

PHILLIPS, HAGER & NORTH FUNDS

2018 Interim Financial Statements

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FOR FINANCIAL REPORTING**

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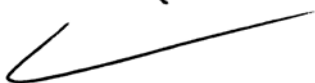
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The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC GAM Investment Funds (the "Funds") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within the financial statements.

We have maintained appropriate procedures and controls to ensure that timely and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgments). The significant accounting policies, which we believe are appropriate for the Funds, are described in Note 3 to the financial statements.



Damon G. Williams, FSA, FCIA, CFA

Chief Executive Officer

RBC Global Asset Management Inc.

August 9, 2018



Heidi Johnston, CPA, CA

Chief Financial Officer

RBC GAM Funds

Unaudited Interim Financial Statements

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

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

PHILLIPS, HAGER & NORTH CANADIAN MONEY MARKET FUND

June 30, 2018

Par Value (000s)	Security	Cost/ Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
19 725	Bank of Montreal	\$ 19 701	
141 825	Bank of Nova Scotia	141 182	
14 000	Canadian Imperial Bank of Commerce	13 987	
91 300	HSBC Bank Canada	91 115	
104 350	National Bank of Canada	104 335	
24 450	Toronto-Dominion Bank	24 302	
		<u>394 622</u>	<u>21.5</u>
COMMERCIAL PAPER			
53 825	AltaLink LP	53 638	
68 400	Banner Trust	67 862	
86 766	Bay Street Funding Trust - Class A	86 116	
22 675	Caisse Centrale Desjardins	22 598	
83 900	Canadian Master Trust - Series A	83 349	
25 425	Caterpillar Financial Services Ltd.	25 394	
48 650	Clarity Trust	48 397	
49 150	Enbridge Gas Distribution Inc.	49 101	
48 750	Enbridge Pipelines Inc.	48 704	
36 700	Fusion Trust	36 493	
54 071	Greater Toronto Airports Authority	53 941	
67 725	Honda Canada Finance Inc.	67 345	
49 000	Husky Energy Inc.	48 801	
54 225	Inter Pipeline Corridor Inc.	54 021	
83 600	King Street Funding Trust	82 925	
20 000	Lower Mattagami Energy LP	19 976	
74 000	Merit Trust - Senior Notes	73 438	
16 300	Nissan Canada Financial Services Inc.	16 281	
38 780	Nova Scotia Power Inc.	38 726	
23 175	OMERS Realty Corp.	23 117	
58 415	Prime Trust - Senior Notes	57 991	
86 465	Ridge Trust	85 820	
75 725	SAFE Trust - Series 1996-1	75 228	
83 968	SOUND Trust	83 381	
6 000	STABLE Trust	5 993	
75 940	SURE Trust	75 411	
55 585	Zeus Receivables Trust - Senior Notes	55 205	
		<u>1 439 252</u>	<u>78.2</u>
TOTAL INVESTMENTS			
		<u>1 833 874</u>	<u>99.7</u>
OTHER NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS			
		<u>5 929</u>	<u>0.3</u>
NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS			
		<u>\$1 839 803</u>	<u>100.0</u>

Investments, which are grouped by issuer, earn interest at rates ranging from 1.49% to 1.94% and mature between July 3, 2018 and December 19, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 833 874	\$ 1 732 156
Cash	4 030	52
Subscriptions receivable	15 711	30 876
Dividends receivable, interest accrued and other assets	4 820	2 872
TOTAL ASSETS	1 858 435	1 765 956
LIABILITIES		
Redemptions payable	18 112	4 305
Distributions payable	352	135
Accounts payable and accrued expenses	168	189
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	18 632	4 629
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 839 803	\$ 1 761 327
Investments at cost	\$ 1 833 874	\$ 1 732 156
NAV		
SERIES A	\$ 4 526	\$ 4 843
ADVISOR SERIES	\$ 849	\$ 1 013
SERIES D	\$ 317 726	\$ 348 026
SERIES F	\$ 3 363	\$ 4 301
SERIES O	\$ 1 513 339	\$ 1 403 144
NAV PER UNIT		
SERIES A	\$ 10.00	\$ 10.00
ADVISOR SERIES	\$ 10.00	\$ 10.00
SERIES D	\$ 10.00	\$ 10.00
SERIES F	\$ 10.00	\$ 10.00
SERIES O	\$ 10.00	\$ 10.00

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 14 229	\$ 6 374
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	14 229	6 374
TOTAL INCOME (LOSS)	14 229	6 374
EXPENSES (see notes – Fund Specific Information)		
Management fees	751	641
Administration fees	224	172
Independent Review Committee costs	1	1
GST/HST	93	71
Expenses reimbursed by manager	(7)	—
TOTAL EXPENSES	1 062	885
INCREASE (DECREASE) IN NAV	\$ 13 167	\$ 5 489
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 25	\$ 11
ADVISOR SERIES	\$ 7	\$ 3
SERIES D	\$ 1 646	\$ 517
SERIES F	\$ 21	\$ 11
SERIES O	\$ 11 468	\$ 4 947
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.05	\$ 0.02
ADVISOR SERIES	\$ 0.05	\$ 0.02
SERIES D	\$ 0.05	\$ 0.02
SERIES F	\$ 0.06	\$ 0.02
SERIES O	\$ 0.08	\$ 0.05

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 13 167	\$ 5 489
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	—	—
Change in unrealized loss (gain) on investments	—	—
(Increase) decrease in accrued receivables	(1 948)	(28)
Increase (decrease) in accrued payables	(21)	15
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(5 119 408)	(3 353 437)
Proceeds from sale and maturity of investments	5 017 690	3 162 727
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(90 520)	(185 234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 246 342	849 786
Cash paid on redemption of redeemable units	(1 150 220)	(664 157)
Distributions paid to holders of redeemable units	(1 624)	(378)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 94 498	\$ 185 251
Net increase (decrease) in cash for the period	3 978	17
Cash (bank overdraft), beginning of period	52	9
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 4 030	\$ 26
Interest received (paid)	\$ 12 281	\$ 6 346
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 4 843	\$ 5 216	\$ 1 013	\$ 1 433	\$ 348 026	\$ 248 646	\$ 4 301	\$ 2 706
INCREASE (DECREASE) IN NAV	25	11	7	3	1 646	517	21	11
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	310	5 757	635	119	105 728	164 080	6 216	5 068
Reinvestments of distributions to holders of redeemable units	25	11	6	2	1 640	512	21	10
Redemption of redeemable units	(652)	(6 284)	(806)	(460)	(137 655)	(100 325)	(7 175)	(5 826)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(317)	(516)	(165)	(339)	(30 287)	64 267	(938)	(748)
Distributions from net income	(25)	(11)	(6)	(3)	(1 659)	(517)	(21)	(10)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(25)	(11)	(6)	(3)	(1 659)	(517)	(21)	(10)
NET INCREASE (DECREASE) IN NAV	(317)	(516)	(164)	(339)	(30 300)	64 267	(938)	(747)
NAV AT END OF PERIOD	\$ 4 526	\$ 4 700	\$ 849	\$ 1 094	\$ 317 726	\$ 312 913	\$ 3 363	\$ 1 959

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 403 144	\$ 1 002 984	\$ 1 761 327	\$ 1 260 985
INCREASE (DECREASE) IN NAV	11 468	4 947	13 167	5 489
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	1 123 124	672 945	1 236 013	847 969
Reinvestments of distributions to holders of redeemable units	9 684	4 569	11 376	5 104
Redemption of redeemable units	(1 022 575)	(562 640)	(1 168 863)	(675 535)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	110 233	114 874	78 526	177 538
Distributions from net income	(11 506)	(4 949)	(13 217)	(5 490)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(11 506)	(4 949)	(13 217)	(5 490)
NET INCREASE (DECREASE) IN NAV	110 195	114 872	78 476	177 537
NAV AT END OF PERIOD	\$ 1 513 339	\$ 1 117 856	\$ 1 839 803	\$ 1 438 522

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a steady level of current income, capital preservation and liquidity by investing in a well-diversified portfolio of short-term Canadian money market securities with strong credit ratings.

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

Credit risk (%)

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

Rating	June 30 2018	December 31 2017
R-1 (H)	63.3	65.8
R-1 (M)	14.3	7.8
R-1 (L)	22.4	26.4
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Corporate Notes	99.7	98.3
Cash/Other	0.3	1.7
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
0 – 1 month	41.2	38.4
1 – 3 months	39.2	37.3
3 – 6 months	18.8	23.0
6 – 12 months	0.8	1.3
Total	100.0	100.0

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 833 874	–	1 833 874
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	1 833 874	–	1 833 874
% of total portfolio	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	1 732 156	–	1 732 156
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	1 732 156	–	1 732 156
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	0.65%	0.05%
Advisor Series	0.65%	0.05%
Series D	0.50%*	0.05%
Series F	0.40%	0.05%
Series O	n/a†	0.02%

* 0.50% of the Series D NAV of the Fund up to \$200 000 000 and 0.40% of the Series D NAV of the Fund in excess of \$200 000 000.

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

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	46	46
Advisor Series	54	54
Series D	2 574	2 917
Series F	2	2
Series O	454	401
Value of all units	31	34

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	484	522
Issued number of units	32	54
Reinvested number of units	2	1
Redeemed number of units	(65)	(107)
Ending number of units	453	470
Advisor Series		
Opening units	101	143
Issued number of units	64	12
Reinvested number of units	1	—
Redeemed number of units	(81)	(46)
Ending number of units	85	109
Series D		
Opening units	34 800	24 865
Issued number of units	10 573	16 408
Reinvested number of units	164	51
Redeemed number of units	(13 766)	(10 033)
Ending number of units	31 771	31 291
Series F		
Opening units	430	271
Issued number of units	622	507
Reinvested number of units	2	1
Redeemed number of units	(718)	(583)
Ending number of units	336	196

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

	2018	2017
Series O		
Opening units	140 304	100 298
Issued number of units	112 312	67 295
Reinvested number of units	968	457
Redeemed number of units	(102 257)	(56 264)
Ending number of units	151 327	111 786

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North Balanced Fund	1.4	0.8
Phillips, Hager & North Balanced Pension Trust	1.8	1.1
Phillips, Hager & North LifeTime 2015 Fund	—	—
Phillips, Hager & North LifeTime 2020 Fund	—	—
Phillips, Hager & North LifeTime 2025 Fund	—	—
Phillips, Hager & North LifeTime 2030 Fund	—	—
Phillips, Hager & North LifeTime 2035 Fund	—	—
Phillips, Hager & North LifeTime 2040 Fund	—	—
Phillips, Hager & North LifeTime 2045 Fund	—	—
Phillips, Hager & North LifeTime 2050 Fund	—	—
Total	3.2	1.9

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in USD000s)

PHILLIPS, HAGER & NORTH \$U.S. MONEY MARKET FUND

June 30, 2018

Par Value (000s)	Security	Cost/ Fair Value	% of Net Assets
BANKERS ACCEPTANCES AND BANK OBLIGATIONS			
3 875	Bank of Montreal	\$ 3 857	
1 000	Bank of Nova Scotia	999	
175	Canadian Imperial Bank of Commerce	175	
3 960	Toronto-Dominion Bank	3 948	
		<u>8 979</u>	<u>12.5</u>
COMMERCIAL PAPER			
3 125	Banner Trust	3 109	
3 316	Canadian Master Trust - Series A	3 291	
1 990	Clarity Trust	1 982	
1 935	Enbridge Pipelines Inc.	1 931	
3 000	Fusion Trust	2 964	
3 125	Merit Trust - Senior Notes	3 107	
2 680	OMERS Realty Corp.	2 664	
2 670	Prime Trust - Senior Notes	2 654	
3 205	Ridge Trust	3 166	
3 050	SAFE Trust - Series 1996-1	3 031	
2 525	SOUND Trust	2 514	
2 800	STABLE Trust	2 784	
2 175	SURE Trust	2 162	
3 157	Zeus Receivables Trust - Senior Notes	3 143	
		<u>38 502</u>	<u>53.6</u>
FEDERAL OBLIGATIONS			
7 140	Export Development Canada Corp.	7 054	
8 835	Farm Credit Canada	8 788	
		<u>15 842</u>	<u>22.0</u>
PROVINCIAL OBLIGATIONS			
8 550	Province of Quebec	8 512	
		<u>8 512</u>	<u>11.8</u>
TOTAL INVESTMENTS			
		<u>71 835</u>	<u>99.9</u>
OTHER NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS			
		<u>89</u>	<u>0.1</u>
NET ASSETS ATTRIBUTABLE TO			
HOLDERS OF REDEEMABLE UNITS			
		<u>\$ 71 924</u>	<u>100.0</u>

