026 | 10 310 | 10 289 | 9 871 | |
| Rogers Communications Inc. 3.750% Apr 15, 2029 | 38 145 | 38 103 | 35 528 | |
| Royal Bank of Canada 3.296% Sep 26, 2023* | 18 168 | 19 180 | 17 992 | |
| Royal Bank of Canada 2.352% Jul 02, 2024* | 131 838 | 135 637 | 127 068 | |
| Royal Bank of Canada 2.609% Nov 01, 2024* | 109 315 | 112 388 | 105 160 | |
| Royal Bank of Canada 1.936% May 01, 2025* | 1 645 | 1 610 | 1 538 | |
| Royal Bank of Canada 3.369% Sep 29, 2025* | 72 585 | 72 384 | 70 223 | |
| Shaw Communications Inc. 3.800% Nov 02, 2023 | 7 280 | 7 616 | 7 227 | |

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



June 30, 2022

| | Par Value (000s) | Cost (\$) | Fair Value (\$) | % of Net Assets |
|---|------------------|------------------|------------------|-----------------|
| CORPORATE (cont.) | | | | |
| Teranet Holdings LP 3.544% Jun 11, 2025 | 8 890 | 9 009 | 8 630 | |
| Teranet Holdings LP 3.719% Feb 23, 2029 | 16 740 | 16 740 | 15 356 | |
| Thomson Reuters Corp. 2.239% May 14, 2025 | 1 015 | 1 000 | 957 | |
| Toronto-Dominion Bank 2.850% Mar 08, 2024 | 73 535 | 75 570 | 71 957 | |
| Toronto-Dominion Bank 2.496% Dec 02, 2024 | 147 070 | 152 420 | 140 853 | |
| Toronto-Dominion Bank 1.943% Mar 13, 2025 | 3 015 | 2 907 | 2 828 | |
| Toronto-Dominion Bank 2.667% Sep 09, 2025 | 145 020 | 143 904 | 137 417 | |
| Toyota Credit Canada Inc. 2.640% Mar 27, 2024 | 180 | 189 | 175 | |
| Toyota Credit Canada Inc. 2.310% Oct 23, 2024 | 6 785 | 6 912 | 6 492 | |
| TransCanada PipeLines Ltd. 3.690% Jul 19, 2023 | 30 232 | 31 557 | 30 119 | |
| TransCanada PipeLines Ltd. 8.290% Feb 05, 2026 | 9 380 | 12 192 | 10 345 | |
| TransCanada PipeLines Ltd. 4.350% May 12, 2026 | 30 635 | 30 627 | 30 395 | |
| TransCanada PipeLines Ltd. 3.800% Apr 05, 2027 | 10 000 | 9 651 | 9 585 | |
| TransCanada PipeLines Ltd. 7.900% Apr 15, 2027 | 19 064 | 25 259 | 21 143 | |
| TriSummit Utilities Inc. 3.150% Apr 06, 2026 | 27 699 | 28 853 | 26 363 | |
| TriSummit Utilities Inc. 4.260% Dec 05, 2028 | 6 315 | 6 153 | 6 108 | |
| Vancouver Airport Authority 7.425% Dec 07, 2026 | 13 597 | 18 187 | 15 364 | |
| Vancouver Airport Fuel Facilities Corp. 2.168% Jun 23, 2025 | 10 410 | 10 311 | 9 717 | |
| Westcoast Energy Inc. 3.120% Dec 05, 2022 | 66 456 | 66 996 | 66 513 | |
