

FIXED-INCOME FUND

**PHILLIPS, HAGER & NORTH
SHORT TERM BOND & MORTGAGE FUND**

December 31, 2012

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 1, 2013.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-661-6141, by writing to us at RBC Global Asset Management Inc., Phillips, Hager & North Investment Management, Investment Funds Centre, 20th Floor, 200 Burrard Street, Vancouver, B.C., V6C 3N5, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Phillips, Hager & North Investment Management is a division within RBC Global Asset Management Inc., the manager of the Fund and an indirect wholly-owned subsidiary of Royal Bank of Canada.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE**Investment Objective and Strategies**

The Fund seeks to provide investors with relatively high yields and stability of capital by investing primarily in Canadian government and corporate bonds and multi-residential mortgages on property located in Canada in accordance with National Policy Statement No. 29. To achieve the Fund's investment objective, we invest in high-quality Canadian corporate bonds, government bonds, and up to 40% of the Fund's net assets in conventional first mortgages and mortgages guaranteed under the *National Housing Act* (Canada). We may also invest in asset-backed commercial paper. Securities purchased will generally not have a term to maturity exceeding seven years and three months, and the average term to maturity of the portfolio will generally be three years.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for particular investors remains as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net asset value increased to \$3.5 billion as of December 31, 2012, from \$2.8 billion at the end of 2011. Of the change, \$638.1 million was due to net inflows and \$76.6 million to investment returns.

Over the past year, the Fund's Series D units gained 2.1%, which outperformed the benchmark return of 2.0%. The Fund's return is after the deduction of fees and expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of other series, which may vary because of differences in management fees and expenses.

The Fund outperformed its benchmark over the year as short-term interest rates rose. During the reporting period, we kept the Fund's maturity durations shorter than those of its benchmark to make it less susceptible to rising interest rates. We also positioned the Fund with a higher yield in mind by maintaining a large allocation to securities that pay a premium to otherwise low government interest rates. Approximately half of the Fund is invested in high-quality corporate bonds and close to 20% is invested in high-quality commercial mortgages and mortgage-backed securities. In our view, these holdings not only increase the yield of the Fund, but they exhibit another important quality of providing a cushion against the negative effects of rising interest rates. These rising interest rates normally happen in tandem with improving economic conditions, and improving

economic conditions normally bode well for corporate bonds and mortgages. As short-term interest rates increased over the year, credit spreads of corporate bonds and mortgages tightened, helping offset the interest rate rise.

We continue to maintain a meaningful short duration in the Fund relative to its benchmark in anticipation that interest rates will continue to rise. We are also maintaining an overweight allocation to corporate bonds and mortgages (the benchmark does not include mortgages) to try to increase the yield of the Fund against the backdrop of what we believe is a fundamentally healthy environment for credit.

Recent Developments

Global bond yields continue to fluctuate after spending several months trading in a fairly tight range while new rounds of monetary stimulus and U.S. fiscal worries preoccupied the bond market. Broadly speaking, very low bond yields continue to make sense in a world of slow growth, moderate inflation, risk aversion, low policy rates and unconventional central bank actions. That said, we believe yields will not remain this low forever. The question, then, is primarily one of timing. Our sense is that 2013 could usher in moderately higher bond yields as policy clarity improves and as global growth begins to revive. But an outright tightening of monetary policy at the shortest end of the yield curve is likely still far away for many countries, and so relatively low government bond yields are likely to remain with us for some time.

Effective July 27, 2012, Royal Bank of Canada ("Royal Bank") owns 100% of RBC Investor Services Trust (formerly, RBC Dexia Investor Services Trust, referred to throughout as "RBC IS").

All outstanding Series B units were redesignated as Series D units effective July 27, 2012. The redesignated units have a lower management fee as compared to the Series B units.

Effective July 9, 2012, RBC GAM began offering Series H and Series I units of the Fund for investors with a minimum investment of \$200,000. The new Series H and Series I units have lower management fees than Series C and Series F units, respectively.

Related-Party Transactions**Manager, Portfolio Advisor and Registrar**

RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank and is the manager, principal portfolio advisor and registrar of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM, as registrar, also keeps the records of who owns the units of the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund.

Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

Distributors

RBC GAM, Phillips, Hager & North Investment Funds Ltd., Royal Mutual Funds Inc., RBC Direct Investing Inc. and RBC Dominion Securities Inc. are principal distributors of, or distribute certain series of units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series C, Advisor Series, Series H and Series D units.

Trustee and Custodian

RBC IS is the trustee and custodian of the Fund. The fees paid to RBC IS are paid by RBC GAM and not the Fund.

