

FIXED-INCOME FUND

**PHILLIPS, HAGER & NORTH  
TOTAL RETURN BOND FUND***June 30, 2013***Portfolio Manager** *RBC Global Asset Management Inc. ("RBC GAM")*

The Board of Directors of RBC Global Asset Management Inc. approved this semi-annual management report of fund performance on August 14, 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 semi-annual management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete semi-annual financial statements or 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](http://www.rbcgam.com/reports) or SEDAR at [www.sedar.com](http://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 of 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 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. Through a mix of interest income and capital appreciation, the Fund aims to provide a competitive rate of return while controlling the interest rate and credit risks to which it is exposed. To achieve the Fund's investment objective, we invest primarily in medium- to high-quality corporate bonds and government bonds of Canadian, U.S. and other foreign issuers. The Fund may also invest in asset-backed commercial paper to enhance its return (the Fund's weighting in high-yield bonds is generally restricted to a maximum of 20% of its total assets). The average term to maturity of the portfolio is managed within strict guidelines, and typically falls between seven and 12 years.

### **Results of Operations**

The Fund's net asset value was \$2.9 billion as of June 30, 2013.

Over the past six months, the Fund's Series D units returned -1.5%. 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 the other series, which may vary because of differences in management fees and expenses.

In an environment of sharply rising yields, we positioned the Fund with a short duration relative to its benchmark, the DEX Universe Bond Index, making it less sensitive to the negative effects of rising interest rates. We made a number of adjustments to the Fund's duration, adjusting the magnitude of the Fund's relative short duration to take advantage of heightened interest rate volatility. The spreads on corporate bonds tightened over the first half of the year, and our modest overweight position in corporate bonds and security selection within the corporate sector also added value.

We held a meaningful overweight position in provincial bonds, whose spreads have become wider over the past two years, making them especially attractive. Despite their high levels, provincial spreads did not change meaningfully in the first half of the year, causing our provincial strategy to be neutral to relative performance. We also maintained a small position in high-yield bonds in the Fund, which contributed to the Fund's performance during the reporting period.

### **Recent Developments**

The dramatic rise in interest rates brought them up to a level that we believe more closely reflects the economic environment. We now believe that interest rates and the economy are better aligned than before, and with this improved alignment, we have removed some of the Fund's short duration strategy, leaving the Fund modestly short versus its benchmark. Despite the recent interest rate increase, we still believe they have room to rise further, which can result in negative absolute performance in the short term. The Fund's overweight position in corporate bonds and even larger overweight position in provincial bonds are still in place. Credit spreads in both sectors remain wide by historical standards, and we are encouraged by the fundamentals for both, which do well in a modestly growing economy.

We recently increased the Fund's position in high-yield bonds (to 4%). While high-yield bonds can act as an effective cushion against rising government interest rates, we are trading cautiously given their strong performance over the last few years.

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 D 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.