| Westcoast Energy Inc. 3.430% Sep 12, 2024 | 31 779 | 33 603 | 31 159 | |
| Westcoast Energy Inc. 8.850% Jul 21, 2025 | 3 027 | 3 999 | 3 363 | |
| Westcoast Energy Inc. 7.300% Dec 18, 2026 | 5 238 | 6 529 | 5 719 | |
| Winnipeg Airports Authority Inc. 3.039% Apr 14, 2023 | 10 807 | 11 162 | 10 732 | |
| | | 3 455 559 | 3 244 938 | 41.7 |
| FEDERAL | | | | |
| Canada Housing Trust No. 1 1.250% Jun 15, 2026 | 325 700 | 320 590 | 300 308 | |
| Canada Housing Trust No. 1 1.550% Dec 15, 2026 | 353 242 | 348 083 | 326 071 | |
| Canada Housing Trust No. 1 3.800% Jun 15, 2027 | 546 391 | 545 048 | 554 852 | |
| Canadian Government Bond 1.500% Jun 01, 2023 | 8 305 | 8 191 | 8 189 | |
| Canadian Government Bond 2.750% Aug 01, 2024 | 534 107 | 527 789 | 530 092 | |
| Canadian Government Bond 1.500% Sep 01, 2024 | 5 910 | 5 776 | 5 715 | |
| Canadian Government Bond 0.750% Oct 01, 2024 | 58 950 | 58 930 | 55 970 | |
| Canadian Government Bond 1.250% Mar 01, 2025 | 40 050 | 38 491 | 38 165 | |
| Canadian Government Bond 2.250% Jun 01, 2025 | 46 335 | 45 728 | 45 254 | |
| Canadian Government Bond 0.500% Sep 01, 2025 | 43 823 | 41 163 | 40 419 | |
| Canadian Government Bond 1.500% Jun 01, 2026 | 41 048 | 38 972 | 38 682 | |
| Canadian Government Bond 1.250% Mar 01, 2027 | 482 536 | 447 419 | 443 782 | |
| Canadian Government Bond 2.000% Jun 01, 2028 | 4 585 | 4 258 | 4 308 | |
| Canadian Government Bond 2.250% Jun 01, 2029 | 250 | 241 | 236 | |
| | | 2 430 679 | 2 392 043 | 30.7 |
| PROVINCIAL/MUNICIPAL | | | | |
| Ontario School Boards Financing Corp. 5.900% Oct 11, 2027 | 1 786 | 2 063 | 1 885 | |
| Province of Ontario 2.600% Jun 02, 2025 | 217 884 | 222 948 | 212 824 | |
| Province of Ontario 2.400% Jun 02, 2026 | 181 290 | 172 171 | 173 984 | |
| Province of Ontario 2.600% Jun 02, 2027 | 94 354 | 90 868 | 90 192 | |
| Province of Quebec 2.500% Sep 01, 2026 | 23 485 | 22 397 | 22 581 | |
| Province of Saskatchewan 2.550% Jun 02, 2026 | 52 802 | 54 462 | 50 953 | |
| | | 564 909 | 552 419 | 7.1 |
| TOTAL CANADIAN BONDS | | | | |
| | | 6 451 147 | 6 189 400 | 79.5 |
| UNITED KINGDOM BONDS | | | | |
| Heathrow Funding Ltd. 3.250% May 21, 2025 CAD | 2 915 | 2 997 | 2 808 | |
| Heathrow Funding Ltd. 2.694% Oct 13, 2027 CAD | 18 390 | 18 679 | 16 469 | |
| TOTAL UNITED KINGDOM BONDS | | 21 676 | 19 277 | 0.3 |