RBC IS holds title to the Fund's property on behalf of unitholders and holds the assets of the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Board of Governors ("BoG") in its capacity as the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (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 BoG 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 Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND**FINANCIAL HIGHLIGHTS**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. "Net Assets" are calculated in accordance with Canadian generally accepted accounting principles, which are used to prepare the financial statements (see table below). "Net Asset Value" is derived from the valuation method disclosed in the Phillips, Hager & North Funds' Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²					Net Assets End of Year	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total		
Series C													
Dec. 31, 2012	10.53	0.32	(0.12)	(0.02)	(0.02)	0.16	(0.19)	–	–	–	(0.19)	10.50	
Dec. 31, 2011	10.45	0.36	(0.12)	0.03	0.04	0.31	(0.23)	–	(0.01)	–	(0.24)	10.53	
Dec. 31, 2010	10.47	0.41	(0.12)	0.06	(0.08)	0.27	(0.26)	–	(0.05)	–	(0.31)	10.45	
Dec. 31, 2009	10.05	0.44	(0.11)	0.07	(0.07)	0.33	(0.27)	–	–	–	(0.27)	10.47	
Dec. 31, 2008 ³	9.95 [†]	0.06	(0.02)	0.01	0.09	0.14	(0.01)	–	–	–	(0.01)	10.05	
Advisor Series													
Dec. 31, 2012	10.53	0.32	(0.12)	(0.02)	(0.02)	0.16	(0.19)	–	–	–	(0.19)	10.50	
Dec. 31, 2011	10.45	0.36	(0.12)	0.03	0.04	0.31	(0.23)	–	(0.01)	–	(0.24)	10.53	
Dec. 31, 2010 ⁴	10.63 [†]	0.07	(0.02)	0.01	(0.01)	0.05	(0.05)	–	(0.05)	–	(0.10)	10.45	
Series H													
Dec. 31, 2012⁵	10.54[†]	0.14	(0.05)	(0.01)	(0.01)	0.07	(0.09)	–	–	–	(0.09)	10.51	
Series D⁶													
Dec. 31, 2012	10.49	0.32	(0.06)	(0.02)	(0.02)	0.22	(0.25)	–	–	–	(0.25)	10.47	
Dec. 31, 2011	10.42	0.36	(0.06)	0.03	0.04	0.37	(0.29)	–	(0.01)	–	(0.30)	10.49	
Dec. 31, 2010	10.42	0.41	(0.06)	0.06	(0.08)	0.33	(0.31)	–	(0.05)	–	(0.36)	10.42	
Dec. 31, 2009	10.00	0.45	(0.06)	0.12	0.20	0.71	(0.32)	–	–	–	(0.32)	10.42	
Dec. 31, 2008	9.86	0.47	(0.07)	0.07	0.01	0.48	(0.34)	–	–	–	(0.34)	10.00	
Series F													
Dec. 31, 2012	10.48	0.32	(0.06)	(0.02)	(0.02)	0.22	(0.25)	–	–	–	(0.25)	10.45	
Dec. 31, 2011	10.40	0.36	(0.06)	0.03	0.04	0.37	(0.29)	–	(0.01)	–	(0.30)	10.48	
Dec. 31, 2010	10.41	0.40	(0.06)	0.06	(0.08)	0.32	(0.31)	–	(0.05)	–	(0.36)	10.40	
Dec. 31, 2009	9.99	0.44	(0.06)	0.08	(0.07)	0.39	(0.32)	–	–	–	(0.32)	10.41	
Dec. 31, 2008	9.85	0.46	(0.06)	0.06	0.12	0.58	(0.33)	–	–	–	(0.33)	9.99	
Series I													
Dec. 31, 2012⁵	10.48[†]	0.14	(0.03)	(0.01)	(0.01)	0.09	(0.12)	–	–	–	(0.12)	10.45	

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND
FINANCIAL HIGHLIGHTS (cont.)
Change in Net Assets Per Unit (\$) (cont.)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²					Net Assets End of Year
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	
Series O												
Dec. 31, 2012	10.19	0.31	(0.01)	(0.02)	(0.02)	0.26	(0.30)	—	—	—	(0.30)	10.17
Dec. 31, 2011	10.11	0.35	(0.01)	0.03	0.04	0.41	(0.33)	—	(0.01)	—	(0.34)	10.19
Dec. 31, 2010	10.14	0.40	(0.01)	0.06	(0.07)	0.38	(0.38)	—	(0.05)	—	(0.43)	10.11
Dec. 31, 2009	9.78	0.43	—	0.12	0.20	0.75	(0.42)	—	—	—	(0.42)	10.14
Dec. 31, 2008	9.74	0.46	(0.01)	0.06	0.01	0.52	(0.48)	—	—	—	(0.48)	9.78

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From November 2008.

⁴ From October 2010.

⁵ From July 2012.