Investments, which are grouped by issuer, earn interest at rates ranging from 1.89% to 2.46% and mature between July 3, 2018 and October 22, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 71 835	\$ 70 714
Cash	52	23
Subscriptions receivable	20	475
Dividends receivable, interest accrued and other assets	216	126
TOTAL ASSETS	72 123	71 338
LIABILITIES		
Redemptions payable	185	117
Distributions payable	6	6
Accounts payable and accrued expenses	8	9
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	199	132
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 71 924	\$ 71 206
Investments at cost	\$ 71 835	\$ 70 714
NAV		
SERIES A	\$ 2 506	\$ 1 209
ADVISOR SERIES	\$ 295	\$ 54
SERIES D	\$ 18 751	\$ 19 096
SERIES F	\$ 5 394	\$ 1 408
SERIES O	\$ 44 978	\$ 49 439
NAV PER UNIT		
SERIES A	\$ 10.00	\$ 10.00
ADVISOR SERIES	\$ 10.00	\$ 10.00
SERIES D	\$ 10.00	\$ 10.00
SERIES F	\$ 10.00	\$ 10.00
SERIES O	\$ 10.00	\$ 10.00

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 702	\$ 289
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	702	289
TOTAL INCOME (LOSS)	702	289
EXPENSES (see notes – Fund Specific Information)		
Management fees	56	17
Administration fees	18	12
Independent Review Committee costs	1	1
GST/HST	8	3
Expenses reimbursed by manager	(39)	(1)
TOTAL EXPENSES	44	32
INCREASE (DECREASE) IN NAV	\$ 658	\$ 257
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 9	\$ 6
ADVISOR SERIES	\$ 3	\$ –
SERIES D	\$ 151	\$ 63
SERIES F	\$ 18	\$ 6
SERIES O	\$ 477	\$ 182
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.08	\$ 0.04
ADVISOR SERIES	\$ 0.08	\$ 0.04
SERIES D	\$ 0.08	\$ 0.04
SERIES F	\$ 0.09	\$ 0.04
SERIES O	\$ 0.09	\$ 0.05

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 658	\$ 257
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	—	—
Change in unrealized loss (gain) on investments	—	—
(Increase) decrease in accrued receivables	(90)	(40)
Increase (decrease) in accrued payables	(1)	—
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(204 883)	(345 592)
Proceeds from sale and maturity of investments	203 762	346 148
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(554)	773
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	32 765	28 761
Cash paid on redemption of redeemable units	(32 135)	(29 547)
Distributions paid to holders of redeemable units	(47)	(25)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 583	\$ (811)
Net increase (decrease) in cash for the period	29	(38)
Cash (bank overdraft), beginning of period	23	48
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 52	\$ 10
Interest received (paid)	\$ 612	\$ 249
Dividends received, net of withholding taxes	\$ —	\$ —

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

PHILLIPS, HAGER & NORTH \$U.S. MONEY MARKET FUND
 (IN U.S. DOLLARS)

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 209	\$ 1 089	\$ 54	\$ 54	\$ 19 096	\$ 15 180	\$ 1 408	\$ 819
INCREASE (DECREASE) IN NAV	9	6	3	—	151	63	18	6
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 793	1 290	239	125	5 589	3 500	5 642	1 346
Reinvestments of distributions to holders of redeemable units	8	4	2	—	148	60	17	6
Redemption of redeemable units	(504)	(1 191)	(1)	—	(6 081)	(3 392)	(1 673)	(705)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1 297	103	240	125	(344)	168	3 986	647
Distributions from net income	(9)	(5)	(2)	—	(152)	(63)	(18)	(6)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(9)	(5)	(2)	—	(152)	(63)	(18)	(6)
NET INCREASE (DECREASE) IN NAV	1 297	104	241	125	(345)	168	3 986	647
NAV AT END OF PERIOD	\$ 2 506	\$ 1 193	\$ 295	\$ 179	\$ 18 751	\$ 15 348	\$ 5 394	\$ 1 466

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 49 439	\$ 34 364	\$ 71 206	\$ 51 506
INCREASE (DECREASE) IN NAV	477	182	658	257
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	19 059	21 705	32 322	27 966
Reinvestments of distributions to holders of redeemable units	437	160	612	230
Redemption of redeemable units	(23 956)	(24 311)	(32 215)	(29 599)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 460)	(2 446)	719	(1 403)
Distributions from net income	(478)	(181)	(659)	(255)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(478)	(181)	(659)	(255)
NET INCREASE (DECREASE) IN NAV	(4 461)	(2 445)	718	(1 401)
NAV AT END OF PERIOD	\$ 44 978	\$ 31 919	\$ 71 924	\$ 50 105

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a steady level of current income while preserving capital by investing primarily in Canadian short-term debt instruments denominated in U.S. dollars.

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

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

Rating	June 30 2018	December 31 2017
R-1 (H)	85.5	93.1
R-1 (M)	11.8	—
R-1 (L)	2.7	4.7
Unrated	—	2.2
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Corporate Notes	66.1	80.7
Government Notes	33.8	18.6
Cash/Other	0.1	0.7
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
0 – 1 month	36.7	32.5
1 – 3 months	49.8	52.8
3 – 6 months	9.0	14.7
6 – 12 months	4.5	—
Total	100.0	100.0

Due to the short-term nature of the Fund's investments, the Fund has minimal sensitivity to changes in interest rates.

Fair value hierarchy (USD000s except % amounts) (see note 3 in the generic notes)

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	71 835	—	71 835
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	71 835	—	71 835
% of total portfolio	—	100.0	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	70 714	—	70 714
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	70 714	—	70 714
% of total portfolio	—	100.0	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	0.75%	0.05%
Advisor Series	0.75%	0.05%
Series D	0.50%	0.05%
Series F	0.50%	0.05%
Series O	n/a*	0.05%

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

June 30, 2018

**Investments by related parties
(USD000s except unit amounts)**

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

	June 30 2018	December 31 2017
Units held		
Advisor Series	38	37
Series D	1	1
Series O	8	8
Value of all units	–	–

Taxes (CAD000s) (see note 6 in the generic notes)

The Fund prepares its financial statements in U.S. dollars but is taxable on its income and net realized capital gains (including gains from foreign exchange movements) calculated on a Canadian dollar basis.

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

Capital losses	2 830
Non-capital losses	–

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	121	109
Issued number of units	179	20
Reinvested number of units	1	–
Redeemed number of units	(50)	(10)
Ending number of units	251	119
Advisor Series		
Opening units	5	5
Issued number of units	25	13
Reinvested number of units	–	–
Redeemed number of units	–	–
Ending number of units	30	18
Series D		
Opening units	1 909	1 518
Issued number of units	559	350
Reinvested number of units	15	6
Redeemed number of units	(608)	(339)
Ending number of units	1 875	1 535

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

	2018	2017
Series F		
Opening units	141	82
Issued number of units	563	134
Reinvested number of units	2	1
Redeemed number of units	(167)	(70)
Ending number of units	539	147
Series O		
Opening units	4 943	3 436
Issued number of units	1 906	2 171
Reinvested number of units	44	16
Redeemed number of units	(2 396)	(2 431)
Ending number of units	4 497	3 192