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



June 30, 2022

| | Par Value (000s) | Cost (\$) | Fair Value (\$) | % of Net Assets |
|---|------------------|------------------|------------------|-----------------|
| UNITED STATES BONDS | | | | |
| AT&T Inc. 2.850% May 25, 2024 CAD | 25 320 | 24 562 | 24 706 | |
| AT&T Inc. 4.000% Nov 25, 2025 CAD | 91 688 | 98 638 | 90 274 | |
| Bank of America Corp. 3.301% Apr 24, 2024 CAD | 9 485 | 9 901 | 9 427 | |
| Bank of America Corp. 2.932% Apr 25, 2025 CAD | 80 035 | 82 809 | 77 910 | |
| Bank of America Corp. 3.407% Sep 20, 2025 CAD | 10 585 | 10 674 | 10 329 | |
| Bank of America Corp. 3.515% Mar 24, 2026 CAD | 5 050 | 5 050 | 4 902 | |
| Bank of America Corp. 1.978% Sep 15, 2027 CAD | 15 095 | 15 094 | 13 441 | |
| Bank of America Corp. 3.615% Mar 16, 2028 CAD | 91 330 | 91 046 | 86 183 | |
| New York Life Global Funding 2.000% Apr 17, 2028 CAD | 32 005 | 31 895 | 27 910 | |
| TWDC Enterprises 18 Corp. 2.758% Oct 07, 2024 CAD | 49 276 | 50 530 | 47 882 | |
| United Parcel Service Inc. 2.125% May 21, 2024 CAD | 18 508 | 18 420 | 17 950 | |
| Verizon Communications Inc. 2.375% Mar 22, 2028 CAD | 33 765 | 30 117 | 29 762 | |
| Walt Disney Co. 3.057% Mar 30, 2027 CAD | 12 585 | 12 719 | 11 819 | |
| TOTAL UNITED STATES BONDS | | 481 455 | 452 495 | 5.8 |
| TOTAL BONDS | | 6 954 278 | 6 661 172 | 85.6 |
| MORTGAGE-BACKED SECURITIES | | | | |
| National Housing Act MBS (97514581) 1.900% Jul 01, 2024 | 37 996 | 37 962 | 37 086 | |
| National Housing Act MBS (97515148) 1.800% Sep 01, 2024 | 64 510 | 64 350 | 62 721 | |
| National Housing Act MBS (97515401) 1.890% Oct 01, 2024 | 83 493 | 82 861 | 81 242 | |
| National Housing Act MBS (97516046) 1.740% Jan 01, 2025 | 81 438 | 80 623 | 78 812 | |
| TOTAL MORTGAGE-BACKED SECURITIES | | 265 796 | 259 861 | 3.3 |
| MORTGAGES (SCHEDULE A)[†] | | 799 677 | 767 183 | 9.9 |
| SHORT-TERM INVESTMENTS[‡] | | 37 747 | 37 747 | 0.5 |
| TOTAL INVESTMENTS | | 8 057 498 | 7 725 963 | 99.3 |
| OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | | 57 197 | 0.7 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | | 7 783 160 | 100.0 |

SCHEDULE A
Mortgages

| Number of Loans | Interest Rate (%) | Principal 2022 (\$) | 2023 (\$) | 2024 (\$) | 2025 (\$) | 2026 (\$) | 2027 (\$) | 2028 (\$) | Cost (\$) | Fair Value (\$) | % of Net Assets |
|-----------------|-------------------|---------------------|----------------|---------------|---------------|----------------|---------------|--------------|----------------|-----------------|-----------------|
| 4 | 1.75-1.99 | 104 943 | 35 500 | – | – | – | – | – | 140 443 | 138 781 | |
| 2 | 2.00-2.24 | – | 23 300 | – | – | 32 044 | – | – | 55 344 | 50 958 | |
| 5 | 2.25-2.49 | – | 131 232 | – | 6 081 | 17 500 | – | – | 154 828 | 149 311 | |
| 7 | 2.50-2.74 | – | 59 486 | 12 220 | – | 95 385 | – | 8 639 | 175 731 | 163 930 | |
| 5 | 2.75-2.99 | 22 150 | 41 465 | – | 17 485 | 41 795 | 31 507 | – | 154 402 | 147 182 | |
| 8 | 3.00-3.24 | 2 940 | – | 8 958 | 6 991 | – | – | – | 18 903 | 18 261 | |
| 11 | 3.25-3.49 | – | 7 509 | – | – | 1 550 | – | – | 9 060 | 8 846 | |
| 4 | 3.50-3.74 | 1 744 | – | 17 040 | – | – | – | – | 18 788 | 18 463 | |
| 4 | 3.75-3.99 | – | 29 642 | – | – | – | – | – | 29 699 | 29 390 | |
| 21 | 4.00-4.24 | 2 453 | 38 613 | – | 1 364 | – | – | – | 42 479 | 42 061 | |
| TOTAL | 71 | 134 230 | 366 747 | 38 218 | 31 921 | 188 274 | 31 507 | 8 639 | 799 677 | 767 183 | 9.9 |

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

† The Fund holds 71 mortgages with a Fair Value of \$767 183. 1 (\$4 329) of the mortgages is Canada Mortgage and Housing Corporation ("CMHC") guaranteed, and the remaining 70 (\$762 854) mortgages are uninsured. None of the mortgages are pre-payable.

‡ Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 2.02% to 2.10% and mature between August 4, 2022 and August 8, 2022.