**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 six months (noted by June 30, 2013), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited semi-annual financial statements and 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 <sup>1</sup>					Annual Distributions <sup>2</sup>					Net Assets End of Year/Period	
		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		
<b>Series C</b>													
<b>June 30, 2013</b>	<b>11.69</b>	<b>0.21</b>	<b>(0.07)</b>	<b>0.12</b>	<b>(0.48)</b>	<b>(0.22)</b>	<b>(0.15)</b>	–	–	–	<b>(0.15)</b>	<b>11.33</b>	
Dec. 31, 2012	11.62	0.45	(0.14)	0.07	–	0.38	(0.32)	–	–	–	(0.32)	11.69	
Dec. 31, 2011	11.18	0.48	(0.13)	0.18	0.29	0.82	(0.35)	–	(0.04)	–	(0.39)	11.62	
Dec. 31, 2010	11.05	0.48	(0.12)	0.19	0.12	0.67	(0.35)	–	(0.17)	–	(0.52)	11.18	
Dec. 31, 2009	10.50	0.57	(0.12)	0.18	0.27	0.90	(0.46)	–	(0.10)	–	(0.56)	11.05	
Dec. 31, 2008 <sup>3</sup>	10.33 <sup>†</sup>	(0.04)	(0.02)	(0.08)	0.44	0.30	–	–	–	–	–	10.50	
<b>Advisor Series</b>													
<b>June 30, 2013</b>	<b>11.69</b>	<b>0.21</b>	<b>(0.07)</b>	<b>0.12</b>	<b>(0.49)</b>	<b>(0.23)</b>	<b>(0.15)</b>	–	–	–	<b>(0.15)</b>	<b>11.33</b>	
Dec. 31, 2012	11.62	0.45	(0.14)	0.07	–	0.38	(0.32)	–	–	–	(0.32)	11.69	
Dec. 31, 2011	11.18	0.48	(0.13)	0.18	0.29	0.82	(0.35)	–	(0.04)	–	(0.39)	11.62	
Dec. 31, 2010 <sup>4</sup>	11.52 <sup>†</sup>	0.08	(0.02)	0.03	0.02	0.11	(0.05)	–	(0.17)	–	(0.22)	11.18	
<b>Series H</b>													
<b>June 30, 2013<sup>5</sup></b>	<b>11.79<sup>†</sup></b>	<b>0.08</b>	<b>(0.02)</b>	<b>0.04</b>	<b>(0.17)</b>	<b>(0.07)</b>	<b>(0.08)</b>	–	–	–	<b>(0.08)</b>	<b>11.33</b>	
<b>Series D<sup>6</sup></b>													
<b>June 30, 2013</b>	<b>11.68</b>	<b>0.21</b>	<b>(0.03)</b>	<b>0.12</b>	<b>(0.49)</b>	<b>(0.19)</b>	<b>(0.18)</b>	–	–	–	<b>(0.18)</b>	<b>11.32</b>	
Dec. 31, 2012	11.61	0.46	(0.07)	0.07	–	0.46	(0.38)	–	–	–	(0.38)	11.68	
Dec. 31, 2011	11.18	0.48	(0.06)	0.18	0.29	0.89	(0.43)	–	(0.04)	–	(0.47)	11.61	
Dec. 31, 2010	11.03	0.48	(0.06)	0.19	0.12	0.73	(0.40)	–	(0.17)	–	(0.57)	11.18	
Dec. 31, 2009	10.48	0.58	(0.06)	0.20	0.44	1.16	(0.51)	–	(0.10)	–	(0.61)	11.03	
Dec. 31, 2008	10.75	0.43	(0.07)	0.02	(0.31)	0.07	(0.36)	–	–	–	(0.36)	10.48	
<b>Series F</b>													
<b>June 30, 2013</b>	<b>11.70</b>	<b>0.21</b>	<b>(0.04)</b>	<b>0.12</b>	<b>(0.49)</b>	<b>(0.20)</b>	<b>(0.18)</b>	–	–	–	<b>(0.18)</b>	<b>11.34</b>	
Dec. 31, 2012	11.62	0.45	(0.07)	0.07	–	0.45	(0.38)	–	–	–	(0.38)	11.70	
Dec. 31, 2011	11.20	0.48	(0.07)	0.18	0.29	0.88	(0.43)	–	(0.04)	–	(0.47)	11.62	
Dec. 31, 2010	11.05	0.48	(0.07)	0.19	0.12	0.72	(0.40)	–	(0.17)	–	(0.57)	11.20	
Dec. 31, 2009	10.50	0.56	(0.06)	0.19	0.31	1.00	(0.51)	–	(0.10)	–	(0.61)	11.05	
Dec. 31, 2008	10.77	0.28	(0.06)	(0.15)	(0.07)	–	(0.35)	–	–	–	(0.35)	10.50	
<b>Series I</b>													
<b>June 30, 2013<sup>5</sup></b>	<b>11.80<sup>†</sup></b>	<b>0.08</b>	<b>(0.01)</b>	<b>0.04</b>	<b>(0.18)</b>	<b>(0.07)</b>	<b>(0.09)</b>	–	–	–	<b>(0.09)</b>	<b>11.34</b>	

