

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 TOTAL RETURN BOND FUND**

June 30, 2022

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>UNDERLYING FUNDS</b>				
Phillips, Hager & North High Yield Bond Fund - Series O*	22 341 828	230 682	231 010	
RBC High Yield Bond Fund - Series O*	3 559 910	35 383	32 605	
<b>TOTAL UNDERLYING FUNDS</b>		<b>266 065</b>	<b>263 615</b>	<b>2.6</b>

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>BONDS</b>				
<b>CANADIAN BONDS</b>				
<b>CORPORATE</b>				
407 International Inc. 6.470% Jul 27, 2029	38 165	50 318	42 450	
407 International Inc. 2.590% May 25, 2032	19 235	20 663	16 098	
407 International Inc. 3.650% Sep 08, 2044	1 110	1 231	926	
407 International Inc. 3.830% May 11, 2046	2 770	3 311	2 369	
407 International Inc. 3.670% Mar 08, 2049	1 200	1 271	988	
Access Health Abbotsford Ltd. 6.242% Mar 07, 2038	1 252	1 707	1 363	
Access Justice Durham Ltd. 5.015% Aug 31, 2039	8 418	9 509	8 550	
Access Prairies Partnership 4.232% Mar 01, 2048	5 464	5 542	4 851	
Access Roads Edmonton Ltd. 5.669% Sep 30, 2037	2 904	3 434	3 032	
Aéroports de Montréal 6.950% Apr 16, 2032	4 606	6 226	5 102	
Aéroports de Montréal 6.611% Oct 11, 2033	11 728	14 808	12 880	
Aéroports de Montréal 5.170% Sep 17, 2035	2 570	3 371	2 654	
Aéroports de Montréal 5.670% Oct 16, 2037	5 651	7 737	6 139	
Aéroports de Montréal 3.919% Sep 26, 2042	4 795	5 583	4 216	
Aéroports de Montréal 3.918% Jun 12, 2045	3 415	3 739	2 975	
Aéroports de Montréal 3.441% Apr 26, 2051	2 375	2 375	1 863	
Alberta Powerline LP 3.340% Jun 01, 2032	36 914	38 177	34 756	
Alberta Powerline LP 3.351% Sep 01, 2032	28 636	29 226	26 676	
Alectra Inc. 2.488% May 17, 2027	11 705	11 703	10 873	
Alectra Inc. 1.751% Feb 11, 2031	8 960	8 960	7 233	
AltaLink LP 1.509% Sep 11, 2030	7 800	7 789	6 239	
Arrow Lakes Power Corp. 5.516% Apr 05, 2041	2 824	3 773	2 975	
Bank of Montreal 1.551% May 28, 2026	6 665	6 059	5 962	
Bank of Montreal 3.650% Apr 01, 2027	23 560	23 391	22 538	
Bank of Nova Scotia 2.380% May 01, 2023	66 720	67 795	65 892	
Bell Telephone Co. of Canada 3.800% Aug 21, 2028	895	974	846	
BHP Billiton Finance Ltd. 3.230% May 15, 2023	1 395	1 424	1 388	
Bridging North America GP 4.023% May 31, 2038	14 170	14 333	12 578	
Bridging North America GP 4.341% Aug 31, 2053	5 807	6 264	4 841	
Brookfield Property Finance ULC 4.346% Jul 03, 2023	9 000	9 144	8 917	
Brookfield Property Finance ULC 4.300% Mar 01, 2024	43 095	43 098	42 103	
Brookfield Property Finance ULC 3.926% Aug 24, 2025	23 090	23 155	21 691	
Brookfield Property Finance ULC 4.000% Sep 30, 2026	1 120	1 128	1 024	
Brookfield Renewable Partners ULC 4.250% Jan 15, 2029	11 985	13 162	11 591	
Brookfield Renewable Partners ULC 3.380% Jan 15, 2030	1 865	2 074	1 681	
Brookfield Renewable Partners ULC 4.290% Nov 05, 2049	488	584	411	
Brookfield Renewable Partners ULC 3.330% Aug 13, 2050	12 360	12 375	8 674	
Bruce Power LP 3.969% Jun 23, 2026	75 570	79 637	74 206	
Bruce Power LP 2.680% Dec 21, 2028	48 380	46 310	42 802	
Bruce Power LP 4.010% Jun 21, 2029	12 470	12 514	11 845	
Bruce Power LP 4.000% Jun 21, 2030	9 645	9 722	8 998	
Bruce Power LP 4.132% Jun 21, 2033	3 185	3 194	2 898	
Calgary Airport Authority 3.454% Oct 07, 2041	9 450	9 450	7 774	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>CORPORATE (cont.)</b>				
Calgary Glycol Facilities Corp. 3.257% Oct 29, 2058	3 596	3 596	2 724	
Cameco Corp. 4.190% Jun 24, 2024	25 885	26 174	25 752	
Cameco Corp. 2.950% Oct 21, 2027	25 430	25 572	23 153	
Canadian Pacific Railway Co. 1.589% Nov 24, 2023	18 686	18 680	18 077	
Canadian Pacific Railway Co. 2.540% Feb 28, 2028	17 120	16 864	15 319	
Canadian Pacific Railway Co. 3.150% Mar 13, 2029	6 050	5 483	5 498	
Canadian Utilities Ltd. 3.122% Nov 09, 2022	2 689	2 800	2 691	
Canadian Utilities Ltd. 4.851% Jun 03, 2052	9 350	9 381	9 023	
Capital City Link General Partnership 4.386% Mar 31, 2046	676	782	627	
CBHP LP 2.393% Aug 27, 2029	7 145	7 145	6 481	
CBHP LP 3.000% May 27, 2053	15 360	15 360	11 171	
Choice Properties Real Estate Investment Trust 4.055% Nov 24, 2025	7 000	7 237	6 835	
Clover LP 4.216% Jun 30, 2034	8 665	8 665	8 418	
CU Inc. 9.400% May 01, 2023	752	975	784	
CU Inc. 6.215% Mar 06, 2024	9 310	11 575	9 635	
CU Inc. 5.563% May 26, 2028	2 125	2 734	2 238	
CU Inc. 5.580% May 26, 2038	2 535	3 334	2 720	
CU Inc. 4.543% Oct 24, 2041	3 625	4 682	3 466	