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



PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

| (see note 2 in the generic notes) | June 30 2022 | December 31 2021 |
|---|---------------------|---------------------|
| ASSETS | | |
| Investments at fair value | \$ 7 725 963 | \$ 8 846 071 |
| Cash | 3 332 | 3 417 |
| Due from investment dealers | 38 472 | – |
| Subscriptions receivable | 32 871 | 5 700 |
| Dividends receivable, interest accrued and other assets | 36 282 | 37 881 |
| TOTAL ASSETS | 7 836 920 | 8 893 069 |
| LIABILITIES | | |
| Due to investment dealers | 21 295 | 32 621 |
| Redemptions payable | 31 848 | 12 843 |
| Distributions payable | 9 | – |
| Accounts payable and accrued expenses | 608 | 747 |
| TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | 53 760 | 46 211 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV") | | |
| | \$ 7 783 160 | \$ 8 846 858 |
| Investments at cost | \$ 8 057 498 | \$ 8 934 774 |
| NAV | | |
| SERIES A | \$ 170 902 | \$ 224 011 |
| SERIES D | \$ 97 074 | \$ 143 531 |
| SERIES F | \$ 186 550 | \$ 202 779 |
| SERIES O | \$ 7 328 634 | \$ 8 276 537 |
| NAV PER UNIT | | |
| SERIES A | \$ 9.81 | \$ 10.37 |
| SERIES D | \$ 9.77 | \$ 10.33 |
| SERIES F | \$ 9.75 | \$ 10.31 |
| SERIES O | \$ 9.51 | \$ 10.05 |

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

| For the periods ended June 30 (see note 2 in the generic notes) | 2022 | 2021 |
|--|---------------------|--------------------|
| INCOME (see note 3 in the generic notes) | | |
| Interest for distribution purposes | \$ 105 163 | \$ 111 692 |
| Net realized gain (loss) on investments | (215 323) | 1 325 |
| Change in unrealized gain (loss) on investments | (242 832) | (153 271) |
| TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES | (352 992) | (40 254) |
| Other income (loss) | – | 2 |
| Securities lending revenue (see note 7 in the generic notes) | 302 | 267 |
| Net gain (loss) on foreign cash balances | – | 371 |
| TOTAL OTHER INCOME (LOSS) | 302 | 640 |
| TOTAL INCOME (LOSS) | (352 690) | (39 614) |
| EXPENSES (see notes – Fund Specific Information) | | |
| Management fees | 1 504 | 1 827 |
| Administration fees | 2 075 | 2 271 |
| Independent Review Committee costs | – | 1 |
| GST/HST | 371 | 403 |
| TOTAL EXPENSES | 3 950 | 4 502 |
| INCREASE (DECREASE) IN NAV | \$ (356 640) | \$ (44 116) |
| INCREASE (DECREASE) IN NAV | | |
| SERIES A | \$ (8 938) | \$ (2 147) |
| SERIES D | \$ (5 542) | \$ (1 165) |
| SERIES F | \$ (8 229) | \$ (1 208) |
| SERIES O | \$ (333 931) | \$ (39 596) |
| INCREASE (DECREASE) IN NAV PER UNIT | | |
| SERIES A | \$ (0.48) | \$ (0.10) |
| SERIES D | \$ (0.48) | \$ (0.08) |
| SERIES F | \$ (0.44) | \$ (0.06) |
| SERIES O | \$ (0.41) | \$ (0.05) |



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

For the periods ended June 30

(see note 2 in the generic notes)

| | 2022 | 2021 |
|---|---------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in NAV | \$ (356 640) | \$ (44 116) |
| ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS | | |
| Interest for distribution purposes | (227) | (5 884) |
| Non-cash dividends | – | – |
| Non-cash distributions from underlying funds | – | – |
| Net realized loss (gain) on investments | 215 323 | (1 325) |
| Change in unrealized loss (gain) on investments | 242 832 | 153 271 |
| (Increase) decrease in accrued receivables | 1 599 | 3 314 |
| Increase (decrease) in accrued payables | (139) | 79 |
| (Increase) decrease in margin accounts | – | – |
| Cost of investments purchased* | (11 898 576) | (15 370 143) |
| Proceeds from sale and maturity of investments* | 12 510 958 | 15 229 924 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| | 715 130 | (34 880) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of redeemable units* | 1 726 180 | 1 880 510 |
| Cash paid on redemption of redeemable units* | (2 425 358) | (1 833 448) |
| Distributions paid to holders of redeemable units | (16 037) | (12 168) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | |
| | \$ (715 215) | \$ 34 894 |
| Net increase (decrease) in cash for the period | (85) | 14 |
| Cash (bank overdraft), beginning of period | 3 417 | 3 396 |
| CASH (BANK OVERDRAFT), END OF PERIOD | \$ 3 332 | \$ 3 410 |
| Interest received (paid) [†] | \$ 106 895 | \$ 109 122 |
| Income from investment trusts received (paid) ^{†‡} | \$ – | \$ – |
| Dividends received (paid) ^{†‡} | \$ – | \$ – |

* Excludes in-kind transactions.