**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 <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series O</b>												
<b>June 30, 2013</b>	<b>11.62</b>	<b>0.21</b>	–	<b>0.12</b>	<b>(0.48)</b>	<b>(0.15)</b>	<b>(0.21)</b>	–	–	–	<b>(0.21)</b>	<b>11.26</b>
Dec. 31, 2012	11.54	0.45	–	0.07	–	0.52	(0.44)	–	–	–	(0.44)	11.62
Dec. 31, 2011	11.12	0.48	–	0.18	0.29	0.95	(0.49)	–	(0.04)	–	(0.53)	11.54
Dec. 31, 2010	10.99	0.47	–	0.19	0.12	0.78	(0.47)	–	(0.17)	–	(0.64)	11.12
Dec. 31, 2009	10.45	0.58	–	0.20	0.46	1.24	(0.58)	–	(0.10)	–	(0.68)	10.99
Dec. 31, 2008	10.78	0.45	–	0.05	(0.31)	0.19	(0.47)	–	–	–	(0.47)	10.45

<sup>1</sup> 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.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From November 2008.

<sup>4</sup> From October 2010.

<sup>5</sup> From April 2013.

<sup>6</sup> Series D was known as Series A prior to November 17, 2008.

<sup>†</sup> 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 (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series C</b>							
<b>June 30, 2013</b>	<b>11.34</b>	<b>221 923</b>	<b>19 570</b>	<b>1.16</b>	<b>1.16</b>	<b>286.63</b>	–
Dec. 31, 2012	11.70	253 997	21 710	1.16	1.16	207.49	–
Dec. 31, 2011	11.63	218 565	18 788	1.16	1.16	123.09	–
Dec. 31, 2010	11.20	190 033	16 969	1.14	1.14	136.37	–
Dec. 31, 2009	11.07	108 239	9 778	1.11 <sup>4</sup>	1.13	84.61	–
Dec. 31, 2008 <sup>5</sup>	10.53	4 245	403	1.11	1.26	78.55	–
<b>Advisor Series</b>							
<b>June 30, 2013</b>	<b>11.34</b>	<b>122 653</b>	<b>10 816</b>	<b>1.16</b>	<b>1.16</b>	<b>286.63</b>	–
Dec. 31, 2012	11.70	120 449	10 295	1.16	1.16	207.49	–
Dec. 31, 2011	11.63	45 403	3 903	1.16	1.16	123.09	–
Dec. 31, 2010 <sup>6</sup>	11.20	2 800	250	1.14	1.14	136.37	–
<b>Series H</b>							
<b>June 30, 2013<sup>7</sup></b>	<b>11.34</b>	<b>1 829</b>	<b>161</b>	<b>1.10</b>	<b>1.10</b>	<b>286.63</b>	–
<b>Series D<sup>8</sup></b>							
<b>June 30, 2013</b>	<b>11.33</b>	<b>571 896</b>	<b>50 463</b>	<b>0.59</b>	<b>0.59</b>	<b>286.63</b>	–
Dec. 31, 2012	11.69	725 163	62 034	0.60	0.60	207.49	–
Dec. 31, 2011	11.62	804 147	69 210	0.60	0.60	123.09	–
Dec. 31, 2010	11.20	826 458	73 803	0.58	0.58	136.37	–
Dec. 31, 2009	11.05	874 988	79 151	0.57 <sup>4</sup>	0.57	84.61	–
Dec. 31, 2008	10.51	890 669	84 765	0.58	0.58	78.55	–