CU Inc. 3.805% Sep 10, 2042	3 579	3 793	3 084	
CU Inc. 4.722% Sep 09, 2043	3 000	4 001	2 933	
CU Inc. 4.085% Sep 02, 2044	7 270	8 664	6 498	
CU Inc. 3.763% Nov 19, 2046	11 460	12 191	9 649	
CU Inc. 4.947% Nov 18, 2050	5 022	6 302	5 089	
CU Inc. 4.558% Nov 07, 2053	676	743	639	
CU Inc. 4.094% Oct 19, 2054	720	726	626	
DP World Canada Investment Inc. 3.536% Nov 08, 2041	11 615	11 615	9 623	
Dufferin Wind Power Inc. 4.317% Nov 30, 2033	3 680	3 717	3 497	
Edmonton Regional Airports Authority 3.715% May 20, 2051	7 346	7 346	6 073	
E-L Financial Corp. Ltd. 4.000% Jun 22, 2050	710	732	553	
Ellisdon Infrastructure RIH General Partnership 3.930% Oct 31, 2038	4 867	4 867	4 192	
Enbridge Gas Inc. 6.050% Jul 05, 2023	1 052	1 201	1 073	
Enbridge Gas Inc. 8.650% Nov 10, 2025	7 905	10 867	8 910	
Enbridge Gas Inc. 2.500% Aug 05, 2026	14 244	14 497	13 365	
Enbridge Gas Inc. 6.650% Nov 03, 2027	12 284	15 546	13 528	
Enbridge Gas Inc. 2.880% Nov 22, 2027	25 084	25 628	23 433	
Enbridge Gas Inc. 6.100% May 19, 2028	1 940	2 456	2 092	
Enbridge Gas Inc. 6.900% Nov 15, 2032	7 287	9 929	8 473	
Enbridge Gas Inc. 6.160% Dec 16, 2033	1 095	1 476	1 210	
Enbridge Gas Inc. 5.460% Sep 11, 2036	5 280	6 745	5 534	
Enbridge Inc. 3.190% Dec 05, 2022	5 000	5 110	4 999	
Enbridge Inc. 3.200% Jun 08, 2027	410	384	381	
Enbridge Pipelines Inc. 2.930% Nov 30, 2022	5 531	5 601	5 529	
Enbridge Pipelines Inc. 6.350% Nov 17, 2023	1 585	1 895	1 625	
Enbridge Pipelines Inc. 8.200% Feb 15, 2024	22 000	30 969	23 195	
Enbridge Pipelines Inc. 3.450% Sep 29, 2025	21 939	22 356	21 269	
Enbridge Pipelines Inc. 6.050% Feb 12, 2029	4 435	5 733	4 622	
Enbridge Pipelines Inc. 6.500% Jun 11, 2029	1 200	1 619	1 278	
Enbridge Southern Lights LP 4.014% Jun 30, 2040	6 472	6 536	5 962	
Energir Inc. 2.100% Apr 16, 2027	7 585	7 680	6 926	
Energir Inc. 7.050% Oct 30, 2030	14 160	20 541	16 325	
ENMAX Corp. 2.922% Oct 18, 2022	4 600	4 600	4 600	
ENMAX Corp. 3.331% Jun 02, 2025	10 880	11 308	10 505	
ENMAX Corp. 3.836% Jun 05, 2028	5 797	6 093	5 455	
ENMAX Corp. 3.876% Oct 18, 2029	7 295	7 328	6 731	
Enwave Energy Corp. 3.943% Dec 07, 2037	6 470	6 470	5 607	
EPCOR Utilities Inc. 6.650% Apr 15, 2038	1 660	2 438	1 988	
Fair Hydro Trust 3.357% May 15, 2033	11 380	11 488	10 396	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>CORPORATE (cont.)</b>				
Fair Hydro Trust 3.520% May 15, 2038	8 750	8 750	7 768	
Fengate PCL Progress Partners Mbr LP 2.501% Jul 31, 2038	3 255	3 258	2 664	
Fengate PCL Progress Partners Mbr LP 3.045% Jan 31, 2054	2 040	2 029	1 412	
Fortis Inc. 2.180% May 15, 2028	24 810	25 096	21 787	
Fortis Inc. 4.431% May 31, 2029	26 660	26 652	26 125	
FortisAlberta Inc. 6.220% Oct 31, 2034	3 818	5 590	4 297	
FortisBC Inc. 5.600% Nov 09, 2035	2 165	2 702	2 300	
FortisBC Inc. 6.100% Jun 02, 2039	16 806	22 669	18 859	
FortisBC Inc. 4.000% Oct 28, 2044	2 779	3 002	2 409	
Grand Renewable Solar LP 3.926% Jan 31, 2035	6 983	7 053	6 551	
Greater Toronto Airports Authority 6.450% Dec 03, 2027	28 097	37 163	30 674	
Greater Toronto Airports Authority 1.540% May 03, 2028	6 205	6 201	5 334	
Greater Toronto Airports Authority 6.450% Jul 30, 2029	1 544	1 906	1 645	
Greater Toronto Airports Authority 7.100% Jun 04, 2031	12 367	17 962	14 422	
Greater Toronto Airports Authority 6.980% Oct 15, 2032	8 786	12 668	10 302	
Greater Toronto Airports Authority 3.260% Jun 01, 2037	14 660	15 254	12 290	
Greater Toronto Airports Authority 2.750% Oct 17, 2039	12 750	12 660	9 700	
Greater Toronto Airports Authority 5.630% Jun 07, 2040	2 715	3 663	2 986	
Greater Toronto Airports Authority 5.300% Feb 25, 2041	2 845	3 480	3 022	
H2O Power LP 3.310% Nov 30, 2029	23 563	23 648	22 092	
Health Montreal Collective LP 6.721% Sep 30, 2049	12 516	17 454	14 015	
Hospital Infrastructure Partners NOH Partnership 5.439% Jan 31, 2045	5 783	6 970	5 869	
Hydro One Inc. 2.540% Apr 05, 2024	30 729	31 839	30 056	
Hydro One Inc. 2.970% Jun 26, 2025	7 507	7 558	7 291	
Hydro One Inc. 3.020% Apr 05, 2029	62 232	66 275	57 472	
Hydro One Inc. 2.160% Feb 28, 2030	17 330	17 794	14 803	
Hydro One Inc. 1.690% Jan 16, 2031	29 985	29 901	24 069	
Hydro One Inc. 6.930% Jun 01, 2032	8 925	12 818	10 350	
Hydro One Inc. 6.350% Jan 31, 2034	3 867	5 139	4 376	
Hydro One Inc. 5.360% May 20, 2036	6 105	7 683	6 410	
Hydro One Inc. 4.890% Mar 13, 2037	11 580	13 996	11 636	
Hydro One Inc. 6.030% Mar 03, 2039	12 700	17 665	14 389	