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

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
1 925	407 International Inc.	4.990	16-Jun-2020	\$ 2 040	\$ 2 019	
32 900	407 International Inc.	2.470	08-Sep-2022	32 402	32 352	
2 752	Alectra Inc.	3.033	25-Jul-2022	2 882	2 795	
29 154	AltaLink Investments LP	3.674	05-Jun-2019	30 050	29 420	
3 902	AltaLink Investments LP	3.265	05-Jun-2020	4 080	3 947	
20 505	AltaLink Investments LP	2.244	07-Mar-2022	20 308	20 083	
1 575	AltaLink LP	3.621	17-Sep-2020	1 577	1 614	
22 598	AltaLink LP	2.978	28-Nov-2022	23 482	22 909	
14 354	AltaLink LP	3.668	06-Nov-2023	15 458	14 997	
1 475	Bank of Montreal	2.100	06-Oct-2020	1 511	1 458	
18 955	Bank of Montreal	1.880	31-Mar-2021	18 517	18 554	
34 115	Bank of Montreal	1.610	28-Oct-2021	32 916	32 895	
14 550	Bank of Montreal	2.890	20-Jun-2023	14 547	14 525	
13 880	Bank of Nova Scotia	2.090	09-Sep-2020	14 195	13 724	
23 875	Bell Canada	3.350	18-Jun-2019	24 123	24 100	
9 794	Bell Canada	3.540	12-Jun-2020	9 982	9 960	
2 990	Bell Canada	3.250	17-Jun-2020	3 026	3 025	
9 990	Bell Canada	4.950	19-May-2021	11 278	10 571	
950	Bell Canada	3.150	29-Sep-2021	969	958	
8 032	Blackbird Infrastructure 407 GP	1.713	08-Oct-2021	7 969	7 926	
5 771	Brookfield Asset Management Inc.	3.950	09-Apr-2019	5 988	5 841	
5 740	Brookfield Asset Management Inc.	5.300	01-Mar-2021	6 406	6 091	
2 378	Brookfield Asset Management Inc.	4.540	31-Mar-2023	2 630	2 508	
11 446	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	11 592	11 638	
10 946	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	11 136	11 060	
20 440	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	20 576	20 271	
32 049	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	34 399	33 702	
9 887	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	10 898	10 458	
45 014	Bruce Power LP	2.844	23-Jun-2021	45 644	44 972	
4 570	Bruce Power LP	3.000	21-Jun-2024	4 524	4 508	
2 340	Caisse Centrale Desjardins	2.443	17-Jul-2019	2 407	2 344	
6 042	Cameco Corp.	5.670	02-Sep-2019	6 741	6 217	
5 794	Cameco Corp.	3.750	14-Nov-2022	5 934	5 740	
34 711	Canadian Imperial Bank of Commerce	1.700	09-Oct-2018	34 819	34 700	
4 928	Canadian Utilities Ltd.	3.122	09-Nov-2022	5 127	5 015	
24 252	Choice Properties LP	3.600	20-Apr-2020	24 882	24 589	
5 810	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	5 827	5 837	
2 992	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	3 093	3 029	
8 004	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	8 471	8 211	
7 504	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	7 654	7 526	
11 237	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	11 285	11 174	
6 726	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	6 762	6 761	
3 000	CU Inc.	4.801	22-Nov-2021	3 299	3 216	
1 282	CU Inc.	6.215	06-Mar-2024	1 543	1 502	
16 600	Eagle Credit Card Trust	2.849	17-Oct-2018	16 822	16 643	
35 143	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	35 415	35 147	
3 742	Emera Inc.	4.830	02-Dec-2019	4 099	3 856	
2 885	Emera Inc.	2.900	16-Jun-2023	2 885	2 847	
34 151	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	36 179	35 349	
13 239	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	14 615	14 170	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
1 899	Enbridge Gas Distribution Inc.	6.050	05-Jul-2023	\$ 2 231	\$ 2 165	
13 327	Enbridge Gas Distribution Inc.	3.150	22-Aug-2024	13 770	13 493	
30 958	Enbridge Inc.	4.770	02-Sep-2019	33 824	31 762	
8 225	Enbridge Inc.	4.530	09-Mar-2020	8 609	8 474	
5 797	Enbridge Inc.	4.260	01-Feb-2021	6 213	5 993	
19 040	Enbridge Inc.	3.160	11-Mar-2021	19 293	19 154	
25 980	Enbridge Income Fund	4.100	22-Feb-2019	27 924	26 262	
85 381	Enbridge Pipelines Inc.	6.620	19-Nov-2018	93 627	86 825	
38 799	Enbridge Pipelines Inc.	4.490	12-Nov-2019	40 942	39 969	
13 117	Enbridge Pipelines Inc.	4.450	06-Apr-2020	13 707	13 536	
18 356	Enbridge Pipelines Inc.	2.930	30-Nov-2022	19 171	18 389	
16 389	Enbridge Pipelines Inc.	3.790	17-Aug-2023	17 749	16 975	
8 800	Enbridge Pipelines Inc.	6.350	17-Nov-2023	10 755	10 119	
16 262	Fortis Inc.	2.850	12-Dec-2023	16 232	16 033	
1 508	FortisAlberta Inc.	3.300	30-Sep-2024	1 569	1 542	
1 035	Gaz Metro Inc.	4.930	18-Jun-2019	1 115	1 062	
1 568	Gaz Metro Inc.	1.520	25-May-2020	1 567	1 543	
5 135	Gaz Metro Inc.	5.450	12-Jul-2021	5 709	5 569	
500	GE Capital Canada Funding Co.	3.550	11-Jun-2019	506	506	
16 965	GE Capital Canada Funding Co.	5.680	10-Sep-2019	17 725	17 598	
24 725	GE Capital Canada Funding Co.	4.600	26-Jan-2022	26 443	26 098	
28 133	Genesis Trust II	1.675	17-Sep-2018	28 136	28 120	
23 363	Greater Toronto Airports Authority	1.510	16-Feb-2021	23 230	22 814	
18 694	Greater Toronto Airports Authority	3.040	21-Sep-2022	19 494	19 037	
32 673	Hydro One Inc.	1.480	18-Nov-2019	32 684	32 317	
22 410	Hydro One Inc.	1.620	30-Apr-2020	22 240	22 089	
18 500	Hydro One Inc.	4.400	01-Jun-2020	19 437	19 159	
54 670	Hydro One Inc.	1.840	24-Feb-2021	54 281	53 628	
14 365	Hydro One Inc.	2.570	25-Jun-2021	14 363	14 344	
20 195	Hydro One Inc.	3.200	13-Jan-2022	21 397	20 527	
14 365	Hydro One Inc.	2.970	26-Jun-2025	14 361	14 355	
3 165	Industrial Alliance Insurance & Financial Services Inc.	2.800	16-May-2024	3 143	3 173	
7 930	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	8 309	8 207	
5 657	Inter Pipeline Ltd.	3.448	20-Jul-2020	5 809	5 739	
2 000	Inter Pipeline Ltd.	3.776	30-May-2022	2 163	2 048	
3 275	Loblaw Companies Ltd.	3.748	12-Mar-2019	3 277	3 310	
7 855	Lower Mattagami Energy LP	3.416	20-Jun-2024	8 190	8 107	
7 532	Master Credit Card Trust II	2.723	21-Nov-2018	7 781	7 553	
5 000	NAV Canada	4.397	18-Feb-2021	5 288	5 235	
29 400	North West Redwater Partnership	2.100	23-Feb-2022	28 917	28 671	
9 500	North West Redwater Partnership	3.200	22-Jul-2024	9 617	9 556	
2 501	Nova Scotia Power Inc.	9.750	02-Aug-2019	3 417	2 683	
3 740	OMERS Realty Corp.	2.473	12-Nov-2019	3 740	3 745	
6 820	OMERS Realty Corp.	2.971	05-Apr-2021	6 851	6 874	
12 657	Pembina Pipeline Corp.	4.890	29-Mar-2021	14 052	13 313	
8 615	Rogers Communications Inc.	2.800	13-Mar-2019	8 613	8 652	
14 838	Royal Bank of Canada*	2.820	12-Jul-2018	15 247	14 843	
15 522	Royal Bank of Canada*	2.770	11-Dec-2018	15 952	15 581	
62 295	Royal Bank of Canada*	1.400	26-Apr-2019	62 233	61 981	
13 330	Royal Bank of Canada*	2.980	07-May-2019	13 485	13 422	
35 000	Royal Bank of Canada*	1.590	23-Mar-2020	34 644	34 539	
5 743	Royal Bank of Canada*	1.920	17-Jul-2020	5 804	5 671	
11 715	Royal Bank of Canada*	2.860	04-Mar-2021	11 914	11 771	
75 920	Royal Bank of Canada*	2.030	15-Mar-2021	76 722	74 634	
29 627	Royal Bank of Canada*	1.650	15-Jul-2021	29 599	28 706	
3 289	Sun Life Financial Inc.	2.770	13-May-2024	3 329	3 301	
516	Sun Life Financial Inc.	3.050	19-Sep-2028	515	513	
2 995	TELUS Corp.	5.050	04-Dec-2019	3 110	3 111	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
2 991	TELUS Corp.	3.600	26-Jan-2021	\$ 3 057	\$ 3 052	
11 493	TELUS Corp.	3.200	05-Apr-2021	11 916	11 618	
23 047	Thomson Reuters Corp.	3.369	23-May-2019	23 146	23 272	
5 180	TMX Group Ltd.	3.253	03-Oct-2018	5 208	5 200	
3 304	Toronto Hydro Corp.	4.490	12-Nov-2019	3 564	3 401	
11 830	Toronto-Dominion Bank	1.693	02-Apr-2020	11 660	11 679	
9 675	Toronto-Dominion Bank	2.563	24-Jun-2020	9 860	9 684	
138 294	Toronto-Dominion Bank	1.680	08-Jun-2021	137 751	134 910	
16 175	Toronto-Dominion Bank	2.621	22-Dec-2021	16 108	16 123	
10 502	Toronto-Dominion Bank	1.909	18-Jul-2023	10 502	10 023	
3 619	TransCanada PipeLines Ltd.	11.800	20-Nov-2020	5 461	4 352	
12 182	TransCanada PipeLines Ltd.	3.650	15-Nov-2021	12 885	12 535	
38 583	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	39 966	39 756	
1 925	Union Gas Ltd.	8.750	03-Aug-2018	2 182	1 936	
30 408	Union Gas Ltd.	2.760	02-Jun-2021	30 783	30 552	
17 978	Union Gas Ltd.	4.850	25-Apr-2022	20 583	19 385	
226	Union Gas Ltd.	3.790	10-Jul-2023	244	236	
25 439	Wells Fargo Canada Corp.	2.944	25-Jul-2019	25 623	25 602	
4 311	Westcoast Energy Inc.	8.500	04-Sep-2018	4 529	4 355	
29 280	Westcoast Energy Inc.	5.600	16-Jan-2019	30 979	29 809	
3 094	Westcoast Energy Inc.	9.900	10-Jan-2020	4 081	3 417	
19 157	Westcoast Energy Inc.	4.570	02-Jul-2020	20 221	19 864	
4 000	Westcoast Energy Inc.	3.883	28-Oct-2021	4 212	4 130	
4 045	Westcoast Energy Inc.	3.120	05-Dec-2022	4 037	4 069	
4 900	Westcoast Energy Inc.	3.430	12-Sep-2024	4 958	4 962	
676	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	700	683	
				2 127 205	2 081 755	32.8
FEDERAL						
121 851	Canada Housing Trust No. 1	2.000	15-Dec-2019	123 781	121 962	
80 168	Canada Housing Trust No. 1	3.750	15-Mar-2020	85 141	82 525	
145 508	Canada Housing Trust No. 1	1.450	15-Jun-2020	145 411	143 933	
240 489	Canada Housing Trust No. 1	1.250	15-Dec-2020	238 728	235 605	
142 394	Canada Housing Trust No. 1	1.250	15-Jun-2021	141 093	138 604	
62 853	Canada Housing Trust No. 1	3.800	15-Jun-2021	66 423	65 730	
32 024	Canada Housing Trust No. 1	1.500	15-Dec-2021	31 762	31 242	
26 387	Canada Housing Trust No. 1	1.750	15-Jun-2022	26 104	25 846	
118 432	Canada Housing Trust No. 1	2.400	15-Dec-2022	120 244	118 724	
264 770	Canada Housing Trust No. 1	2.350	15-Jun-2023	263 770	264 393	
12 275	Government of Canada	1.750	01-Mar-2019	12 285	12 284	
13 510	Government of Canada	3.250	01-Jun-2021	14 018	13 988	
32 453	Government of Canada	0.750	01-Sep-2021	31 277	31 216	
176 105	Government of Canada	4.250	01-Dec-2021	200 901	200 176	
265 402	Government of Canada	0.500	01-Mar-2022	251 349	251 259	
9 415	Government of Canada	2.750	01-Jun-2022	9 650	9 669	
325 204	Government of Canada	1.750	01-Mar-2023	319 547	320 697	
25 675	Government of Canada	1.500	01-Jun-2023	25 048	24 986	
135	Government of Canada	2.250	01-Jun-2025	136	136	
				2 106 668	2 092 975	33.0
PROVINCIAL/MUNICIPAL						
156 046	Province of Alberta	1.250	01-Jun-2020	155 040	153 530	
10 730	Province of Manitoba	5.500	15-Nov-2018	11 487	10 883	
54 579	Province of Manitoba	1.550	05-Sep-2021	54 348	53 312	
154 027	Province of Ontario	4.200	02-Jun-2020	168 784	159 988	
67 982	Province of Ontario	4.000	02-Jun-2021	71 563	71 242	

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
67 888	Province of Ontario	3.150	02-Jun-2022	\$ 71 934	\$ 69 726	
117 405	Province of Ontario	2.850	02-Jun-2023	119 368	119 159	
				652 524	637 840	10.0
				4 886 397	4 812 570	75.8
TOTAL CANADIAN BONDS						
UNITED KINGDOM BONDS						
10 000	BAA Funding Ltd. CAD	4.000	03-Jul-2019	10 177	10 161	
9 575	Heathrow Funding Ltd. CAD	3.000	17-Jun-2021	9 684	9 645	
13 150	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	13 255	13 252	
TOTAL UNITED KINGDOM BONDS						
				33 116	33 058	0.5
UNITED STATES BONDS						
26 281	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	27 345	26 625	
17 785	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	17 701	17 184	
32 160	AT&T Inc. CAD	3.825	25-Nov-2020	33 164	32 903	
21 425	Bank of America Corp. CAD	2.604	15-Mar-2023	21 425	21 079	
215	Caterpillar Financial Services Ltd. CAD	2.800	08-Jun-2021	215	216	
9 781	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	9 629	9 784	
17 335	Molson Coors International LP CAD	2.250	18-Sep-2018	17 275	17 345	
14 040	Molson Coors International LP CAD	2.750	18-Sep-2020	14 001	14 006	
13 945	The Walt Disney Co. CAD	2.758	07-Oct-2024	13 818	13 751	
20 550	United Parcel Service Inc. CAD	2.125	21-May-2024	20 338	19 625	
56 608	Wells Fargo & Co. CAD	2.222	15-Mar-2021	56 356	55 705	
28 048	Wells Fargo & Co. CAD	2.509	27-Oct-2023	28 072	27 077	
TOTAL UNITED STATES BONDS						
				259 339	255 300	4.0
TOTAL BONDS						
				5 178 852	5 100 928	80.3
MORTGAGE-BACKED SECURITIES						
9 109	Canadian Mortgage Pools	1.600	01-Mar-2019	9 016	9 101	
13 971	Canadian Mortgage Pools	1.750	01-Aug-2019	13 903	13 947	
10 148	Canadian Mortgage Pools	2.000	01-Sep-2019	10 109	10 147	
8 246	Canadian Mortgage Pools	1.900	01-Nov-2019	8 225	8 234	
6 150	Canadian Mortgage Pools	1.800	01-Dec-2019	6 147	6 131	
7 681	Canadian Mortgage Pools	1.200	01-Feb-2020	7 648	7 594	
14 521	Canadian Mortgage Pools	1.250	01-Mar-2021	14 282	14 221	
39 232	Canadian Mortgage Pools	1.400	01-May-2021	39 288	38 464	
16 527	Canadian Mortgage Pools	1.550	01-Jun-2021	16 602	16 237	
27 201	Canadian Mortgage Pools	1.270	01-Jul-2021	26 982	26 560	
30 203	Canadian Mortgage Pools	1.300	01-Aug-2021	29 921	29 475	
7 283	Canadian Mortgage Pools	1.350	01-Sep-2021	7 224	7 106	
48 761	Canadian Mortgage Pools	1.370	01-Nov-2021	48 176	47 550	
28 680	Canadian Mortgage Pools	1.450	01-Dec-2021	28 386	28 001	
36 935	Canadian Mortgage Pools	1.620	01-Mar-2022	36 504	36 166	
10 755	Canadian Mortgage Pools	1.420	01-Jun-2022	10 726	10 448	
25 062	Canadian Mortgage Pools	1.890	01-Sep-2022	24 727	24 653	
42 375	Canadian Mortgage Pools	2.390	01-May-2023	41 976	42 231	
TOTAL MORTGAGE-BACKED SECURITIES						
				379 842	376 266	5.9
MORTGAGES (SCHEDULE A)						
				528 053	525 086	8.3
SHORT-TERM INVESTMENTS[†]						
				82 032	82 032	1.3
TOTAL INVESTMENTS						
				\$ 6 168 779	6 084 312	95.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS						
					264 459	4.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS						
					\$ 6 348 771	100.0