**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 (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series F</b>							
<b>June 30, 2013</b>	<b>11.35</b>	<b>345 971</b>	<b>30 481</b>	<b>0.61</b>	<b>0.61</b>	<b>286.63</b>	—
Dec. 31, 2012	11.71	320 752	27 394	0.61	0.61	207.49	—
Dec. 31, 2011	11.64	223 472	19 202	0.61	0.61	123.09	—
Dec. 31, 2010	11.22	156 757	13 977	0.60	0.60	136.37	—
Dec. 31, 2009	11.07	79 581	7 187	0.58 <sup>4</sup>	0.59	84.61	—
Dec. 31, 2008	10.52	14 393	1 368	0.58	0.61	78.55	—
<b>Series I</b>							
<b>June 30, 2013<sup>7</sup></b>	<b>11.35</b>	<b>5 126</b>	<b>452</b>	<b>0.53</b>	<b>0.53</b>	<b>286.63</b>	—
<b>Series O</b>							
<b>June 30, 2013</b>	<b>11.28</b>	<b>1 648 766</b>	<b>146 230</b>	<b>0.02</b>	<b>0.02</b>	<b>286.63</b>	—
Dec. 31, 2012	11.63	1 494 742	128 536	0.02	0.02	207.49	—
Dec. 31, 2011	11.56	1 249 599	108 130	0.02	0.02	123.09	—
Dec. 31, 2010	11.14	1 263 961	113 481	0.02	0.02	136.37	—
Dec. 31, 2009	11.01	1 285 874	116 803	0.02 <sup>4</sup>	0.02	84.61	—
Dec. 31, 2008	10.48	1 160 448	110 753	0.03	0.03	78.55	—

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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 – 0.57%, Series F – 0.58%, Series O – 0.02%.

<sup>5</sup> From November 2008.

<sup>6</sup> From October 2010.

<sup>7</sup> From April 2013.

<sup>8</sup> 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.

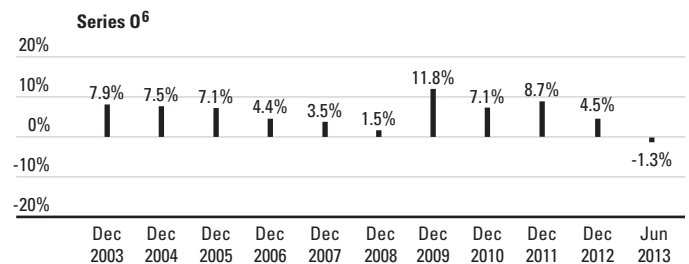
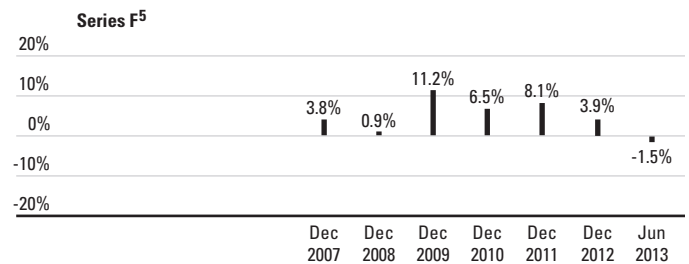
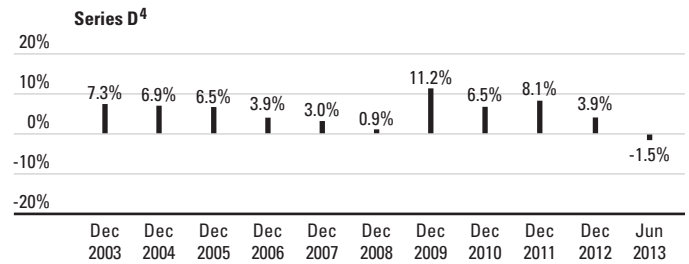
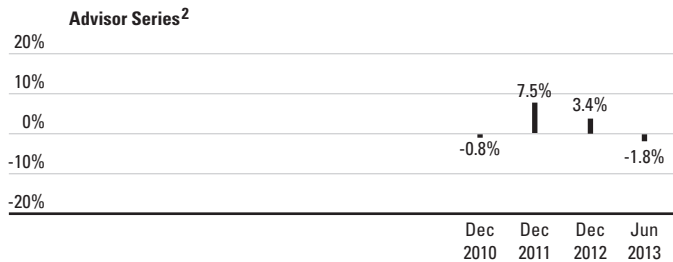
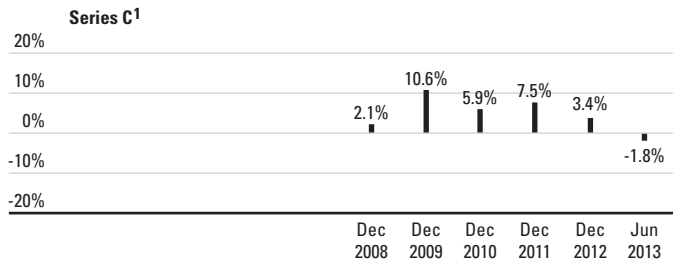
\* Includes all costs related to management, investment advisory services, general administration and profit.