⁶ Series D was known as Series A prior to November 17, 2008.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series C							
Dec. 31, 2012	10.51	298 468	30 262	1.15	1.15	236.97	—
Dec. 31, 2011	10.54	334 540	31 740	1.15	1.15	316.04	—
Dec. 31, 2010	10.46	293 873	28 085	1.13	1.13	321.53	—
Dec. 31, 2009	10.48	174 348	16 640	1.12 ⁴	1.13	181.88	—
Dec. 31, 2008 ⁵	10.06	799	79	1.17	1.59	192.71	—
Advisor Series							
Dec. 31, 2012	10.51	56 322	3 489	1.15	1.15	236.97	—
Dec. 31, 2011	10.54	27 700	2 628	1.15	1.15	316.04	—
Dec. 31, 2010 ⁶	10.46	7 659	732	1.13	1.13	321.53	—
Series H							
Dec. 31, 2012⁷	10.52	42 687	4 060	1.04	1.04	236.97	—
Series D⁸							
Dec. 31, 2012	10.47	270 195	25 799	0.61	0.61	236.97	—
Dec. 31, 2011	10.50	290 682	27 674	0.61	0.61	316.04	—
Dec. 31, 2010	10.43	272 713	26 142	0.59	0.59	321.53	—
Dec. 31, 2009	10.43	284 489	27 264	0.60 ⁴	0.60	181.88	—
Dec. 31, 2008	10.01	195 641	19 539	0.63	0.63	192.71	—

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND**FINANCIAL HIGHLIGHTS (cont.)****Ratios and Supplemental Data (cont.)**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series F							
Dec. 31, 2012	10.46	115 079	11 007	0.61	0.61	236.97	—
Dec. 31, 2011	10.49	121 186	11 557	0.61	0.61	316.04	—
Dec. 31, 2010	10.41	103 749	9 962	0.59	0.59	321.53	—
Dec. 31, 2009	10.42	31 635	3 035	0.60 ⁴	0.61	181.88	—
Dec. 31, 2008	10.00	471	47	0.63	1.38	192.71	—
Series I							
Dec. 31, 2012⁷	10.45	19 544	1 869	0.51	0.51	236.97	—
Series O							
Dec. 31, 2012	10.17	2 693 820	264 796	0.06	0.06	236.97	—
Dec. 31, 2011	10.20	2 006 961	196 807	0.06	0.06	316.04	—
Dec. 31, 2010	10.12	1 322 295	130 633	0.05	0.05	321.53	—
Dec. 31, 2009	10.15	919 031	90 533	0.05 ⁴	0.05	181.88	—
Dec. 31, 2008	9.79	634 317	64 767	0.06	0.06	192.71	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ Effective November 1, 2009, a fixed administration fee was introduced in respect of each series of the Fund. If the fixed administration fee would have been in effect throughout 2009, the adjusted MER for each series of the Fund would be: Series C – 1.10%, Series D – 0.58%, Series F – 0.58%, Series O – 0.05%.

⁵ From November 2008.

⁶ From October 2010.

⁷ From July 2012.

⁸ Series D was known as Series A prior to November 17, 2008.

Management Fees

RBC GAM is the manager, portfolio advisor and registrar of the Fund. Management fees paid by each series of the Fund are calculated at the applicable annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series C	1.00%	50%	50%
Advisor Series	1.00%	50%	50%
Series H	0.90%	56%	44%
Series D	0.50%	30%	70%
Series F	0.50%	—	100%
Series I	0.40%	—	100%

Series O – no management fees are paid by the Fund in respect of Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

* Includes all costs related to management, investment advisory services, general administration and profit.