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND &
MORTGAGE FUND

Investment Management®

June 30, 2018

SCHEDULE A

Mortgages

Number of Loans	Interest Rate (%)	Principal 2018	2019	2020	2021	2022	2023	2024	Cost	Fair Value	% of Net Assets
—	2.25-2.49	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
3	2.50-2.74	—	841	18 808	—	—	—	—	19 700	19 192	
22	2.75-2.99	31 027	816	37 256	3 808	37 599	—	—	110 695	109 074	
15	3.00-3.24	—	22 427	34 773	1 956	—	—	4 760	64 048	63 513	
15	3.25-3.49	29 126	18 698	26 212	—	2 092	—	—	76 316	75 985	
29	3.50-3.74	8 991	63 932	48 438	11 916	1 962	—	17 600	153 186	153 050	
35	3.75-3.99	9 731	17 255	2 398	9 108	538	32 988	—	72 155	72 248	
6	4.00-4.24	2 303	3 816	4 081	—	714	7 606	—	18 576	18 643	
2	4.25-4.49	2 546	—	—	—	—	—	—	2 553	2 546	
1	4.50-4.74	—	—	—	7 190	—	—	—	7 190	7 201	
1	4.75-4.99	3 634	—	—	—	—	—	—	3 634	3 634	
—	5.00-5.24	—	—	—	—	—	—	—	—	—	
—	5.25-5.49	—	—	—	—	—	—	—	—	—	
129		\$ 87 358	\$ 127 785	\$ 171 966	\$ 33 978	\$ 42 905	\$ 40 594	\$ 22 360	\$ 528 053	\$ 525 086	8.3

SCHEDULE A (cont.)

Mortgages

	Number of Loans	Fair Value
CMHC Insured	2	\$ 15 888
Uninsured	127	509 198
	129	\$ 525 086

None of the mortgages are pre-payable.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.68% to 1.94% and mature between July 20, 2018 and November 29, 2018.

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND**Statements of Financial Position (unaudited)**

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 6 084 312	\$ 6 370 174
Cash	3 415	3 396
Due from investment dealers	382 831	—
Subscriptions receivable	18 758	9 487
Dividends receivable, interest accrued and other assets	25 956	23 025
TOTAL ASSETS	6 515 272	6 406 082
LIABILITIES		
Due to investment dealers	144 192	6 932
Redemptions payable	21 833	1 934
Distributions payable	2	—
Accounts payable and accrued expenses	474	549
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	166 501	9 415
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 6 348 771	\$ 6 396 667
Investments at cost	\$ 6 168 779	\$ 6 460 618
NAV		
SERIES A	\$ 88 549	\$ 109 271
ADVISOR SERIES	\$ 11 793	\$ 13 688
SERIES D	\$ 172 260	\$ 199 889
SERIES F	\$ 116 181	\$ 133 584
SERIES O	\$ 5 959 988	\$ 5 940 235
NAV PER UNIT		
SERIES A	\$ 10.18	\$ 10.25
ADVISOR SERIES	\$ 10.19	\$ 10.25
SERIES D	\$ 10.15	\$ 10.21
SERIES F	\$ 10.13	\$ 10.19
SERIES O	\$ 9.86	\$ 9.92

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 80 479	\$ 66 076
Net realized gain (loss) on investments	(43 372)	(7 334)
Change in unrealized gain (loss) on investments	5 977	(28 126)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	43 084	30 616
Securities lending revenue (see note 7 in the generic notes)	268	—
Net gain (loss) on foreign cash balances	(64)	(4)
TOTAL OTHER INCOME (LOSS)	204	(4)
TOTAL INCOME (LOSS)	43 288	30 612
EXPENSES (see notes – Fund Specific Information)		
Management fees	1 185	1 576
Administration fees	1 607	1 415
Independent Review Committee costs	1	1
GST/HST	275	290
TOTAL EXPENSES	3 068	3 282
INCREASE (DECREASE) IN NAV	\$ 40 220	\$ 27 330
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 103	\$ 245
ADVISOR SERIES	\$ 16	\$ 24
SERIES D	\$ 626	\$ 550
SERIES F	\$ 492	\$ 521
SERIES O	\$ 38 983	\$ 25 990
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.01	\$ 0.02
ADVISOR SERIES	\$ 0.01	\$ 0.01
SERIES D	\$ 0.03	\$ 0.03
SERIES F	\$ 0.04	\$ 0.04
SERIES O	\$ 0.06	\$ 0.05

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND**Statements of Cash Flow** (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 40 220	\$ 27 330
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(1 414)	(8)
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	43 372	7 334
Change in unrealized loss (gain) on investments	(5 977)	28 126
(Increase) decrease in accrued receivables	(2 931)	1 621
Increase (decrease) in accrued payables	(75)	(57)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(7 434 816)	(7 531 387)
Proceeds from sale and maturity of investments	7 439 126	7 448 884
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	77 505	(18 157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	927 024	713 531
Cash paid on redemption of redeemable units	(997 505)	(690 776)
Distributions paid to holders of redeemable units	(7 005)	(5 801)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (77 486)	\$ 16 954
Net increase (decrease) in cash for the period	19	(1 203)
Cash (bank overdraft), beginning of period	3 396	3 241
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 3 415	\$ 2 038
Interest received (paid)	\$ 76 134	\$ 67 689
Dividends received, net of withholding taxes	\$ —	\$ —

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND
Statements of Changes in NAV (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 109 271	\$ 172 864	\$ 13 688	\$ 20 873	\$ 199 889	\$ 214 040	\$ 133 584	\$ 145 710
INCREASE (DECREASE) IN NAV	103	245	16	24	626	550	492	521
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	3 047	4 639	1 977	983	11 760	19 476	14 082	14 733
Reinvestments of distributions to holders of redeemable units	656	871	90	108	1 657	1 783	928	893
Redemption of redeemable units	(23 812)	(43 194)	(3 883)	(5 730)	(39 888)	(22 841)	(31 638)	(29 423)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(20 109)	(37 684)	(1 816)	(4 639)	(26 471)	(1 582)	(16 628)	(13 797)
Distributions from net income	(716)	(1 026)	(95)	(119)	(1 784)	(1 933)	(1 267)	(1 334)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(716)	(1 026)	(95)	(119)	(1 784)	(1 933)	(1 267)	(1 334)
NET INCREASE (DECREASE) IN NAV	(20 722)	(38 465)	(1 895)	(4 734)	(27 629)	(2 965)	(17 403)	(14 610)
NAV AT END OF PERIOD	\$ 88 549	\$ 134 399	\$ 11 793	\$ 16 139	\$ 172 260	\$ 211 075	\$ 116 181	\$ 131 100

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 5 940 235	\$ 5 186 690	\$ 6 396 667	\$ 5 740 177
INCREASE (DECREASE) IN NAV	38 983	25 990	40 220	27 330
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	911 953	711 503	942 819	751 334
Reinvestments of distributions to holders of redeemable units	70 471	57 173	73 802	60 828
Redemption of redeemable units	(924 707)	(588 078)	(1 023 928)	(689 266)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	57 717	180 598	(7 307)	122 896
Distributions from net income	(76 947)	(62 220)	(80 809)	(66 632)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(76 947)	(62 220)	(80 809)	(66 632)
NET INCREASE (DECREASE) IN NAV	19 753	144 368	(47 896)	83 594
NAV AT END OF PERIOD	\$ 5 959 988	\$ 5 331 058	\$ 6 348 771	\$ 5 823 771

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

June 30, 2018

The Fund was closed to new investors effective July 4, 2016 and reopened to new investors effective July 26, 2017.

General information (see note 1 in the generic notes)

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

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

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

Rating	June 30 2018	December 31 2017
AAA	45.9	53.8
AA	13.4	12.9
A	16.8	11.2
BBB	14.6	12.4
BB	0.6	0.6
Unrated*	8.7	9.1
Total	100.0	100.0

* Mortgages represent 100% (December 31, 2017 – 100%) of the unrated above. 3.0% (December 31, 2017 – 2.8%) of the mortgages are Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. To manage the credit risk on the remaining 97.0% (December 31, 2017 – 97.2%), which are conventional mortgages, the Fund only purchases mortgages that are no more than 75% of the value of the property and the net income generated by the property must be at least 1.2x the income required to pay the monthly debt service requirements. These statistics are monitored on an ongoing basis both at the individual security level and on an aggregate level. As at June 30, 2018 and December 31, 2017, there were no mortgage payments in arrears for more than 90 days.

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Corporate Bonds	37.3	32.4
Federal Bonds	33.0	41.2
Provincial Bonds	10.0	8.9
Mortgages	8.3	9.7
Mortgage-Backed Bonds	5.9	6.1
Cash/Other	5.5	1.7
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	11.7	11.0
1 – 5 years	83.0	79.7
5 – 10 years	5.3	9.3
> 10 years	—	—
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.6% (December 31, 2017 – 2.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	5 477 194	525 086	6 002 280
Short-term investments	—	82 032	—	82 032
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	5 559 226	525 086	6 084 312
% of total portfolio	—	91.4	8.6	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	5 714 698	568 887	6 283 585
Short-term investments	—	86 589	—	86 589
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	5 801 287	568 887	6 370 174
% of total portfolio	—	91.1	8.9	100.0

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2018

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

	June 30 2018	December 31 2017
Balance at beginning of period	568 887	587 755
Net purchases	113 327	276 569
Net sales	(155 955)	(289 587)
Net transfers in	–	–
Net transfers out	–	–
Realized gains (losses)	(219)	(454)
Change in unrealized gains (losses)	(954)	(5 396)
Balance at end of period	525 086	568 887
Unrealized gains (losses)	(2 967)	(2 023)

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

As at June 30, 2018, a 10% increase or decrease in the weighted average spread premium of 1.63% (December 31, 2017 – 1.72%), an unobservable input, would have increased or decreased the Fund's NAV respectively by approximately 0.0% (December 31, 2017 – 0.0%).