Hydro One Inc. 6.590% Apr 22, 2043	2 510	3 614	3 076	
Hydro One Inc. 4.170% Jun 06, 2044	3 870	4 136	3 527	
Hydro One Inc. 3.910% Feb 23, 2046	1 985	2 180	1 731	
Hydro One Inc. 5.000% Oct 19, 2046	909	1 148	931	
Hydro One Inc. 3.720% Nov 18, 2047	640	775	537	
Hydro One Inc. 3.790% Jul 31, 2062	742	773	603	
Hydro One Ltd. 1.410% Oct 15, 2027	23 300	23 095	20 215	
Hydro Ottawa Holding Inc. 2.614% Feb 03, 2025	13 733	13 805	13 255	
InPower BC General Partnership 4.471% Mar 31, 2033	1 373	1 565	1 345	
John Deere Financial Inc. 2.310% Jun 20, 2025	3 685	3 684	3 485	
John Deere Financial Inc. 2.810% Jan 19, 2029	4 840	4 838	4 353	
Kingston Solar LP 3.571% Jul 31, 2035	14 091	13 907	12 841	
Lievre Power Holdings LP 4.046% Dec 31, 2061	25 375	25 375	19 881	
Loblaws Companies Ltd. 4.488% Dec 11, 2028	10 798	10 987	10 627	
Lower Mattagami Energy LP 3.416% Jun 20, 2024	5 000	5 311	4 955	
Lower Mattagami Energy LP 2.307% Oct 21, 2026	2 109	2 000	1 965	
Lower Mattagami Energy LP 2.433% May 14, 2031	9 370	9 370	7 974	
Manufacturers Life Insurance Co. 3.181% Nov 22, 2027	114 680	116 541	114 564	
Maple Leaf Sports & Entertainment Ltd. 4.940% Jun 30, 2023	3 605	3 616	3 598	
Melancthon Wolfe Wind LP 3.834% Dec 31, 2028	6 964	6 965	6 758	
Mobilinx Hurontario GP 3.276% May 31, 2039	5 825	5 825	4 898	
Mobilinx Hurontario GP 3.642% May 31, 2054	4 410	4 410	3 224	
Mosaic Transit Partners GP 4.111% Feb 28, 2038	5 175	5 175	4 743	
Mosaic Transit Partners GP 4.470% Feb 28, 2053	3 205	3 205	2 708	
Mountain View Partners GP 3.974% Mar 31, 2051	6 850	6 850	5 720	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>CORPORATE (cont.)</b>				
MPT Finco Inc. 3.457% Nov 30, 2029	39 337	40 098	35 933	
North Battleford Power LP 4.958% Dec 31, 2032	15 344	17 070	15 503	
North West Redwater Partnership 3.200% Apr 24, 2026	23 026	24 018	22 096	
North West Redwater Partnership 4.250% Jun 01, 2029	5 210	5 172	5 052	
North West Redwater Partnership 2.800% Jun 01, 2031	14 240	14 213	12 062	
North West Redwater Partnership 4.150% Jun 01, 2033	15 853	16 920	14 594	
North West Redwater Partnership 3.650% Jun 01, 2035	9 955	10 441	8 518	
North West Redwater Partnership 4.750% Jun 01, 2037	13 287	13 636	12 630	
North West Redwater Partnership 4.350% Jan 10, 2039	495	499	446	
Northland Power Solar Finance One LP 4.397% Jun 30, 2032	2 789	2 789	2 748	
Northwestern Hydro Acquisition Co. II LP 3.877% Dec 31, 2036	10 300	10 300	8 986	
Northwestern Hydro Acquisition Co. III LP 3.940% Dec 31, 2038	13 837	14 297	11 931	
Northwestern Hydro Acquisition Co. Inc. 3.985% Dec 31, 2034	10 495	10 495	9 342	
Nouvelle Autoroute 30 Financement Inc. 3.742% Dec 31, 2032	11 719	11 749	10 968	
Nouvelle Autoroute 30 Financement Inc. 3.750% Mar 31, 2033	8 306	8 306	7 706	
NOVA Gas Transmission Ltd. 9.900% Dec 16, 2024	1 531	2 091	1 703	
NOVA Gas Transmission Ltd. 8.875% May 27, 2026	2 375	3 388	2 672	
Nova Scotia Power Inc. 8.850% May 19, 2025	9 812	14 356	10 918	
Nova Scotia Power Inc. 6.280% Apr 09, 2029	13 952	17 235	14 882	
Ontario Power Generation Inc. 2.893% Apr 08, 2025	2 165	2 315	2 098	
Ontario Power Generation Inc. 1.170% Apr 22, 2026	15 180	15 097	13 558	
Ontario Power Generation Inc. 3.315% Oct 04, 2027	46 350	47 922	44 082	
Ontario Power Generation Inc. 2.977% Sep 13, 2029	17 825	17 517	16 068	
Ontario Power Generation Inc. 3.215% Apr 08, 2030	38 830	40 740	35 120	
Ontario Power Generation Inc. 3.838% Jun 22, 2048	2 730	3 234	2 256	
Ontario Power Generation Inc. 4.248% Jan 18, 2049	22 680	23 629	20 079	
Ornge Issuer Trust 5.727% Jun 11, 2034	1 212	1 376	1 263	
Pembina Pipeline Corp. 2.560% Jun 01, 2023	43 349	44 741	42 735	
Plenary Health Care Partnerships Humber LP 4.895% May 31, 2039	255	252	253	
Plenary Health North Bay Finco Inc. 5.306% Mar 13, 2040	7 603	8 226	7 492	
Plenary Properties LTAP LP 6.288% Jan 31, 2044	4 869	6 636	5 382	
Power Corp. of Canada 8.570% Apr 22, 2039	111	193	149	
Power Financial Corp. 6.900% Mar 11, 2033	45	63	51	
PSS Generating Station LP 4.795% Oct 24, 2067	7 120	7 120	6 804	
Ridley Grain Ltd. 5.227% Aug 01, 2024	3 680	3 680	3 658	
Rogers Communications Inc. 3.750% Apr 15, 2029	45 630	45 580	42 499	
Rogers Communications Inc. 4.250% Apr 15, 2032	31 125	31 121	28 623	
Royal Bank of Canada 3.296% Sep 26, 2023*	8 335	8 415	8 254	
Royal Bank of Canada 2.609% Nov 01, 2024*	1 725	1 798	1 659	