**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 or interim period.



<sup>1</sup> Inception date November 2008.

<sup>2</sup> Inception date October 2010.

<sup>3</sup> Inception date April 2013.

<sup>4</sup> Inception date July 2000.

<sup>5</sup> Inception date June 2007.

<sup>6</sup> Inception date October 2002.

Series D was known as Series A prior to November 17, 2008. Although Series A units of the Fund were created in June 2000, units were not offered for sale under a Simplified Prospectus until July 2000. We are therefore not permitted to disclose performance data for this Fund for any period prior to July 2000.

For the 12-month periods ended December 31 and the six-month period ended June 30, 2013.

## SUMMARY OF INVESTMENT PORTFOLIO

*(after consideration of derivative products, if any)*

As at June 30, 2013

### Investment Mix

	% of Net Asset Value
Corporate Bonds	52.7
Provincial Bonds	28.8
Federal Bonds	13.7
Municipal Bonds	0.4
Mortgages	0.3
Cash/Other	4.1

### Top 25 Holdings

	% of Net Asset Value
Province of Ontario 7.600% Jun 2 27	5.8
Phillips, Hager & North High Yield Bond Fund	4.1
Cash & Cash Equivalents	3.7
Canada Housing Trust No. 1 2.050% Jun 15 18	3.0
Province of Ontario 4.600% Jun 2 39	2.9
Province of Ontario 3.150% Jun 2 22	2.5
Province of Ontario 5.600% Jun 2 35	2.4
Canada Housing Trust No. 1 1.750% Jun 15 18	2.3
Canada Housing Trust No. 1 2.400% Dec 15 22	2.1
Province of Ontario 4.650% Jun 2 41	2.0
Province of Ontario 8.100% Sep 8 23	2.0
Canada Housing Trust No. 1 3.800% Jun 15 21	1.9
Province of Ontario 2.850% Jun 2 23	1.8
Bank of Nova Scotia 6.000% Oct 3 18	1.6
Royal Bank of Canada 2.680% Dec 8 16	1.6
Bank of Montreal 1.890% Oct 5 15	1.5
Province of Quebec 5.750% Dec 1 36	1.4
Province of Quebec 6.250% Jun 1 32	1.4
Canadian Imperial Bank of Commerce 2.650% Nov 8 16	1.4
Canada Housing Trust No. 1 1.700% Dec 15 17	1.3
Bank of Montreal 2.240% Dec 11 17	1.3
Province of Ontario 6.200% Jun 2 31	1.2
Royal Bank of Canada 2.260% Mar 12 18	1.2
Ontario Electricity Financial Corp. 8.250% Jun 22 26	1.1
Province of Ontario 8.500% Dec 2 25	1.0
<b>Top 25 Holdings</b>	<b>52.5</b>

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](http://www.phn.com), or by emailing us at [info@phn.com](mailto:info@phn.com).

The Simplified Prospectus and other information about the underlying funds is available on SEDAR website at [www.sedar.com](http://www.sedar.com).