† Classified as part of operating activities.

‡ Net of withholding taxes, if applicable.



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

| For the periods ended June 30 (see note 2 in the generic notes) | Series A | | Series D | | Series F | |
|--|------------|------------|------------|------------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| NAV AT BEGINNING OF PERIOD | \$ 224 011 | \$ 165 517 | \$ 143 531 | \$ 164 612 | \$ 202 779 | \$ 156 880 |
| INCREASE (DECREASE) IN NAV | (8 938) | (2 147) | (5 542) | (1 165) | (8 229) | (1 208) |
| Early redemption fees | — | — | — | — | — | — |
| Proceeds from redeemable units issued | 9 955 | 146 254 | 22 083 | 20 491 | 87 630 | 124 098 |
| Reinvestments of distributions to holders of redeemable units | 1 454 | 1 764 | 1 063 | 1 451 | 1 721 | 1 695 |
| Redemption of redeemable units | (54 009) | (57 859) | (62 913) | (29 556) | (95 144) | (54 369) |
| NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS | (42 600) | 90 159 | (39 767) | (7 614) | (5 793) | 71 424 |
| Distributions from net income | (1 571) | (1 913) | (1 148) | (1 562) | (2 207) | (2 196) |
| Distributions from net gains | — | — | — | — | — | — |
| Distributions from capital | — | — | — | — | — | — |
| TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS | (1 571) | (1 913) | (1 148) | (1 562) | (2 207) | (2 196) |
| NET INCREASE (DECREASE) IN NAV | (53 109) | 86 099 | (46 457) | (10 341) | (16 229) | 68 020 |
| NAV AT END OF PERIOD | \$ 170 902 | \$ 251 616 | \$ 97 074 | \$ 154 271 | \$ 186 550 | \$ 224 900 |

| For the periods ended June 30 (see note 2 in the generic notes) | Series O | | Total | |
|--|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| NAV AT BEGINNING OF PERIOD | \$ 8 276 537 | \$ 8 460 395 | \$ 8 846 858 | \$ 8 947 404 |
| INCREASE (DECREASE) IN NAV | (333 931) | (39 596) | (356 640) | (44 116) |
| Early redemption fees | — | — | — | — |
| Proceeds from redeemable units issued | 1 674 295 | 1 646 181 | 1 793 963 | 1 937 024 |
| Reinvestments of distributions to holders of redeemable units | 88 750 | 95 243 | 92 988 | 100 153 |
| Redemption of redeemable units | (2 272 909) | (1 704 969) | (2 484 975) | (1 846 753) |
| NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS | (509 864) | 36 455 | (598 024) | 190 424 |
| Distributions from net income | (104 108) | (106 652) | (109 034) | (112 323) |
| Distributions from net gains | — | — | — | — |
| Distributions from capital | — | — | — | — |
| TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS | (104 108) | (106 652) | (109 034) | (112 323) |
| NET INCREASE (DECREASE) IN NAV | (947 903) | (109 793) | (1 063 698) | 33 985 |
| NAV AT END OF PERIOD | \$ 7 328 634 | \$ 8 350 602 | \$ 7 783 160 | \$ 8 981 389 |



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General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with relatively high yields and stability of capital by investing primarily in Canadian government and corporate bonds and multi-residential mortgages on property located in Canada in accordance with National Policy Statement No. 29.

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

Liquidity risk (%)

Mortgages, an illiquid security, represent approximately 9.9% (December 31, 2021 – 9.5%) of the NAV of the Fund.