Royal Bank of Canada 3.369% Sep 29, 2025*	92 285	91 762	89 282	
Sea To Sky Highway Investment LP 2.629% Aug 31, 2030	273	283	252	
SEC LP & Arci Ltd. 5.188% Aug 29, 2033	6 159	6 427	5 915	
SGTP Highway Bypass LP 4.105% Jan 31, 2045	1 613	1 846	1 449	
Sinai Health System/Canada 3.209% Apr 08, 2060	6 685	6 685	4 983	
SNC-Lavalin Innisfree McGill Finance Inc. 6.632% Jun 30, 2044	1 754	2 298	1 977	
Spy Hill Power LP 4.140% Mar 31, 2036	759	880	725	
TELUS Corp. 3.300% May 02, 2029	4 010	3 834	3 631	
Teranet Holdings LP 3.544% Jun 11, 2025	9 330	9 330	9 057	
Teranet Holdings LP 3.719% Feb 23, 2029	21 570	21 570	19 787	
Toronto Hydro Corp. 2.910% Apr 10, 2023	1 380	1 416	1 374	
Toronto Hydro Corp. 2.430% Dec 11, 2029	1 235	1 276	1 093	
Toronto Hydro Corp. 1.500% Oct 15, 2030	9 280	9 269	7 448	
Toronto-Dominion Bank 2.850% Mar 08, 2024	13 150	12 982	12 868	
Toronto-Dominion Bank 1.943% Mar 13, 2025	17 335	16 463	16 258	
Toronto-Dominion Bank 2.496% Dec 02, 2024	23 375	23 375	22 387	
Toronto-Dominion Bank 2.667% Sep 09, 2025	209 765	207 170	198 767	
Toyota Credit Canada Inc. 2.310% Oct 23, 2024	14 390	14 386	13 769	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>CORPORATE (cont.)</b>				
TransAlta OCP LP 4.509% Aug 05, 2030	22 584	22 585	22 144	
TransCanada PipeLines Ltd. 7.310% Jan 15, 2027	3 300	4 133	3 564	
TransCanada PipeLines Ltd. 3.800% Apr 05, 2027	1 050	1 014	1 006	
TransCanada PipeLines Ltd. 6.280% May 26, 2028	1 890	2 255	1 983	
TransCanada PipeLines Ltd. 7.340% Jul 18, 2028	4 417	5 868	4 870	
TransCanada PipeLines Ltd. 6.890% Aug 07, 2028	5 000	6 190	5 409	
TransCanada PipeLines Ltd. 6.500% Dec 09, 2030	1 819	2 338	1 879	
TransCanada PipeLines Ltd. 8.200% Aug 15, 2031	2 450	3 718	2 856	
TransEd Partners GP 3.951% Sep 30, 2050	27 742	24 475	21 268	
Trillium Windpower LP 5.803% Feb 15, 2033	5 003	5 835	5 215	
TriSummit Utilities Inc. 3.150% Apr 06, 2026	4 455	4 856	4 240	
TriSummit Utilities Inc. 3.130% Apr 07, 2027	15 590	15 594	14 577	
Unity Health Toronto 3.308% Jun 01, 2061	4 835	4 835	3 656	
Vancouver Airport Authority 7.425% Dec 07, 2026	4 636	6 420	5 239	
Vancouver Airport Authority 1.760% Sep 20, 2030	12 330	11 889	10 095	
Vancouver Airport Fuel Facilities Corp. 2.168% Jun 23, 2025	13 290	13 166	12 406	
Vancouver Airport Fuel Facilities Corp. 3.653% Mar 20, 2051	3 944	3 944	3 286	
Westcoast Energy Inc. 3.120% Dec 05, 2022	17 038	17 782	17 053	
Westcoast Energy Inc. 3.430% Sep 12, 2024	3 000	3 186	2 942	
Westcoast Energy Inc. 8.850% Jul 21, 2025	18 805	25 164	20 894	
Westcoast Energy Inc. 3.770% Dec 08, 2025	38 600	42 839	37 702	
Westcoast Energy Inc. 6.750% Dec 15, 2027	2 975	3 831	3 206	
Winnipeg Airports Authority Inc. 3.039% Apr 14, 2023	1 740	1 737	1 728	
Winnipeg Airports Authority Inc. 5.205% Sep 28, 2040	4 154	4 969	4 090	
Winnipeg Airports Authority Inc. 6.102% Nov 20, 2040	6 018	6 756	6 223	
Winnipeg Airports Authority Inc. 3.659% Sep 30, 2047	3 945	3 945	3 086	
Winnipeg Airports Authority Inc. 3.040% Feb 03, 2051	2 375	2 375	1 598	
		3 093 797	2 774 846	27.9
<b>FEDERAL</b>				
Canada Housing Trust No. 1 2.400% Dec 15, 2022	90 811	92 122	90 754	
Canada Housing Trust No. 1 2.350% Sep 15, 2023	116 688	119 220	115 624	
Canada Housing Trust No. 1 2.900% Jun 15, 2024	50 846	53 165	50 506	
Canada Housing Trust No. 1 1.950% Dec 15, 2025	91 596	96 524	97 440	
Canada Housing Trust No. 1 1.250% Jun 15, 2026	228 509	223 525	210 694	
Canada Housing Trust No. 1 1.550% Dec 15, 2026	46 279	45 815	42 719	
Canada Housing Trust No. 1 3.800% Jun 15, 2027	115 692	115 484	117 484	
Canada Housing Trust No. 1 2.350% Mar 15, 2028	1 265	1 360	1 191	
CBC Monetization Trust 4.688% May 15, 2027	765	765	774	
Canadian Government Bond 1.750% Mar 01, 2023	5 045	5 048	5 009	
Canadian Government Bond 1.500% Jun 01, 2023	2 400	2 367	2 367	
Canadian Government Bond 0.500% Nov 01, 2023	38 781	38 377	37 494	
Canadian Government Bond 2.250% Mar 01, 2024	10 547	10 489	10 411	
Canadian Government Bond 2.500% Jun 01, 2024	17 480	17 543	17 293	
Canadian Government Bond 2.750% Aug 01, 2024	606 787	601 221	602 225	
Canadian Government Bond 1.500% Sep 01, 2024	31 520	31 188	30 480	
Canadian Government Bond 1.250% Mar 01, 2025	38 130	36 637	36 335	
Canadian Government Bond 2.250% Jun 01, 2025	87 170	89 378	85 135	
Canadian Government Bond 0.250% Mar 01, 2026	6 445	5 766	5 816	
Canadian Government Bond 1.500% Jun 01, 2026	100	96	94	