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

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

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

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	54	54
Advisor Series	108	107
Series D	56	56
Series F	57	56
Value of all units	3	3

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

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

Capital losses	46 536
Non-capital losses	–

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	10 664	16 593
Issued number of units	299	444
Reinvested number of units	64	84
Redeemed number of units	(2 331)	(4 134)
Ending number of units	8 696	12 987
Advisor Series		
Opening units	1 335	2 003
Issued number of units	194	95
Reinvested number of units	9	10
Redeemed number of units	(380)	(549)
Ending number of units	1 158	1 559

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

PHILLIPS, HAGER & NORTH SHORT TERM BOND & MORTGAGE FUND

Investment Management®

June 30, 2018

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

	2018	2017
Series D		
Opening units	19 577	20 621
Issued number of units	1 155	1 870
Reinvested number of units	163	172
Redeemed number of units	(3 919)	(2 194)
Ending number of units	16 976	20 469
Series F		
Opening units	13 111	14 067
Issued number of units	1 385	1 418
Reinvested number of units	92	86
Redeemed number of units	(3 114)	(2 831)
Ending number of units	11 474	12 740
Series O		
Opening units	598 459	514 114
Issued number of units	92 064	70 235
Reinvested number of units	7 134	5 679
Redeemed number of units	(93 467)	(58 099)
Ending number of units	604 190	531 929

Securities lending revenue (\$000s except %)

(see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	770 018	—
Fair value of collateral received	785 718	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	357	100	—	—
RBC IS (paid)	(89)	(25)	—	—
Tax withheld	—	—	—	—
Fund revenue	268	75	—	—

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North PRiSM Balanced Fund	19.3	16.5
RBC Monthly Income Bond Fund	6.3	7.1
RBC Select Choices Balanced Portfolio	0.2	0.5
RBC Select Choices Conservative Portfolio	0.1	0.3
RBC Select Conservative Portfolio	11.4	10.4
RBC Select Very Conservative Portfolio	12.5	12.2
RBC Target 2020 Education Fund	0.7	0.7
RBC Total Return Growth Fund	—	—
Total	50.5	47.7

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

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

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PHILLIPS, HAGER & NORTH BOND FUND

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

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PHILLIPS, HAGER & NORTH BOND FUND

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

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PHILLIPS, HAGER & NORTH BOND FUND

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

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PHILLIPS, HAGER & NORTH BOND FUND

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

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

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

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

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

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

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

SCHEDULE A**Foreign Exchange Contracts**

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

All counterparties have a credit rating of at least A.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.45% to 1.94% and mature between July 3, 2018 and November 29, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

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

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

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

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

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

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

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

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

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

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

June 30, 2018

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

General information (see note 1 in the generic notes)

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

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

Credit risk (%)

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

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

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

Concentration risk (%)

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

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

Interest rate risk (%)

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

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

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 7.3% (December 31, 2017 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

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

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

June 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital losses	39 048
Non-capital losses	–

PHILLIPS, HAGER & NORTH BOND FUND

June 30, 2018

Redeemable units (000s)

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

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

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

Series A

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

Advisor Series

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

Series D

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

Series F

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

Series O

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

Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)

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

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

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

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

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

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

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

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
154 283	Phillips, Hager & North High Yield Bond Fund*	\$ 1 698	\$ 1 740	
TOTAL UNDERLYING FUNDS		1 698	1 740	—

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
8 394	Access Justice Durham Ltd.	5.015	31-Aug-2039	\$ 9 308	\$ 9 449	
5 340	Access Prairies Partnership	4.232	01-Mar-2048	5 340	5 631	
3 333	Access Roads Edmonton Ltd.	5.669	30-Sep-2037	3 942	3 922	
5 456	Aéroports de Montréal	6.950	16-Apr-2032	7 376	6 926	
635	Aéroports de Montréal	6.611	11-Apr-2033	658	804	
1 415	Aéroports de Montréal	6.550	11-Oct-2033	2 001	1 970	
2 570	Aéroports de Montréal	5.170	17-Sep-2035	3 371	3 198	
6 651	Aéroports de Montréal	5.670	16-Oct-2037	9 106	8 880	
1 762	Aéroports de Montréal	5.472	16-Apr-2040	2 405	2 344	
1 080	Aéroports de Montréal	3.919	26-Sep-2042	1 210	1 186	
5 920	Aéroports de Montréal	3.918	12-Jun-2045	6 481	6 529	
10 645	Aéroports de Montréal	3.360	24-Apr-2047	10 755	10 676	
23 222	Alberta Powerline LP	3.340	01-Jun-2032	23 222	23 368	
23 207	Alberta Powerline LP	3.351	01-Sep-2032	23 207	23 397	
5 095	Alberta Powerline LP	4.065	01-Dec-2053	5 095	5 462	
5 240	Alberta Powerline LP	4.065	01-Mar-2054	5 240	5 618	
9 355	Alectra Inc.	4.521	29-Apr-2021	9 892	9 862	
7 806	Alectra Inc.	3.033	25-Jul-2022	7 808	7 927	
5 370	Alectra Inc.	3.239	21-Nov-2024	5 453	5 486	
13 695	Alectra Inc.	2.488	17-May-2027	13 601	13 166	
2 050	Alliance Pipeline LP	4.928	16-Dec-2019	2 213	2 099	
13 912	Alliance Pipeline LP	7.181	30-Jun-2023	16 734	15 480	
1 693	Alliance Pipeline LP	5.546	31-Dec-2023	1 885	1 767	
13 832	Alliance Pipeline LP	6.765	31-Dec-2025	16 084	15 629	
9 439	Alliance Pipeline LP	7.217	31-Dec-2025	11 324	10 867	
19 212	AltaLink Investments LP	3.674	05-Jun-2019	19 934	19 387	
17 271	AltaLink Investments LP	3.265	05-Jun-2020	17 576	17 470	
17 887	AltaLink Investments LP	2.244	07-Mar-2022	17 908	17 519	
9 225	AltaLink LP	3.668	06-Nov-2023	9 908	9 638	
6 215	AltaLink LP	5.381	26-Mar-2040	7 751	7 958	
15 000	Bank of Montreal	2.840	04-Jun-2020	15 097	15 086	
8 005	Bank of Montreal	3.400	23-Apr-2021	8 179	8 155	
47 455	Bank of Montreal	1.610	28-Oct-2021	45 787	45 758	
4 200	Bank of Montreal	2.890	20-Jun-2023	4 199	4 193	
4 220	BC Tel	9.650	08-Apr-2022	5 700	5 185	
10 000	Bell Canada	3.350	18-Jun-2019	10 104	10 094	
10 000	Bell Canada	3.540	12-Jun-2020	10 358	10 169	
4 533	Bell Canada	3.250	17-Jun-2020	4 589	4 586	
19 475	Bell Canada	4.950	19-May-2021	20 588	20 607	
915	Bell Canada	3.550	02-Mar-2026	912	921	
5 725	Bow Centre Street LP	3.690	14-Jun-2021	5 731	5 642	
3 962	Bow Centre Street LP	3.693	14-Jun-2022	3 967	3 886	
17 010	Bow Centre Street LP	3.797	13-Jun-2023	16 874	16 480	
7 625	Brookfield Asset Management Inc.	3.950	09-Apr-2019	7 718	7 717	

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PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
12 301	Brookfield Asset Management Inc.	5.040	08-Mar-2024	\$ 12 994	\$ 13 242	
39 470	Brookfield Asset Management Inc.	4.820	28-Jan-2026	41 357	42 137	
21 029	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	21 315	21 382	
22 150	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	21 971	22 381	
14 340	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	14 514	14 221	
10 235	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	11 234	10 763	
2 731	Brookfield Renewable Energy Partners ULC	4.790	07-Feb-2022	2 928	2 889	
11 174	Bruce Power LP	2.844	23-Jun-2021	11 350	11 164	
5 405	Bruce Power LP	3.000	21-Jun-2024	5 404	5 331	
14 540	Bruce Power LP	3.969	23-Jun-2026	14 833	15 027	
7 995	Bruce Power LP	4.010	21-Jun-2029	7 995	8 189	
16 200	Bruce Power LP	4.132	21-Jun-2033	16 247	16 498	
7 292	Cameco Corp.	5.670	02-Sep-2019	8 238	7 504	
13 448	Cameco Corp.	3.750	14-Nov-2022	13 516	13 322	
21 875	Cameco Corp.	4.190	24-Jun-2024	22 180	21 731	
2 153	Canadian Utilities Ltd.	9.400	01-May-2023	2 820	2 762	
1 000	Centra Gas Ontario Inc.	8.650	19-Oct-2018	1 243	1 019	
10 709	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	10 905	10 841	
25 708	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	25 878	25 827	
23 179	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	24 242	23 780	
1 559	Cominar Real Estate Investment Trust	4.000	02-Nov-2020	1 578	1 565	
5 273	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	5 358	5 289	
12 177	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	12 150	12 109	
195	Cominar Real Estate Investment Trust	4.247	23-May-2023	192	193	
12 811	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	13 186	12 878	
2 370	CU Inc.	11.770	30-Nov-2020	3 527	2 865	
4 315	CU Inc.	9.920	01-Apr-2022	6 292	5 379	
9 310	CU Inc.	6.215	06-Mar-2024	11 575	10 906	
2 170	CU Inc.	5.563	26-May-2028	2 641	2 596	
2 085	CU Inc.	5.032	20-Nov-2036	2 423	2 512	
203	CU Inc.	5.556	30-Oct-2037	255	261	
2 335	CU Inc.	5.580	26-May-2038	3 081	3 015	
4 865	CU Inc.	4.947	18-Nov-2050	5 567	6 092	
5 872	CU Inc.	4.558	07-Nov-2053	6 456	6 936	
13 110	CU Inc.	4.094	19-Oct-2054	13 110	14 225	
5 995	CU Inc.	4.211	29-Oct-2055	5 995	6 683	
4 430	Dufferin Wind Power Inc.	4.317	30-Nov-2033	4 430	4 429	
14 945	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	15 116	14 947	
7 701	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	8 288	7 971	
2 018	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	2 245	2 160	
11 140	Enbridge Gas Distribution Inc.	3.150	22-Aug-2024	11 231	11 279	
8 535	Enbridge Gas Distribution Inc.	3.310	11-Sep-2025	8 532	8 703	
5 795	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	5 788	5 581	
8 762	Enbridge Gas Distribution Inc.	6.650	03-Nov-2027	11 074	10 999	
1 940	Enbridge Gas Distribution Inc.	6.100	19-May-2028	2 456	2 373	
7 287	Enbridge Gas Distribution Inc.	6.900	15-Nov-2032	9 929	10 108	
1 095	Enbridge Gas Distribution Inc.	6.160	16-Dec-2033	1 476	1 444	
9 950	Enbridge Gas Distribution Inc.	4.000	22-Aug-2044	10 270	10 688	
13 957	Enbridge Inc.	4.770	02-Sep-2019	14 979	14 319	
15 123	Enbridge Inc.	4.260	01-Feb-2021	15 805	15 636	
990	Enbridge Inc.	7.220	24-Jul-2030	1 205	1 251	
10 135	Enbridge Income Fund	4.100	22-Feb-2019	10 895	10 245	
935	Enbridge Pipelines Inc.	4.490	12-Nov-2019	962	963	
4 192	Enbridge Pipelines Inc.	2.930	30-Nov-2022	4 283	4 199	
83	Enbridge Pipelines Inc.	3.790	17-Aug-2023	89	86	
1 445	Enbridge Pipelines Inc.	6.350	17-Nov-2023	1 732	1 662	
22 000	Enbridge Pipelines Inc.	8.200	15-Feb-2024	30 969	27 363	
39 894	Enbridge Pipelines Inc.	3.450	29-Sep-2025	40 602	40 350	