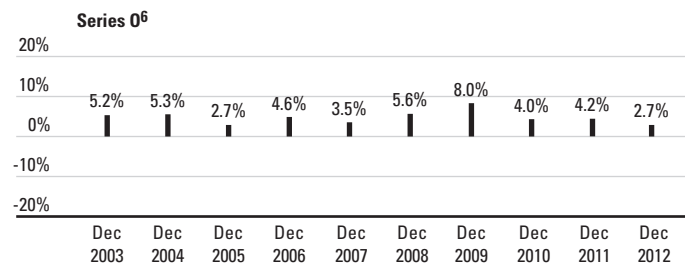
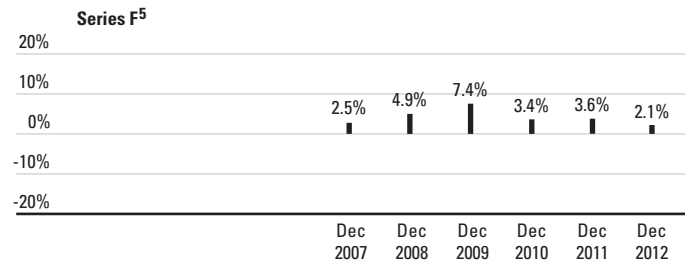
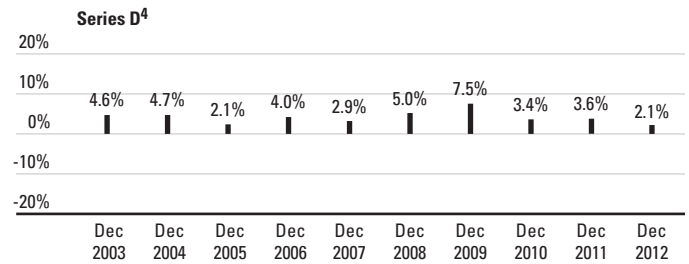
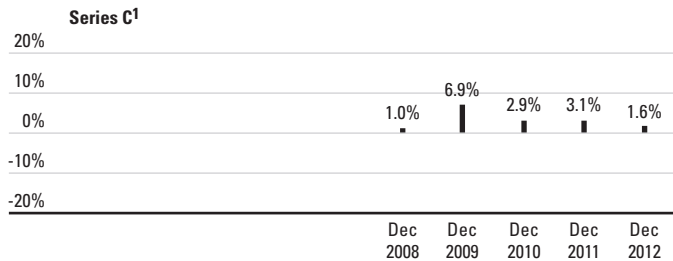
PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND
PAST PERFORMANCE (cont.)
Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2012, compared with the following benchmark:

DEX Short Term Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series C ¹	1.6	2.5	—	—	3.8
Benchmark	2.0	3.4	—	—	4.0
Advisor Series ²	1.6	—	—	—	1.9
Benchmark	2.0	—	—	—	2.8
Series H ³	—	—	—	—	0.6
Benchmark	—	—	—	—	0.9
Series D ⁴	2.1	3.1	4.3	4.0	—
Benchmark	2.0	3.4	4.6	4.4	—
Series F ⁵	2.1	3.0	4.3	—	4.3
Benchmark	2.0	3.4	4.6	—	4.9
Series I ³	—	—	—	—	0.8
Benchmark	—	—	—	—	0.9
Series O ⁶	2.7	3.6	4.9	4.6	—
Benchmark	2.0	3.4	4.6	4.4	—

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

¹ Inception date November 2008.

² Inception date October 2010.

³ Inception date July 2012.

⁴ Inception date December 1993.

⁵ Inception date June 2007.

⁶ Inception date October 2002.

Series D was known as Series A prior to November 17, 2008.

INDEX DESCRIPTION

DEX Short Term Bond Index This index is a measure of the performance of Canadian bonds with terms to maturity of one to five years and is a good proxy for a short-term fixed-income investment.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at December 31, 2012

Investment Mix

	% of Net Asset Value
Corporate Bonds	43.5
Mortgages	13.6
Provincial Bonds	6.3
Mortgage-backed Bonds	4.7
Federal Bonds	3.6
Cash/Other	28.3

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	28.1
Province of Ontario 1.900% Sep 8 17	2.7
Government of Canada 1.500% Sep 1 17	1.8
Toronto-Dominion Bank 5.690% Jun 3 18	1.7
Bank of Montreal 2.960% Aug 2 16	1.7
Province of Ontario 4.200% Mar 8 18	1.6
Canadian Imperial Bank of Commerce 4.110% Apr 30 20	1.4
Canadian Imperial Bank of Commerce 2.650% Nov 8 16	1.3
Royal Bank of Canada 3.360% Jan 11 16	1.3
Cadillac Fairview Finance Trust 3.240% Jan 25 16	1.2
Canadian Mortgage Pools 2.300% Dec 1 14	1.0
Canada Housing Trust No. 1 3.950% Jun 15 13	1.0
Royal Bank of Canada 2.680% Dec 8 16	1.0
Province of Quebec 4.500% Dec 1 18	0.9
Bank of Nova Scotia 3.610% Feb 22 16	0.9
Bank of Nova Scotia 4.990% Mar 27 18	0.9
Canadian Imperial Bank of Commerce 5.150% Jun 6 18	0.9
Bank of Nova Scotia 2.740% Dec 1 16	0.8
Teranet Holdings LP 3.531% Dec 16 15	0.8
Bank of Montreal 3.103% Mar 10 16	0.8
Shaw Communications Inc. 7.500% Nov 20 13	0.8
Canadian Mortgage Pools 2.150% Oct 1 14	0.8
FortisBC Holdings Inc. 5.560% Sep 15 14	0.7
Nova Scotia Power Inc. 5.750% Oct 1 13	0.7
Rogers Communications Inc. 5.800% May 26 16	0.7
Top 25 Holdings	55.5

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be obtained by calling our Investment Funds Centre at 1-800-661-6141, by viewing on our website, www.phn.com, or by emailing us at info@phn.com.