Canadian Government Bond 1.000% Sep 01, 2026	92 630	91 592	85 086	
Canadian Government Bond 1.250% Mar 01, 2027	292 898	271 881	269 374	
Canadian Government Bond 1.000% Jun 01, 2027	2 365	2 177	2 142	
Canadian Government Bond 2.000% Jun 01, 2028	21 058	19 700	19 788	
Canadian Government Bond 2.250% Jun 01, 2029	4 600	4 271	4 344	
Canadian Government Bond 1.250% Jun 01, 2030	27 070	24 961	23 396	
Canadian Government Bond 0.500% Dec 01, 2030	15 205	13 597	12 173	
Canadian Government Bond 1.500% Jun 01, 2031	186 712	182 012	161 863	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>FEDERAL (cont.)</b>				
Canadian Government Bond 2.000% Jun 01, 2032	123 245	108 736	110 513	
Canadian Government Bond 5.750% Jun 01, 2033	2	3	2	
Canadian Government Bond 2.000% Dec 01, 2051	139 975	125 385	109 034	
Canadian Government Bond 1.750% Dec 01, 2053	317 513	231 157	229 695	
Canadian Government Bond 2.750% Dec 01, 2064	72 458	84 374	65 447	
		2 745 936	2 642 702	<b>26.6</b>
<b>PROVINCIAL/MUNICIPAL</b>				
Carleton University 3.264% Jul 05, 2061	6 335	6 335	4 691	
Centre Hospitalier de l'Université de Montréal 4.448% Oct 01, 2049	4 185	5 210	4 100	
City of Toronto 5.342% Jul 18, 2027	1 849	2 127	1 921	
City of Vancouver 2.300% Nov 05, 2031	2 070	2 069	1 794	
Concordia University 3.626% Feb 10, 2039	2 655	2 655	2 236	
Concordia University 6.550% Sep 02, 2042	2 585	4 156	3 187	
Concordia University 3.678% Feb 10, 2059	2 655	2 655	2 125	
First Nations Finance Authority 3.050% Jun 01, 2028	50 766	54 680	48 876	
First Nations Finance Authority 1.710% Jun 16, 2030	37 764	38 025	31 963	
First Nations Finance Authority 2.850% Jun 01, 2032	47 460	47 404	42 676	
Hamilton Health Sciences Corp. 3.683% Jan 17, 2059	4 900	4 900	4 104	
Hospital for Sick Children 5.217% Dec 16, 2049	2 519	2 861	2 752	
Huron University College 5.500% Apr 30, 2042	17 395	17 395	15 660	
McGill University 3.975% Jan 29, 2056	120	141	105	
McGill University Health Centre 5.360% Dec 31, 2043	476	730	520	
McMaster University 3.255% Jun 17, 2051	5 260	5 260	4 068	
McMaster University 6.150% Oct 07, 2052	3 480	5 530	4 299	
McMaster University 4.105% Nov 26, 2065	1 235	1 357	1 076	
McMaster University 3.405% Jun 17, 2071	6 840	6 840	5 122	
Ontario Electricity Financial Corp. 8.500% May 26, 2025	36 027	55 102	40 875	
Ontario Electricity Financial Corp. 9.000% May 26, 2025	7 007	10 759	8 048	
Ontario Electricity Financial Corp. 8.250% Jun 22, 2026	40 915	60 023	47 863	
Ontario School Boards Financing Corp. 7.200% Jun 09, 2025	734	848	776	
Ontario School Boards Financing Corp. 6.550% Oct 19, 2026	1 455	1 710	1 548	
Ontario School Boards Financing Corp. 5.900% Oct 11, 2027	10 787	12 719	11 385	
Ontario School Boards Financing Corp. 5.800% Nov 07, 2028	2 520	3 012	2 674	
Ontario School Boards Financing Corp. 5.483% Nov 26, 2029	17 534	20 059	18 493	
Ontario School Boards Financing Corp. 4.789% Aug 08, 2030	5 946	6 681	6 068	
Ontario School Boards Financing Corp. 5.070% Apr 18, 2031	6 402	7 330	6 625	
Ontario School Boards Financing Corp. 5.376% Jun 25, 2032	14 868	17 603	15 727	
OPB Finance Trust 2.950% Feb 02, 2026	8 840	9 277	8 606	
OPB Finance Trust 2.980% Jan 25, 2027	12 330	12 775	11 896	
Province of Alberta 2.550% Jun 01, 2027	725	748	692	
Province of Alberta 2.900% Dec 01, 2028	376	399	358	
Province of Alberta 3.450% Dec 01, 2043	25 348	28 572	22 733	
Province of Alberta 3.300% Dec 01, 2046	51 141	53 700	44 354	
Province of Alberta 3.100% Jun 01, 2050	139 915	147 995	116 197	
Province of British Columbia 1.550% Jun 18, 2031	63 643	57 950	52 257	
Province of British Columbia 2.950% Jun 18, 2050	8 615	7 933	6 896	
Province of British Columbia 2.750% Jun 18, 2052	19 228	17 451	14 693	
Province of Manitoba 2.550% Jun 02, 2026	8 000	7 973	7 718	
Province of Manitoba 4.050% Sep 05, 2045	12 874	15 029	12 351	
Province of Manitoba 2.850% Sep 05, 2046	87 866	81 030	68 650	
Province of New Brunswick 3.650% Jun 03, 2024	11 984	13 257	12 054	
Province of New Brunswick 4.800% Sep 26, 2039	14 500	18 915	15 334	
Province of New Brunswick 4.800% Jun 03, 2041	5 474	6 605	5 814	
Province of New Brunswick 3.550% Jun 03, 2043	12 176	12 445	10 878	
Province of New Brunswick 3.800% Aug 14, 2045	35 748	38 092	32 990	
Province of New Brunswick 3.050% Aug 14, 2050	51 236	54 021	40 971	
Province of Newfoundland and Labrador 3.300% Oct 17, 2046	25 867	24 212	21 224	