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PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
4 435	Enbridge Pipelines Inc.	6.050	12-Feb-2029	\$ 5 733	\$ 5 331	
1 200	Enbridge Pipelines Inc.	6.500	11-Jun-2029	1 619	1 476	
11 110	Enbridge Pipelines Inc.	5.350	10-Nov-2039	13 498	12 948	
2 280	Enbridge Pipelines Inc.	5.330	06-Apr-2040	2 673	2 667	
9 745	Enbridge Pipelines Inc.	4.550	29-Sep-2045	10 079	10 432	
1 197	Enbridge Pipelines Inc.	4.130	09-Aug-2046	1 185	1 200	
16 265	Enbridge Southern Lights LP	4.014	30-Jun-2040	16 289	15 924	
6 470	Enwave Energy Corp.	3.943	07-Dec-2037	6 470	6 356	
10 880	Fair Hydro Trust	3.357	15-May-2033	10 880	11 156	
11 605	Fair Hydro Trust	3.520	15-May-2038	11 605	12 178	
14 060	Fortis Inc.	2.850	12-Dec-2023	14 077	13 862	
2 348	Fortis Inc.	6.510	04-Jul-2039	3 132	3 162	
1 350	FortisAlberta Inc.	4.110	29-Sep-2044	1 502	1 478	
3 209	FortisAlberta Inc.	4.800	27-Oct-2050	3 805	3 915	
1 422	FortisBC Energy Inc.	6.000	02-Oct-2037	1 855	1 912	
7 579	FortisBC Energy Inc.	5.800	13-May-2038	9 946	10 021	
3 945	FortisBC Energy Inc.	5.200	06-Dec-2040	4 686	4 959	
2 481	FortisBC Inc.	5.900	04-Jul-2047	3 264	3 493	
5 379	FortisBC Inc.	5.000	24-Nov-2050	6 621	6 723	
5 205	Gaz Metro Inc.	4.930	18-Jun-2019	5 852	5 339	
21 535	GE Capital Canada Funding Co.	4.600	26-Jan-2022	22 989	22 731	
38 540	Genesis Trust II	1.675	17-Sep-2018	38 540	38 522	
25 245	Genesis Trust II	2.433	15-May-2019	25 534	25 290	
5 990	Grand Renewable Solar LP	3.926	31-Jan-2035	5 990	5 947	
16 586	Greater Toronto Airports Authority	6.450	03-Dec-2027	22 002	21 350	
2 135	Greater Toronto Airports Authority	6.450	30-Jul-2029	2 635	2 537	
4 695	Greater Toronto Airports Authority	7.050	12-Jun-2030	6 692	6 530	
12 367	Greater Toronto Airports Authority	7.100	04-Jun-2031	17 962	17 505	
8 786	Greater Toronto Airports Authority	6.980	15-Oct-2032	12 668	12 600	
1 797	Greater Toronto Airports Authority	6.470	02-Feb-2034	2 598	2 529	
5 425	Greater Toronto Airports Authority	3.260	01-Jun-2037	5 421	5 445	
4 700	Greater Toronto Airports Authority	5.630	07-Jun-2040	6 306	6 419	
4 785	Greater Toronto Airports Authority	5.300	25-Feb-2041	6 364	6 339	
6 010	Greater Toronto Airports Authority	4.530	02-Dec-2041	7 298	7 258	
27 892	H2O Power LP	3.310	30-Nov-2029	27 892	27 049	
5 793	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	6 661	6 740	
8 330	Hydro One Inc.	1.620	30-Apr-2020	8 221	8 211	
8 495	Hydro One Inc.	2.570	25-Jun-2021	8 494	8 482	
8 515	Hydro One Inc.	2.970	26-Jun-2025	8 512	8 509	
8 925	Hydro One Inc.	6.930	01-Jun-2032	12 818	12 268	
3 765	Hydro One Inc.	6.350	31-Jan-2034	4 997	5 036	
3 930	Hydro One Inc.	5.360	20-May-2036	4 898	4 854	
2 937	Hydro One Inc.	6.030	03-Mar-2039	4 058	3 965	
2 510	Hydro One Inc.	6.590	22-Apr-2043	3 614	3 726	
2 833	Hydro One Inc.	5.000	19-Oct-2046	3 561	3 532	
9 155	Hydro One Inc.	3.630	25-Jun-2049	9 153	9 161	
2 820	Hydro One Inc.	3.790	31-Jul-2062	2 937	2 862	
10 588	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	10 588	10 363	
2 395	Hydro Ottawa Holdings Inc.	3.639	02-Feb-2045	2 316	2 405	
1 100	Inter Pipeline Corridor Inc.	4.897	03-Feb-2020	1 219	1 138	
20 200	Inter Pipeline Ltd.	3.448	20-Jul-2020	20 474	20 494	
5 185	Keyera Corp.	3.934	21-Jun-2028	5 185	5 207	
10 892	Kingston Solar LP	3.571	31-Jul-2035	10 892	10 521	
2 570	Lower Mattagami Energy LP	4.331	18-May-2021	2 700	2 694	
4 240	Lower Mattagami Energy LP	2.307	21-Oct-2026	4 240	4 034	
2 975	Lower Mattagami Energy LP	5.139	18-May-2041	3 905	3 728	
3 390	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	3 389	3 534	
156	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	156	158	

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PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
11 758	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	\$ 11 760	\$ 11 843	
5 175	Mosaic Transit Partners GP	4.111	28-Feb-2038	5 175	5 273	
3 205	Mosaic Transit Partners GP	4.470	28-Feb-2053	3 205	3 328	
6 855	Mountain View Partners GP	3.974	31-Mar-2051	6 855	6 936	
1 705	NAV Canada	4.397	18-Feb-2021	1 788	1 785	
7 759	North Battleford Power LP	4.958	31-Dec-2032	8 096	8 461	
13 132	North West Redwater Partnership	2.100	23-Feb-2022	13 039	12 806	
832	North West Redwater Partnership	3.200	24-Apr-2026	823	829	
8 690	North West Redwater Partnership	2.800	01-Jun-2027	8 667	8 338	
15 080	North West Redwater Partnership	4.250	01-Jun-2029	15 098	16 082	
12 965	North West Redwater Partnership	4.150	01-Jun-2033	12 948	13 763	
5 825	North West Redwater Partnership	3.650	01-Jun-2035	5 821	5 792	
19 963	North West Redwater Partnership	4.750	01-Jun-2037	20 487	22 663	
8 230	North West Redwater Partnership	4.350	10-Jan-2039	8 291	8 890	
3 420	North West Redwater Partnership	4.050	22-Jul-2044	3 515	3 568	
3 822	Northland Power Solar Finance One LP	4.397	30-Jun-2032	3 823	3 961	
9 645	Nouvelle Autoroute 30 Financement Inc.	3.742	31-Dec-2032	9 645	9 800	
9 525	Nouvelle Autoroute 30 Financement Inc.	3.750	31-Mar-2033	9 525	9 691	
2 375	Nova Gas Transmission Ltd.	8.875	27-May-2026	3 388	3 222	
3 030	Nova Scotia Power Inc.	9.750	02-Aug-2019	4 014	3 251	
9 812	Nova Scotia Power Inc.	8.850	19-May-2025	14 356	13 007	
2 010	OMERS Realty Corp.	2.473	12-Nov-2019	2 010	2 013	
17 837	OMERS Realty Corp.	3.203	24-Jul-2020	18 057	18 059	
19 935	Ontario Power Generation Inc.	3.315	04-Oct-2027	19 955	20 039	
9 885	Ontario Power Generation Inc.	3.838	22-Jun-2048	9 897	9 967	
1 036	Pembina Pipeline Corp.	3.770	24-Oct-2022	1 071	1 061	
1 812	Plenary Health Hamilton LP	5.796	31-May-2043	2 176	2 236	
8 534	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	9 233	9 285	
7 120	PSS Generating Station LP	4.795	24-Oct-2067	7 120	7 724	
3 680	Ridley Grain Ltd.	5.227	01-Aug-2024	3 680	3 902	
11 000	Rogers Communications Inc.	4.700	29-Sep-2020	11 507	11 482	
17 145	Rogers Communications Inc.	5.340	22-Mar-2021	18 318	18 289	
16 205	Royal Bank of Canada*	2.820	12-Jul-2018	16 624	16 211	
2 789	Royal Bank of Canada*	2.770	11-Dec-2018	2 866	2 800	
37 895	Royal Bank of Canada*	1.400	26-Apr-2019	37 906	37 704	
17 380	Royal Bank of Canada*	2.980	07-May-2019	17 581	17 500	
14 465	Royal Bank of Canada*	1.590	23-Mar-2020	14 572	14 275	
35 000	Royal Bank of Canada*	1.920	17-Jul-2020	34 659	34 560	
20 005	Royal Bank of Canada*	2.860	04-Mar-2021	20 117	20 100	
25 135	Royal Bank of Canada*	2.030	15-Mar-2021	24 657	24 709	
19 588	Royal Bank of Canada*	1.650	15-Jul-2021	19 186	18 979	
7 018	SEC LP and Arci Ltd.	5.188	29-Aug-2033	7 324	7 495	
7 435	SGTP Highway Bypass LP	4.105	31-Jan-2045	7 435	7 797	
4 150	Sun Life Financial Inc.	2.770	13-May-2024	4 198	4 165	
4 175	TELUS Corp.	5.050	04-Dec-2019	4 335	4 337	
4 130	TELUS Corp.	5.050	23-Jul-2020	4 332	4 328	
1 480	TELUS Corp.	3.600	26-Jan-2021	1 510	1 510	
28 605	Teranet Holdings LP	4.807	16-Dec-2020	31 083	29 684	
15 640	TMX Group Ltd.	3.253	03-Oct-2018	16 043	15 700	
20 325	Toronto-Dominion Bank	1.693	02-Apr-2020	20 035	20 065	
21 295	Toronto-Dominion Bank	1.680	08-Jun-2021	20 829	20 784	
43 540	Toronto-Dominion Bank	2.621	22-Dec-2021	43 359	43 400	
2 000	TransCanada PipeLines Ltd.	7.310	15-Jan-2027	2 503	2 534	
1 890	TransCanada PipeLines Ltd.	6.280	26-May-2028	2 255	2 284	
2 450	TransCanada PipeLines Ltd.	8.200	15-Aug-2031	3 718	3 437	
5 000	TransCanada PipeLines Ltd.	8.050	17-Feb-2039	7 631	7 633	
11 472	TransCanada PipeLines Ltd.	4.550	15-Nov-2041	12 026	12 150	
6 656	TransCanada PipeLines Ltd.	4.350	06-Jun-2046	6 674	6 860	

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Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
16 390	TransCanada PipeLines Ltd.	4.330	16-Sep-2047	\$ 16 403	\$ 16 829	
14 615	TransCanada PipeLines Ltd.	4.180	03-Jul-2048	14 623	14 587	
18 760	TransEd Partners GP	3.951	30-Sep-2050	17 351	18 402	
6 153	Trillium Windpower LP	5.803	15-Feb-2033	7 176	6 943	
6 405	Union Gas Ltd.	8.750	03-Aug-2018	7 959	6 443	
3 940	Union Gas Ltd.	8.650	10-Nov-2025	5 548	5 328	
6 410	Union Gas Ltd.	2.810	01-Jun-2026	6 410	6 318	
900	Union Gas Ltd.	2.880	22-Nov-2027	877	885	
5 065	Union Gas Ltd.	5.460	11-Sep-2036	6 446	6 390	
8 315	Union Gas Ltd.	4.880	21-Jun-2041	9 867	10 025	
6 062	Union Gas Ltd.	4.200	02-Jun-2044	6 632	6 713	
2 135	Vancouver Airport Authority	3.857	10-Nov-2045	2 383	2 371	
4 230	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	4 230	4 338	
1 530	Vancouver Fraser Port Authority	4.630	20-Apr-2020	1 703	1 577	
4 136	Vancouver International Airport Authority	7.425	07-Dec-2026	5 738	5 525	
21 550	Wells Fargo Canada Corp.	2.944	25-Jul-2019	21 697	21 688	
3 059	Westcoast Energy Inc.	5.600	16-Jan-2019	3 376	3 114	
2 767	Westcoast Energy Inc.	9.900	10-Jan-2020	4 019	3 055	
2 150	Westcoast Energy Inc.	4.570	02-Jul-2020	2 232	2 229	
1 000	Westcoast Energy Inc.	3.883	28-Oct-2021	1 020	1 032	
2 975	Westcoast Energy Inc.	6.750	15-Dec-2027	3 831	3 651	
7 200	Westcoast Energy Inc.	4.791	28-Oct-2041	7 907	7 930	
2 855	Winnipeg Airport Authority Inc.	4.569	20-Nov-2019	3 169	2 935	
1 740	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	1 737	1 758	
4 641	Winnipeg Airport Authority Inc.	5.205	28-Sep-2040	5 550	5 470	
6 649	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	7 464	8 500	
3 945	Winnipeg Airport Authority Inc.	3.659	30-Sep-2047	3 945	4 172	
				2 358 241	2 343 124	26.5
FEDERAL						
77 863	Canada Housing Trust No. 1	1.250	15-Dec-2020	77 427	76 282	
155 290	Canada Housing Trust No. 1	1.250	15-Jun-2021	155 177	151 157	
52 310	Canada Housing Trust No. 1	3.800	15-Jun-2021	55 298	54 705	
44 086	Canada Housing Trust No. 1	1.150	15-Dec-2021	43 221	42 500	
87 545	Canada Housing Trust No. 1	1.500	15-Dec-2021	87 235	85 408	
69 975	Canada Housing Trust No. 1	2.650	15-Mar-2022	73 861	70 918	
263 429	Canada Housing Trust No. 1	1.750	15-Jun-2022	264 051	258 026	
323 868	Canada Housing Trust No. 1	2.400	15-Dec-2022	327 215	324 666	
61 547	Canada Housing Trust No. 1	2.350	15-Jun-2023	61 369	61 452	
9 445	Canada Housing Trust No. 1	2.900	15-Jun-2024	9 550	9 684	
21 003	Canada Housing Trust No. 1	2.250	15-Dec-2025	21 089	20 646	
7 999	Canada Housing Trust No. 1	1.900	15-Sep-2026	7 772	7 633	
85 571	Canada Housing Trust No. 1	2.350	15-Jun-2027	85 631	84 236	
13 731	Canada Housing Trust No. 1	2.350	15-Mar-2028	13 575	13 483	
40 719	Canada Housing Trust No. 1	2.650	15-Mar-2028	40 596	41 034	
1 261	CBC Monetization Trust	4.688	15-May-2027	1 262	1 369	
8 040	Government of Canada	1.250	01-Sep-2018	8 036	8 039	
19 530	Government of Canada	1.750	01-Mar-2019	19 554	19 546	
2 033	Government of Canada	3.750	01-Jun-2019	2 072	2 071	
72 778	Government of Canada	1.750	01-May-2020	72 612	72 570	
24 114	Government of Canada	3.500	01-Jun-2020	26 344	24 823	
359 573	Government of Canada	1.750	01-Aug-2020	357 777	358 179	
182 425	Government of Canada	0.750	01-Mar-2021	179 325	176 655	
89 868	Government of Canada	3.250	01-Jun-2021	98 010	93 048	
50 269	Government of Canada	0.750	01-Sep-2021	48 283	48 356	
3 975	Government of Canada	0.500	01-Mar-2022	3 735	3 764	
1 095	Government of Canada	2.750	01-Jun-2022	1 129	1 126	
197 128	Government of Canada	1.750	01-Mar-2023	195 718	194 397	