Credit risk (%)

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

| Rating | June 30 2022 | December 31 2021 |
|--------------|-----------------|---------------------|
| AAA | 34.5 | 26.5 |
| AA | 19.3 | 18.1 |
| A | 19.4 | 22.7 |
| BBB | 16.6 | 21.8 |
| BB | – | 0.9 |
| Unrated* | 10.2 | 10.0 |
| Total | 100.0 | 100.0 |

* Mortgages represent 100% (December 31, 2021 – 100%) of the unrated above. 0.5% (December 31, 2021 – 0.5%) of the mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. To manage the credit risk on the remaining 99.5% (December 31, 2021 – 99.5%), which are conventional mortgages, the Fund only purchases mortgages that are no more than 75% of the value of the property and the net income generated by the property must be at least 1.2x the income required to pay the monthly debt service requirements. These statistics are monitored on an ongoing basis both at the individual security level and on an aggregate level. As at June 30, 2022 and December 31, 2021, 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 2022 | December 31 2021 |
|----------------------------|-----------------|---------------------|
| Corporate Bonds | 47.8 | 48.8 |
| Federal Bonds | 30.7 | 19.6 |
| Mortgages | 9.9 | 9.5 |
| Provincial Bonds | 7.1 | 11.6 |
| Mortgage-Backed Securities | 3.3 | 5.5 |
| Cash/Other | 1.2 | 5.0 |
| Total | 100.0 | 100.0 |

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

Interest rate risk (%)

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

| Term to maturity | June 30 2022 | December 31 2021 |
|------------------|-----------------|---------------------|
| Less than 1 year | 9.6 | 12.7 |
| 1 – 5 years | 78.2 | 80.6 |
| 5 – 10 years | 7.0 | 6.7 |
| > 10 years | 5.2 | – |
| Total | 100.0 | 100.0 |

As at June 30, 2022, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.5% (December 31, 2021 – 2.5%). 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, 2022 and December 31, 2021.

| June 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|-----------|---------|-----------|
| Equities | – | – | – | – |
| Underlying funds | – | – | – | – |
| Fixed-income and debt securities | – | 6 921 033 | 767 183 | 7 688 216 |
| Short-term investments | – | 37 747 | – | 37 747 |
| Derivatives – assets | – | – | – | – |
| Derivatives – liabilities | – | – | – | – |
| Total financial instruments | – | 6 958 780 | 767 183 | 7 725 963 |
| % of total portfolio | – | 90.1 | 9.9 | 100.0 |

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

For the periods ended June 30, 2022 and December 31, 2021, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.



June 30, 2022

During the periods ended June 30, 2022 and December 31, 2021, the reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

| | June 30 2022 | December 31 2021 |
|---|-----------------|---------------------|
| Balance at beginning of period | 836 469 | 315 585 |
| Net purchases | 88 630 | 631 255 |
| Net sales | (103 146) | (105 702) |
| Net transfers in (out) | – | – |
| Realized gains (losses) | (152) | (66) |
| Change in unrealized gains (losses) | (33 781) | (4 603) |
| Balance at end of period | 788 020 | 836 469 |
| Change in unrealized gains (losses) for Level 3 assets held at end of period | (33 598) | (2 859) |

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, 2022, a 10% increase or decrease in the weighted average spread premium of 1.81% (December 31, 2021 – 1.45%), an unobservable input, would have decreased or increased the Fund's NAV respectively by approximately 0.0% (December 31, 2021 – 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% |
| Series D | 0.50% | 0.05% |
| Series F | 0.40% | 0.05% |
| Series O | n/a* | 0.05% |

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

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

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

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

| | June 30 2022 | December 31 2021 |
|---------------------------|-----------------|---------------------|
| Units held | | |
| Series A | 57 | 57 |
| Series D | 61 | 60 |
| Series F | 62 | 61 |
| Value of all units | 2 | 2 |

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

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

| As at December 31, 2021 | |
|-------------------------|--------|
| Capital losses | 39 425 |
| Non-capital losses | – |

Redeemable units (000s)