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



June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>PROVINCIAL/MUNICIPAL (cont.)</b>				
Province of Newfoundland and Labrador 2.650% Oct 17, 2050	40 709	36 127	28 782	
Province of Ontario 2.600% Jun 02, 2025	14 618	15 217	14 278	
Province of Ontario 8.500% Dec 02, 2025	56 110	85 326	65 012	
Province of Ontario 2.600% Jun 02, 2027	66 615	73 520	63 677	
Province of Ontario 2.900% Jun 02, 2028	85 662	95 606	82 031	
Province of Ontario 2.700% Jun 02, 2029	91 358	99 726	85 213	
Province of Ontario 2.050% Jun 02, 2030	225 548	226 269	197 182	
Province of Ontario 1.350% Dec 02, 2030	250 175	227 110	204 164	
Province of Ontario 2.150% Jun 02, 2031	98 176	95 818	84 827	
Province of Ontario 6.200% Jun 02, 2031	69 611	98 112	81 255	
Province of Ontario 2.250% Dec 02, 2031	77 625	71 147	67 074	
Province of Ontario 3.750% Jun 02, 2032	91 646	88 429	89 644	
Province of Ontario 5.850% Mar 08, 2033	14 321	18 544	16 471	
Province of Ontario 5.600% Jun 02, 2035	135 130	185 297	154 291	
Province of Ontario 4.700% Jun 02, 2037	38 916	48 974	40 994	
Province of Ontario 4.600% Jun 02, 2039	168 510	219 851	175 733	
Province of Ontario 4.650% Jun 02, 2041	6 106	7 758	6 427	
Province of Ontario 3.500% Jun 02, 2043	200 311	214 975	179 618	
Province of Ontario 3.450% Jun 02, 2045	38 391	46 583	33 935	
Province of Ontario 2.900% Dec 02, 2046	81 928	82 079	65 343	
Province of Ontario 2.800% Jun 02, 2048	753	715	585	
Province of Ontario 2.900% Jun 02, 2049	50 292	51 306	39 748	
Province of Ontario 2.650% Dec 02, 2050	52 130	56 941	38 805	
Province of Ontario 1.900% Dec 02, 2051	92 977	75 410	57 269	
Province of Ontario 2.550% Dec 02, 2052	6 224	4 946	4 498	
Province of Quebec 3.750% Sep 01, 2024	20 862	22 645	21 044	
Province of Quebec 2.750% Sep 01, 2025	5 000	5 154	4 902	
Province of Quebec 8.500% Apr 01, 2026	96 239	147 407	112 858	
Province of Quebec 2.500% Sep 01, 2026	3 191	3 259	3 068	
Province of Quebec 2.750% Sep 01, 2027	51 750	54 495	49 770	
Province of Quebec 2.750% Sep 01, 2028	44 513	47 395	42 236	
Province of Quebec 2.300% Sep 01, 2029	7 784	8 517	7 061	
Province of Quebec 1.900% Sep 01, 2030	48 384	46 017	41 703	
Province of Quebec 6.250% Jun 01, 2032	80 429	118 223	95 015	
Province of Quebec 5.750% Dec 01, 2036	2 135	2 930	2 501	
Province of Quebec 5.000% Dec 01, 2041	4 000	5 453	4 417	
Province of Quebec 3.500% Dec 01, 2045	67 030	84 795	59 993	
Province of Quebec 3.500% Dec 01, 2048	65 593	82 381	58 396	
Province of Quebec 3.100% Dec 01, 2051	204 483	236 724	168 059	
Province of Quebec 2.850% Dec 01, 2053	62 703	60 948	48 679	
Province of Saskatchewan 2.550% Jun 02, 2026	18 020	18 104	17 389	
Province of Saskatchewan 2.650% Jun 02, 2027	392	407	376	
Province of Saskatchewan 6.400% Sep 05, 2031	6 290	9 277	7 437	
Province of Saskatchewan 3.900% Jun 02, 2045	16 193	19 617	15 368	
Province of Saskatchewan 2.750% Dec 02, 2046	23 792	23 150	18 424	
Province of Saskatchewan 3.300% Jun 02, 2048	585	672	500	
Province of Saskatchewan 3.100% Jun 02, 2050	45 316	49 360	37 156	
Queen's University 6.100% Nov 19, 2032	7 752	10 114	8 693	
Queen's University 2.889% Apr 27, 2060	3 250	3 250	2 191	
Trillium Health Partners Volunteers 3.702% Dec 20, 2058	5 425	5 425	4 454	
University of British Columbia 6.650% Dec 01, 2031	9 982	13 239	11 529	
University of British Columbia 4.817% Jul 26, 2035	1 586	1 967	1 604	
University of Guelph 6.240% Oct 10, 2042	930	1 463	1 101	
University of Ottawa 2.635% Feb 13, 2060	3 686	3 730	2 316	
University of Toronto 6.780% Jul 18, 2031	6 711	9 013	7 780	
University of Toronto 5.841% Dec 15, 2043	1 024	1 470	1 172	
University of Toronto 4.937% Nov 16, 2045	2 960	3 765	3 057	

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





June 30, 2022

	Par Value (000s)	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>PROVINCIAL/MUNICIPAL (cont.)</b>				
University of Toronto 4.493% Dec 13, 2046	144	179	138	
York Region District School Board 5.095% Jun 01, 2031	1 844	2 154	1 919	
York Region District School Board 5.098% Jun 07, 2032	11 290	12 577	11 721	
York University 6.480% Mar 07, 2042	830	1 255	1 011	
York University 3.394% Apr 01, 2060	690	690	527	
		4 357 562	3 600 444	<b>36.3</b>
<b>TOTAL CANADIAN BONDS</b>		10 197 295	9 017 992	<b>90.8</b>
<b>UNITED KINGDOM BONDS</b>				
Heathrow Funding Ltd. 3.250% May 21, 2025 CAD	24 020	24 721	23 136	
Heathrow Funding Ltd. 2.694% Oct 13, 2027 CAD	9 655	9 655	8 646	
Heathrow Funding Ltd. 3.400% Mar 08, 2028 CAD	13 130	13 617	12 108	
Heathrow Funding Ltd. 3.782% Sep 04, 2030 CAD	910	975	819	
Heathrow Funding Ltd. 3.661% Jan 13, 2031 CAD	15 720	15 718	13 900	
Heathrow Funding Ltd. 3.726% Apr 13, 2033 CAD	14 625	15 127	12 402	
National Grid Electricity Transmission Plc. 2.301% Jun 22, 2029 CAD	67 902	67 923	58 172	
		147 736	129 183	<b>1.3</b>
<b>TOTAL UNITED KINGDOM BONDS</b>				
<b>UNITED STATES BONDS</b>				
AT&T Inc. 4.000% Nov 25, 2025 CAD	19 865	22 406	19 559	
AT&T Inc. 4.850% May 25, 2047 CAD	9 910	11 223	8 548	
AT&T Inc. 5.100% Nov 25, 2048 CAD	6 255	6 700	5 576	
Bank of America Corp. 3.301% Apr 24, 2024 CAD	10 585	10 976	10 520	
Bank of America Corp. 3.407% Sep 20, 2025 CAD	3 130	3 088	3 054	
Bank of America Corp. 3.515% Mar 24, 2026 CAD	10 970	10 970	10 648	
Bank of America Corp. 3.615% Mar 16, 2028 CAD	95 445	94 976	90 066	
Nestlé Holdings Inc. 2.192% Jan 26, 2029 CAD	17 530	17 529	15 344	
New York Life Global Funding 2.000% Apr 17, 2028 CAD	50 270	50 226	43 839	
United Parcel Service Inc. 2.125% May 21, 2024 CAD	1 398	1 390	1 356	
Verizon Communications Inc. 2.375% Mar 22, 2028 CAD	80 860	80 633	71 273	
Walt Disney Co. 3.057% Mar 30, 2027 CAD	2 500	2 602	2 348	
		312 719	282 131	<b>2.8</b>
<b>TOTAL UNITED STATES BONDS</b>		10 657 750	9 429 306	<b>94.9</b>
<b>TOTAL BONDS</b>				
<b>MORTGAGES<sup>†</sup></b>				
<b>CMHC Insured</b>				
Mortgage, 4.260% Nov, 01 2022	1 333	1 333	1 338	
Mortgage, 3.160% Sep, 05 2024	6 145	6 158	6 005	
		7 491	7 343	<b>0.1</b>
<b>TOTAL MORTGAGES</b>		124 901	124 901	<b>1.3</b>
<b>SHORT-TERM INVESTMENTS<sup>‡</sup></b>				
		11 056 207	9 825 165	<b>98.9</b>
<b>TOTAL INVESTMENTS</b>				
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			105 627	<b>1.1</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			9 930 792	<b>100.0</b>

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

<sup>†</sup> The Fund holds 2 mortgages with a Fair Value of \$7 343. These mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed. None of the mortgages are pre-payable.