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
91 909	Government of Canada	1.500	01-Jun-2023	\$ 90 121	\$ 89 442	
30 070	Government of Canada	2.500	01-Jun-2024	31 021	30 708	
30 505	Government of Canada	2.250	01-Jun-2025	30 760	30 734	
96 307	Government of Canada	2.000	01-Jun-2028	94 885	94 885	
4 415	Government of Canada	5.750	01-Jun-2029	5 941	5 938	
1 130	Government of Canada	5.750	01-Jun-2033	1 651	1 637	
3 765	Government of Canada	5.000	01-Jun-2037	5 190	5 384	
6 987	Government of Canada	4.000	01-Jun-2041	8 902	9 207	
1 658	Government of Canada	3.500	01-Dec-2045	2 107	2 094	
10 576	Government of Canada	1.250	01-Dec-2047	12 033	12 876	
92 320	Government of Canada	2.750	01-Dec-2048	101 702	103 486	
30 396	Government of Canada	0.500	01-Dec-2050	29 235	30 827	
28 702	Government of Canada	2.000	01-Dec-2051	26 974	27 374	
				2 777 446	2 750 365	31.1
PROVINCIAL/MUNICIPAL						
5 000	City of Montreal	3.500	01-Sep-2023	5 305	5 200	
5 000	City of Montreal	3.500	01-Sep-2024	5 206	5 205	
6 430	City of Montreal	2.750	01-Sep-2026	6 335	6 339	
4 775	City of Montreal	3.000	01-Sep-2027	4 810	4 769	
23 839	City of Montreal	3.150	01-Sep-2028	23 849	24 043	
2 700	City of Montreal	3.150	01-Dec-2036	2 683	2 673	
6 170	City of Ottawa	4.600	14-Jul-2042	7 376	7 592	
1 444	City of Ottawa	3.100	27-Jul-2048	1 382	1 415	
10 400	City of Toronto	3.500	06-Dec-2021	10 814	10 750	
5 000	City of Vancouver	3.750	24-Oct-2023	5 552	5 267	
7 062	First Nations Finance Authority	3.050	01-Jun-2028	7 049	6 982	
7 023	Hospital for Sick Children	5.217	16-Dec-2049	7 266	9 443	
12 285	Hospital for Sick Children	3.416	07-Dec-2057	12 286	12 268	
3 980	McGill University	6.150	22-Sep-2042	5 523	5 720	
13 000	Municipal Finance Authority of British Columbia	2.500	19-Apr-2026	12 635	12 704	
36 027	Ontario Electricity Financial Corp.	8.500	26-May-2025	55 102	48 749	
7 007	Ontario Electricity Financial Corp.	9.000	26-May-2025	10 759	9 709	
40 915	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	60 023	56 399	
1 404	Ontario School Boards Financing Corp.	7.200	09-Jun-2025	1 624	1 620	
738	Ontario School Boards Financing Corp.	6.550	19-Oct-2026	866	845	
13 981	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	16 494	15 746	
21 340	OPB Finance Trust	2.980	25-Jan-2027	21 357	21 329	
88 073	Province of Alberta	2.200	01-Jun-2026	84 191	84 764	
7 789	Province of Alberta	3.900	01-Dec-2033	8 506	8 696	
19 936	Province of Alberta	3.450	01-Dec-2043	22 154	21 531	
67 480	Province of Alberta	3.300	01-Dec-2046	70 707	71 358	
8 000	Province of Manitoba	2.550	02-Jun-2026	7 974	7 865	
5 157	Province of Manitoba	4.050	05-Sep-2045	5 635	6 051	
84 366	Province of Manitoba	2.850	05-Sep-2046	77 254	80 407	
11 984	Province of New Brunswick	3.650	03-Jun-2024	13 258	12 618	
14 500	Province of New Brunswick	4.800	26-Sep-2039	18 916	18 108	
5 474	Province of New Brunswick	4.800	03-Jun-2041	6 606	6 902	
13 076	Province of New Brunswick	3.550	03-Jun-2043	13 366	13 891	
35 663	Province of New Brunswick	3.800	14-Aug-2045	37 991	39 616	
25 867	Province of Newfoundland and Labrador	3.300	17-Oct-2046	24 212	26 360	
19 114	Province of Ontario	3.150	02-Jun-2022	19 776	19 631	
32 493	Province of Ontario	2.850	02-Jun-2023	34 503	32 978	
62 642	Province of Ontario	2.600	08-Sep-2023	62 621	62 789	
6 824	Province of Ontario	7.500	07-Feb-2024	9 498	8 533	
178 940	Province of Ontario	3.500	02-Jun-2024	196 693	187 526	
97 108	Province of Ontario	2.600	02-Jun-2025	96 934	96 589	
56 110	Province of Ontario	8.500	02-Dec-2025	85 326	77 426	
28 003	Province of Ontario	2.400	02-Jun-2026	27 517	27 305	

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
155 517	Province of Ontario	6.200	02-Jun-2031	\$ 219 191	\$ 209 977	
102 617	Province of Ontario	5.600	02-Jun-2035	141 409	138 097	
32 890	Province of Ontario	4.700	02-Jun-2037	41 291	40 943	
160 224	Province of Ontario	4.600	02-Jun-2039	207 437	199 655	
198 037	Province of Ontario	3.500	02-Jun-2043	210 353	214 759	
5 320	Province of Ontario	3.450	02-Jun-2045	5 580	5 741	
100 109	Province of Ontario	2.900	02-Dec-2046	96 763	97 880	
32 991	Province of Ontario	2.800	02-Jun-2048	31 363	31 687	
125 201	Province of Ontario	2.900	02-Jun-2049	122 135	122 771	
2 475	Province of Quebec	4.250	01-Dec-2021	2 772	2 631	
42 542	Province of Quebec	9.375	16-Jan-2023	63 952	54 944	
96 239	Province of Quebec	8.500	01-Apr-2026	147 407	134 444	
785	Province of Quebec	2.500	01-Sep-2026	785	772	
5 778	Province of Quebec	2.750	01-Sep-2027	5 920	5 768	
54 174	Province of Quebec	6.000	01-Oct-2029	72 019	70 405	
4 344	Province of Quebec	5.000	01-Dec-2041	5 634	5 814	
5 405	Province of Quebec	3.500	01-Dec-2045	5 846	5 935	
30 209	Province of Quebec	3.500	01-Dec-2048	32 947	33 476	
24 982	Province of Saskatchewan	2.550	02-Jun-2026	25 099	24 654	
3 592	Province of Saskatchewan	5.750	05-Mar-2029	5 020	4 531	
3 500	Province of Saskatchewan	6.400	05-Sep-2031	5 331	4 821	
16 993	Province of Saskatchewan	3.900	02-Jun-2045	20 586	19 822	
23 292	Province of Saskatchewan	2.750	02-Dec-2046	22 639	22 225	
7 752	Queen's University	6.100	19-Nov-2032	10 114	9 992	
2 250	Regional Municipality of York	2.600	15-Dec-2025	2 203	2 209	
14 968	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	15 448	15 473	
5 000	South Coast British Columbia Transportation Authority	3.050	04-Jun-2025	5 055	5 063	
5 968	University of British Columbia	6.650	01-Dec-2031	7 989	8 101	
3 600	University of Toronto	4.937	16-Nov-2045	4 762	4 544	
14 437	York Region District School Board	5.098	07-Jun-2032	16 082	16 077	
				2 761 066	2 698 922	30.5
TOTAL CANADIAN BONDS				7 896 753	7 792 411	88.1
UNITED KINGDOM BONDS						
10 785	BAA Funding Ltd. CAD	4.000	03-Jul-2019	10 964	10 958	
8 525	Heathrow Funding Ltd. CAD	3.400	08-Mar-2028	8 513	8 545	
TOTAL UNITED KINGDOM BONDS				19 477	19 503	0.2
UNITED STATES BONDS						
14 455	Anheuser-Busch InBev Finance Inc. CAD	2.600	15-May-2024	14 463	13 967	
22 951	AT&T Inc. CAD	3.825	25-Nov-2020	23 994	23 481	
985	Bank of America Corp. CAD	3.228	22-Jun-2022	1 012	994	
18 290	Bank of America Corp. CAD	2.604	15-Mar-2023	18 290	17 994	
6 290	Bank of America Corp. CAD	3.407	20-Sep-2025	6 290	6 279	
285	Caterpillar Financial Services Ltd. CAD	2.800	08-Jun-2021	285	286	
14 115	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	14 013	14 119	
7 745	Molson Coors International LP CAD	2.250	18-Sep-2018	7 732	7 749	
24 452	Molson Coors International LP CAD	2.750	18-Sep-2020	24 306	24 392	
16 630	The Walt Disney Co. CAD	2.758	07-Oct-2024	16 486	16 399	
28 415	United Parcel Service Inc. CAD	2.125	21-May-2024	28 261	27 136	
42 759	United States Treasury	2.875	15-May-2028	56 743	56 306	
147 259	United States Treasury	3.125	15-May-2048	199 537	198 795	
29 995	Wells Fargo & Co. CAD	2.222	15-Mar-2021	29 995	29 516	
21 790	Wells Fargo & Co. CAD	2.509	27-Oct-2023	21 781	21 036	
TOTAL UNITED STATES BONDS				463 188	458 449	5.2
TOTAL BONDS				8 379 418	8 270 363	93.5

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
MORTGAGE-BACKED SECURITIES						
1 849	Peoples Trust	4.200	01-Oct-2019	\$ 1 847	\$ 1 894	
TOTAL MORTGAGE-BACKED SECURITIES				1 847	1 894	—
MORTGAGES						
CMHC Insured						
1 794	4.930% Nov 01, 2019			1 829	1 845	
1 799	4.930% Dec 01, 2019			1 811	1 857	
1 673	4.850% Jan 01, 2020			1 688	1 721	
1 554	4.260% Nov 01, 2022			1 554	1 637	
6 603	3.160% Sep 05, 2024			6 616	6 461	
TOTAL MORTGAGES				13 498	13 521	0.2
SHORT-TERM INVESTMENTS[†]				395 178	395 178	4.5
TOTAL INVESTMENTS				8 791 639	8 682 696	98.2
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	2 734	—
TOTAL PORTFOLIO				\$ 8 791 639	8 685 430	98.2
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					153 727	1.8
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 8 839 157	100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 102 953 Sold USD 77 495 @ 1.3285	17-Sep-2018	\$ 1 213
Bought CAD 46 988 Sold USD 35 452 @ 1.3254	17-Sep-2018	445
Bought CAD 23 641 Sold USD 17 802 @ 1.3280	17-Sep-2018	269
Bought CAD 35 755 Sold USD 26 924 @ 1.3280	17-Sep-2018	408
Bought CAD 47 379 Sold USD 35 785 @ 1.3240	17-Sep-2018	399
TOTAL FOREIGN EXCHANGE		\$ 2 734