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

| For the periods ended June 30 (see note 2 in the generic notes) | 2022 | 2021 |
|--|-----------|-----------|
| Series A | | |
| Opening units | 21 604 | 15 487 |
| Issued number of units | 989 | 13 753 |
| Reinvested number of units | 146 | 168 |
| Redeemed number of units | (5 318) | (5 461) |
| Ending number of units | 17 421 | 23 947 |
| Series D | | |
| Opening units | 13 893 | 15 461 |
| Issued number of units | 2 224 | 1 934 |
| Reinvested number of units | 108 | 138 |
| Redeemed number of units | (6 294) | (2 795) |
| Ending number of units | 9 931 | 14 738 |
| Series F | | |
| Opening units | 19 669 | 14 762 |
| Issued number of units | 8 778 | 11 762 |
| Reinvested number of units | 175 | 162 |
| Redeemed number of units | (9 497) | (5 159) |
| Ending number of units | 19 125 | 21 527 |
| Series O | | |
| Opening units | 823 624 | 817 206 |
| Issued number of units | 170 593 | 159 809 |
| Reinvested number of units | 9 240 | 9 338 |
| Redeemed number of units | (232 615) | (165 878) |
| Ending number of units | 770 842 | 820 475 |



**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 2022 | June 30 2021 |
|-----------------------------------|-----------------|-----------------|
| Fair value of securities loaned | 971 694 | 428 014 |
| Fair value of collateral received | 991 128 | 436 574 |

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 2022 | | June 30 2021 | |
|---------------|-----------------|------|-----------------|------|
| | \$ | % | \$ | % |
| Gross revenue | 403 | 100 | 356 | 100 |
| RBC IS (paid) | (101) | (25) | (89) | (25) |
| Tax withheld | – | – | – | – |
| Fund revenue | 302 | 75 | 267 | 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 2022 | December 31 2021 |
|---|-----------------|---------------------|
| Phillips, Hager & North PRisM Balanced Fund | 8.1 | 14.8 |
| RBC Conservative Bond Pool | 2.1 | 2.1 |
| RBC Core Bond Pool | 3.5 | 3.3 |
| RBC Core Plus Bond Pool | 1.1 | 1.4 |
| RBC Monthly Income Bond Fund | 4.3 | 5.2 |
| RBC Select Choices Balanced Portfolio | 0.1 | 0.1 |
| RBC Select Choices Conservative Portfolio | 0.1 | 0.1 |
| RBC Select Conservative Portfolio | 9.9 | 9.7 |
| RBC Select Very Conservative Portfolio | 9.9 | 10.6 |
| RBC Target 2025 Education Fund | 1.1 | – |
| Total | 40.2 | 47.3 |

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, 2022.

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

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

Advisor Series units and Advisor T5 Series units were available to all investors through authorized dealers. Effective April 11, 2022, all Advisor Series and Advisor T5 Series units were re-designated as Series A and Series T5 units, as applicable.

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

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 units and are only available to investors who invest and maintain

the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

Series N units are only available to related funds.

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

2. Financial period

The information provided in these financial statements and notes thereto is as at June 30, 2022 and December 31, 2021, as applicable, and for the six-month periods ended June 30, 2022 and June 30, 2021, as applicable, except for Funds or series established during either period, in which case the information for the Fund, or series, is provided for the period from the start date as described in the Notes to Financial Statements – Fund Specific Information of the Fund.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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 are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting judgments and estimates

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

Fair value measurement of securities not quoted in an active market

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

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

5. Financial instrument risk and capital management

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

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

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

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

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

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

Liquidity risk

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

Credit risk

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

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

Concentration risk

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

Interest rate risk

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

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

Currency risk

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

Other price risk

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

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

6. Taxes

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

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

7. Securities lending revenue

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

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

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

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

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

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

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

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

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

Sub-Advisors

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

RBC Global Asset Management (UK) Limited is the sub-advisor for:
 RBC Short-Term Global Bond Fund (for a portion of the Fund)
 RBC Bond Fund (for a portion of the Fund)
 RBC Global Bond Fund (for a portion of the Fund)
 RBC \$U.S. Global Bond Fund (for a portion of the Fund)
 RBC Global Corporate Bond Fund (for a portion of the Fund)
 RBC Global High Yield Bond Fund (for a portion of the Fund)
 RBC Emerging Markets Bond Fund (for a portion of the Fund)
 RBC U.S. Monthly Income Fund (for a portion of the Fund)

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

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

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

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

Trustee

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

Distributors

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

Custodian

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

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Registrars

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

Brokers and Dealers

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

Securities Lending Agent

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

Mortgage Administrator Agent

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

Other Related-Party Transactions

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

Related-Party Trading Activities

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

Inter-Fund Trading

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

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