<sup>‡</sup> Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.33% to 2.10% and mature between July 15, 2022 and September 1, 2022.



**PHILLIPS, HAGER & NORTH TOTAL RETURN BOND 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
<b>ASSETS</b>		
Investments at fair value	\$ 9 825 165	\$ 11 522 950
Cash	5 522	6 959
Due from investment dealers	400 336	2 485
Subscriptions receivable	8 244	10 938
Margin receivable	10	10
Dividends receivable, interest accrued and other assets	48 837	47 034
<b>TOTAL ASSETS</b>	<b>10 288 114</b>	<b>11 590 376</b>
<b>LIABILITIES</b>		
Due to investment dealers	342 200	2 083
Redemptions payable	14 127	2 922
Distributions payable	14	–
Accounts payable and accrued expenses	981	1 265
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>357 322</b>	<b>6 270</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 9 930 792</b>	<b>\$ 11 584 106</b>
Investments at cost	\$ 11 056 207	\$ 11 504 275
<b>NAV</b>		
<b>SERIES A</b>	<b>\$ 192 813</b>	<b>\$ 254 305</b>
<b>SERIES D</b>	<b>\$ 383 011</b>	<b>\$ 541 879</b>
<b>SERIES F</b>	<b>\$ 1 165 475</b>	<b>\$ 1 394 748</b>
<b>SERIES O</b>	<b>\$ 8 189 493</b>	<b>\$ 9 393 174</b>
<b>NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ 10.15</b>	<b>\$ 11.73</b>
<b>SERIES D</b>	<b>\$ 10.15</b>	<b>\$ 11.73</b>
<b>SERIES F</b>	<b>\$ 10.16</b>	<b>\$ 11.74</b>
<b>SERIES O</b>	<b>\$ 10.09</b>	<b>\$ 11.66</b>

**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
<b>INCOME (see note 3 in the generic notes)</b>		
Interest for distribution purposes	\$ 155 099	\$ 145 259
Income from investment trusts	7 537	8 919
Net realized gain (loss) on investments	(304 936)	(1 778)
Change in unrealized gain (loss) on investments	(1 249 717)	(506 952)
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(1 392 017)</b>	<b>(354 552)</b>
Net gain (loss) on foreign cash balances	–	428
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>–</b>	<b>428</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(1 392 017)</b>	<b>(354 124)</b>
<b>EXPENSES (see notes – Fund Specific Information)</b>		
Management fees	4 586	5 455
Administration fees	1 329	1 419
Independent Review Committee costs	–	1
GST/HST	612	699
<b>TOTAL EXPENSES</b>	<b>6 527</b>	<b>7 574</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (1 398 544)</b>	<b>\$ (361 698)</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>SERIES A</b>	<b>\$ (29 907)</b>	<b>\$ (11 253)</b>
<b>SERIES D</b>	<b>\$ (61 578)</b>	<b>\$ (21 381)</b>
<b>SERIES F</b>	<b>\$ (166 414)</b>	<b>\$ (49 544)</b>
<b>SERIES O</b>	<b>\$ (1 140 645)</b>	<b>\$ (279 520)</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>SERIES A</b>	<b>\$ (1.49)</b>	<b>\$ (0.47)</b>
<b>SERIES D</b>	<b>\$ (1.48)</b>	<b>\$ (0.44)</b>
<b>SERIES F</b>	<b>\$ (1.44)</b>	<b>\$ (0.42)</b>
<b>SERIES O</b>	<b>\$ (1.39)</b>	<b>\$ (0.37)</b>



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

For the periods ended June 30

(see note 2 in the generic notes)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ (1 398 544)	\$ (361 698)
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	(1 247)	(2 498)
Non-cash dividends	—	—
Non-cash distributions from underlying funds	(7 537)	(8 919)
Net realized loss (gain) on investments	304 936	1 778
Change in unrealized loss (gain) on investments	1 249 717	506 952
(Increase) decrease in accrued receivables	(1 803)	2 003
Increase (decrease) in accrued payables	(284)	(89)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased*	(8 834 314)	(11 563 181)
Proceeds from sale and maturity of investments*	8 928 496	10 667 148
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
	<b>239 420</b>	<b>(758 504)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	1 438 547	1 518 274
Cash paid on redemption of redeemable units*	(1 649 952)	(728 113)
Distributions paid to holders of redeemable units	(29 452)	(31 175)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
	<b>\$ (240 857)</b>	<b>\$ 758 986</b>
Net increase (decrease) in cash for the period	(1 437)	482
Cash (bank overdraft), beginning of period	6 959	6 666
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 5 522</b>	<b>\$ 7 148</b>
Interest received (paid) <sup>†</sup>	\$ 152 368	\$ 144 764
Income from investment trusts received (paid) <sup>†‡</sup>	\$ —	\$ —
Dividends received (paid) <sup>†‡</sup>	\$ —	\$ —

\* Excludes in-kind transactions.

<sup>†</sup> Classified as part of operating activities.

<sup>‡</sup> 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
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 254 305	\$ 301 187	\$ 541 879	\$ 616 450	\$ 1 394 748	\$ 1 427 986
<b>INCREASE (DECREASE) IN NAV</b>	(29 907)	(11 253)	(61 578)	(21 381)	(166 414)	(49 544)
Early redemption fees	–	–	–	–	1	2
Proceeds from redeemable units issued	11 266	39 953	24 089	22 450	268 867	317 218
Reinvestments of distributions to holders of redeemable units	2 032	2 228	4 989	5 788	11 883	11 250
Redemption of redeemable units	(42 606)	(52 977)	(120 838)	(55 149)	(326 759)	(277 050)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	(29 308)	(10 796)	(91 760)	(26 911)	(46 008)	51 420
Distributions from net income	(2 277)	(2 519)	(5 530)	(6 402)	(16 851)	(16 300)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(2 277)	(2 519)	(5 530)	(6 402)	(16 851)	(16 300)
<b>NET INCREASE (DECREASE) IN NAV</b>	(61 492)	(24 568)	(158 868)	(54 694)	(229 273)	(14 424)
<b>NAV AT END OF PERIOD</b>	\$ 192 813	\$ 276 619	\$ 383 011	\$ 561 756	\$ 1 165 475	\$ 1 413 562

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2022	2021	2022	2021
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 9 393 174	\$ 8 855 054	\$ 11 584 106	\$ 11 200 677
<b>INCREASE (DECREASE) IN NAV</b>	(1 140 645)	(279 520)	(1 398 544)	(361 698)
Early redemption fees	–	–	1	2
Proceeds from redeemable units issued	1 212 229	1 148 626	1 516 451	1 528 247
Reinvestments of distributions to holders of redeemable units	115 492	103 050	134 396	122 316
Redemption of redeemable units	(1 251 553)	(363 189)	(1 741 756)	(748 365)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	76 168	888 487	(90 908)	902 200
Distributions from net income	(139 204)	(128 275)	(163 862)	(153 496)
Distributions from net gains	–	–	–	–
Distributions from capital	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	(139 204)	(128 275)	(163 862)	(153 496)
<b>NET INCREASE (DECREASE) IN NAV</b>	(1 203 681)	480 692	(1 653 314)	387 006
<b>NAV AT END OF PERIOD</b>	\$ 8 189 493	\$ 9 335 746	\$ 9 930 792	\$ 11 587 683



June 30, 2022

**General information (see note 1 in the generic notes)**

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

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

**Liquidity risk (%)**

Mortgages, an illiquid security, represent approximately 0.1% (December 31, 2021 – 0.1%) of the NAV of the Fund.

**Credit risk (%)**

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

Rating	June 30 2022	December 31 2021
AAA	28.7	25.2
AA	41.3	37.9
A	15.4	20.0
BBB	12.4	13.1
BB	0.9	2.1
B	0.5	1.1
Unrated*	0.8	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\* Mortgages, which represent 12.7% (December 31, 2021 – 14.3%) 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, 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
Provincial Bonds	33.7	38.0
Corporate Bonds	32.0	30.0
Federal Bonds	26.6	24.4
Underlying Funds	2.6	2.6
Municipal Bonds	2.6	2.6
Mortgages	0.1	0.1
Cash/Other	2.4	2.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**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	3.9	2.6
1 – 5 years	34.0	35.2
5 – 10 years	32.3	27.2
> 10 years	29.8	35.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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 7.9% (December 31, 2021 – 8.1%). 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
<b>Equities</b>	–	–	–	–
<b>Underlying funds</b>	263 615	–	–	263 615
<b>Fixed-income and debt securities</b>	–	9 429 306	7 343	9 436 649
<b>Short-term investments</b>	–	124 901	–	124 901
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>263 615</b>	<b>9 554 207</b>	<b>7 343</b>	<b>9 825 165</b>
<b>% of total portfolio</b>	<b>2.7</b>	<b>97.2</b>	<b>0.1</b>	<b>100.0</b>

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

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	7 766	8 227
Net purchases	–	–
Net sales	(90)	(176)
Net transfers in (out)	–	–
Realized gains (losses)	–	–
Change in unrealized gains (losses)	(333)	(285)
Balance at end of period	7 343	7 766
Change in unrealized gains (losses) for Level 3 assets held at end of period	(333)	(285)

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 1.10% (December 31, 2021 – 0.99%), 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%	0.04%
Series F	0.40%	0.05%
Series O	n/a*	0.02%

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

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

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

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

	June 30 2022	December 31 2021
<b>Units held</b>		
Series A	61	60
Series D	64	63
Series F	65	64
<b>Value of all units</b>	<b>2</b>	<b>2</b>

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

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

	June 30 2022		December 31 2021	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
High Yield Bond Fund	2.3	3.4	2.1	3.2
RBC High Yield Bond Fund	0.3	1.3	0.5	1.8

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

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

### Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2022	2021
<b>Series A</b>		
Opening units	21 689	24 474
Issued number of units	1 044	3 358
Reinvested number of units	195	191
Redeemed number of units	(3 931)	(4 480)
Ending number of units	18 997	23 543
<b>Series D</b>		
Opening units	46 212	50 088
Issued number of units	2 264	1 883
Reinvested number of units	476	496
Redeemed number of units	(11 218)	(4 659)
Ending number of units	37 734	47 808



June 30, 2022

For the periods ended June 30  
(see note 2 in the generic notes)

	2022	2021
<b>Series F</b>		
Opening units	118 801	115 893
Issued number of units	24 801	26 719
Reinvested number of units	1 135	963
Redeemed number of units	(30 056)	(23 414)
Ending number of units	114 681	120 161
<b>Series O</b>		
Opening units	805 456	723 547
Issued number of units	112 829	97 538
Reinvested number of units	11 102	8 880
Redeemed number of units	(118 126)	(30 939)
Ending number of units	811 261	799 026

**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
RBC Balanced Growth & Income Class	–	0.2
RBC Balanced Growth & Income Fund	2.0	1.5
RBC Conservative Bond Pool	0.7	0.7
RBC Conservative Growth & Income Fund	0.6	0.6
RBC Core Bond Pool	3.1	2.8
RBC Core Plus Bond Pool	2.6	3.3
RBC Monthly Income Bond Fund	2.0	2.3
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	0.1	0.1
RBC Retirement 2030 Portfolio	0.1	0.1
RBC Retirement 2035 Portfolio	0.1	–
RBC Retirement 2040 Portfolio	–	–
RBC Retirement 2045 Portfolio	–	–
RBC Retirement 2050 Portfolio	–	–
RBC Retirement 2055 Portfolio	–	–
RBC Retirement 2060 Portfolio	–	–
RBC Retirement Income Solution	–	–
RBC Select Balanced Portfolio	–	0.2
RBC Select Choices Balanced Portfolio	0.2	0.2
RBC Select Choices Conservative Portfolio	0.1	0.1
RBC Select Choices Growth Portfolio	–	–
RBC Select Conservative Portfolio	31.5	28.8
RBC Select Growth Portfolio	1.0	0.7
RBC Select Very Conservative Portfolio	14.4	14.4
RBC Target 2025 Education Fund	0.5	0.8
RBC Target 2030 Education Fund	1.6	1.0
RBC Target 2035 Education Fund	0.2	–
Total	60.8	57.8

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

## 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.



June 30, 2022

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.

June 30, 2022

**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

June 30, 2022

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

June 30, 2022

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

June 30, 2022

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)

June 30, 2022

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.



June 30, 2022

**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.