All counterparties have a credit rating of at least A.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.28% to 1.94% and mature between July 3, 2018 and November 29, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 8 682 696	\$ 8 374 837
Cash	10 467	10 814
Due from investment dealers	162 181	—
Subscriptions receivable	7 795	9 619
Futures contracts margin receivable	3 542	14 725
Unrealized gain on foreign exchange contracts	2 734	—
Dividends receivable, interest accrued and other assets	40 987	37 841
TOTAL ASSETS	8 910 402	8 447 836
LIABILITIES		
Due to investment dealers	61 155	—
Redemptions payable	9 136	1 920
Distributions payable	6	(1)
Accounts payable and accrued expenses	948	1 037
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	71 245	2 956
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 8 839 157	\$ 8 444 880
Investments at cost	\$ 8 791 639	\$ 8 470 936
NAV		
SERIES A	\$ 133 186	\$ 146 640
ADVISOR SERIES	\$ 104 367	\$ 108 975
SERIES D	\$ 556 101	\$ 575 829
SERIES F	\$ 922 751	\$ 921 153
SERIES O	\$ 7 122 752	\$ 6 692 283
NAV PER UNIT		
SERIES A	\$ 11.21	\$ 11.30
ADVISOR SERIES	\$ 11.22	\$ 11.31
SERIES D	\$ 11.21	\$ 11.31
SERIES F	\$ 11.22	\$ 11.32
SERIES O	\$ 11.15	\$ 11.25

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 128 435	\$ 122 210
Income from investment trusts	51	1 289
Derivative income	(2 297)	4 579
Net realized gain (loss) on investments	(52 481)	(2 791)
Change in unrealized gain (loss) on investments	(10 110)	70 268
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	63 598	195 555
Net gain (loss) on foreign cash balances	835	610
TOTAL OTHER INCOME (LOSS)	835	610
TOTAL INCOME (LOSS)	64 433	196 165
EXPENSES (see notes – Fund Specific Information)		
Management fees	4 269	4 400
Administration fees	1 082	1 027
Independent Review Committee costs	1	1
GST/HST	540	546
TOTAL EXPENSES	5 892	5 974
INCREASE (DECREASE) IN NAV	\$ 58 541	\$ 190 191
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 120	\$ 3 268
ADVISOR SERIES	\$ 134	\$ 2 187
SERIES D	\$ 2 085	\$ 12 848
SERIES F	\$ 4 160	\$ 18 368
SERIES O	\$ 52 042	\$ 153 520
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.01	\$ 0.23
ADVISOR SERIES	\$ 0.01	\$ 0.22
SERIES D	\$ 0.04	\$ 0.25
SERIES F	\$ 0.05	\$ 0.25
SERIES O	\$ 0.08	\$ 0.28

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 58 541	\$ 190 191
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(578)	(249)
Non-cash distributions from underlying funds	(51)	(1 289)
Net realized loss (gain) on investments	52 481	2 791
Change in unrealized loss (gain) on investments	10 110	(70 268)
(Increase) decrease in accrued receivables	(3 146)	141
Increase (decrease) in accrued payables	(89)	370
(Increase) decrease in margin accounts	11 183	(2 556)
Cost of investments purchased	(8 128 338)	(6 922 050)
Proceeds from sale and maturity of investments	7 654 757	6 759 433
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(345 130)	(43 486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	935 704	1 062 299
Cash paid on redemption of redeemable units	(562 401)	(993 431)
Distributions paid to holders of redeemable units	(28 520)	(29 664)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 344 783	\$ 39 204
Net increase (decrease) in cash for the period	(347)	(4 282)
Cash (bank overdraft), beginning of period	10 814	9 422
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 10 467	\$ 5 140
Interest received (paid)	\$ 124 711	\$ 124 751
Dividends received, net of withholding taxes	\$ —	\$ —

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

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 146 640	\$ 169 245	\$ 108 975	\$ 111 224	\$ 575 829	\$ 583 467	\$ 921 153	\$ 801 893
INCREASE (DECREASE) IN NAV	120	3 268	134	2 187	2 085	12 848	4 160	18 368
Early redemption fees	—	—	—	—	1	2	1	8
Proceeds from redeemable units issued	8 676	16 055	14 535	21 261	28 366	34 488	164 994	248 599
Reinvestments of distributions to holders of redeemable units	1 247	1 678	896	1 074	6 251	7 245	7 318	7 581
Redemption of redeemable units	(22 116)	(26 792)	(19 109)	(20 061)	(49 459)	(39 520)	(163 006)	(137 146)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(12 193)	(9 059)	(3 678)	2 274	(14 841)	2 215	9 307	119 042
Distributions from net income	(1 381)	(1 855)	(1 064)	(1 290)	(6 972)	(8 073)	(11 869)	(12 545)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 381)	(1 855)	(1 064)	(1 290)	(6 972)	(8 073)	(11 869)	(12 545)
NET INCREASE (DECREASE) IN NAV	(13 454)	(7 646)	(4 608)	3 171	(19 728)	6 990	1 598	124 865
NAV AT END OF PERIOD	\$ 133 186	\$ 161 599	\$ 104 367	\$ 114 395	\$ 556 101	\$ 590 457	\$ 922 751	\$ 926 758

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 6 692 283	\$ 6 316 953	\$ 8 444 880	\$ 7 982 782
INCREASE (DECREASE) IN NAV	52 042	153 520	58 541	190 191
Early redemption fees	—	—	2	10
Proceeds from redeemable units issued	724 895	766 202	941 466	1 086 605
Reinvestments of distributions to holders of redeemable units	85 108	81 027	100 820	98 605
Redemption of redeemable units	(323 515)	(783 143)	(577 205)	(1 006 662)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	486 488	64 086	465 083	178 558
Distributions from net income	(108 061)	(104 555)	(129 347)	(128 318)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(108 061)	(104 555)	(129 347)	(128 318)
NET INCREASE (DECREASE) IN NAV	430 469	113 051	394 277	240 431
NAV AT END OF PERIOD	\$ 7 122 752	\$ 6 430 004	\$ 8 839 157	\$ 8 223 213

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

June 30, 2018

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)**Credit risk (%)**

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

Rating	June 30 2018	December 31 2017
AAA	38.1	45.3
AA	32.4	29.5
A	16.9	13.5
BBB	11.3	10.6
BB	1.0	0.8
Unrated*	0.3	0.3
Total	100.0	100.0

* Mortgages, which represent 59.3% (December 31, 2017 – 59.7%) of the unrated above, are all Canada Mortgage and Housing Corporation ("CMHC") guaranteed mortgages, and therefore have the backing of an AAA rated issuer. As at June 30, 2018 and December 31, 2017, there were no mortgage payments in arrears for more than 90 days.

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Federal Bonds	31.6	41.4
Corporate Bonds	31.3	24.9
Provincial Bonds	27.8	29.6
Municipal Bonds	2.7	1.1
Mortgages	0.2	0.2
Cash/Other	6.4	2.8
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	3.9	1.9
1 – 5 years	39.8	39.2
5 – 10 years	22.3	27.9
> 10 years	34.0	31.0
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 7.3% (December 31, 2017 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	1 740	–	–	1 740
Fixed-income and debt securities	–	8 262 972	22 806	8 285 778
Short-term investments	–	395 178	–	395 178
Derivatives – assets	–	2 734	–	2 734
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 740	8 660 884	22 806	8 685 430
% of total portfolio	–	99.7	0.3	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	1 712	–	–	1 712
Fixed-income and debt securities	–	8 180 621	13 914	8 194 535
Short-term investments	–	178 590	–	178 590
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 712	8 359 211	13 914	8 374 837
% of total portfolio	–	99.8	0.2	100.0

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

	June 30 2018	December 31 2017
Balance at beginning of period	13 914	8 042
Net purchases	–	6 696
Net sales	(266)	(436)
Net transfers in	–	–
Net transfers out	9 285	–
Realized gains (losses)	(3)	(6)
Change in unrealized gains (losses)	(124)	(382)
Balance at end of period	22 806	13 914
Unrealized gains (losses)	75	146

June 30, 2018

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

As at June 30, 2018, a 10% increase or decrease in the weighted average spread premium of 1.14% (December 31, 2017 – 1.19%), an unobservable input, would have increased or decreased the Fund's NAV respectively by approximately 0.0% (December 31, 2017 – 0.0%).

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

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

	Management fees	Administration fees
Series A	0.90%	0.05%
Advisor Series	0.90%	0.05%
Series D	0.50%	0.04%
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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	56	55
Advisor Series	111	110
Series D	58	57
Series F	58	57
Value of all units	3	3

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North High Yield Bond Fund	—	—	—	—

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

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

Capital losses	30 680
Non-capital losses	–

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	12 974	14 922
Issued number of units	778	1 402
Reinvested number of units	111	147
Redeemed number of units	(1 980)	(2 339)
Ending number of units	11 883	14 132
Advisor Series		
Opening units	9 631	9 796
Issued number of units	1 300	1 851
Reinvested number of units	80	94
Redeemed number of units	(1 710)	(1 749)
Ending number of units	9 301	9 992
Series D		
Opening units	50 929	51 440
Issued number of units	2 537	3 010
Reinvested number of units	557	635
Redeemed number of units	(4 424)	(3 455)
Ending number of units	49 599	51 630
Series F		
Opening units	81 375	70 615
Issued number of units	14 732	21 628
Reinvested number of units	652	663
Redeemed number of units	(14 556)	(11 965)
Ending number of units	82 203	80 941

PHILLIPS, HAGER & NORTH TOTAL RETURN BOND FUND

June 30, 2018

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

	2018	2017
Series 0		
Opening units	594 987	559 740
Issued number of units	65 066	67 323
Reinvested number of units	7 626	7 132
Redeemed number of units	(29 047)	(69 086)
Ending number of units	638 632	565 109

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

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

	June 30 2018	December 31 2017
RBC Balanced Growth & Income Class	0.3	0.3
RBC Balanced Growth & Income Fund	2.4	2.4
RBC Conservative Growth & Income Fund	0.5	0.5
RBC Monthly Income Bond Fund	2.4	2.9
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	–	–
RBC Retirement 2030 Portfolio	–	–
RBC Retirement 2035 Portfolio	–	–
RBC Retirement 2040 Portfolio	–	–
RBC Retirement 2045 Portfolio	–	–
RBC Retirement 2050 Portfolio	–	–
RBC Retirement Income Solution	–	–
RBC Select Balanced Portfolio	2.3	2.4
RBC Select Choices Balanced Portfolio	0.3	0.5
RBC Select Choices Conservative Portfolio	0.2	0.3
RBC Select Choices Growth Portfolio	–	0.2
RBC Select Conservative Portfolio	29.9	28.3
RBC Select Growth Portfolio	1.0	1.0
RBC Select Very Conservative Portfolio	15.0	15.0
RBC Target 2020 Education Fund	0.3	0.3
RBC Target 2025 Education Fund	1.4	1.4
RBC Target 2030 Education Fund	0.4	0.4
Total	56.4	55.9

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

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

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
FEDERAL						
1	Government of Canada	0.750	01-Sep-2021	\$ 1	\$ 1	
4 760	Government of Canada	4.250	01-Dec-2021	2 029	5 411	
1	Government of Canada	1.500	01-Jun-2026	1	1	
11 012	Government of Canada	4.250	01-Dec-2026	14 522	14 546	
8 452	Government of Canada	4.000	01-Dec-2031	3 323	12 378	
2 967	Government of Canada	3.000	01-Dec-2036	—	4 302	
8 180	Government of Canada	2.000	01-Dec-2041	4 915	10 938	
14 372	Government of Canada	1.500	01-Dec-2044	14 859	18 026	
1	Government of Canada	3.500	01-Dec-2045	1	1	
2	Government of Canada	2.750	01-Dec-2048	2	2	
12 261	Government of Canada	0.500	01-Dec-2050	11 932	12 435	
				51 585	78 041	79.6
PROVINCIAL/MUNICIPAL						
3 446	Province of Ontario	2.000	01-Dec-2036	3 527	3 901	
8 906	Province of Quebec	4.500	01-Dec-2021	10 306	10 102	
1 607	Province of Quebec	4.500	01-Dec-2026	2 031	2 067	
1 813	Province of Quebec	4.250	01-Dec-2031	2 433	2 516	
				18 297	18 586	19.0
TOTAL CANADIAN BONDS				69 882	96 627	98.6
UNITED STATES BONDS						
711	United States Treasury Inflation Indexed	1.000	15-Feb-2048	961	967	
TOTAL UNITED STATES BONDS				961	967	1.0
TOTAL BONDS				70 843	97 594	99.6
SHORT-TERM INVESTMENTS*				175	175	0.2
TOTAL INVESTMENTS				71 018	97 769	99.8
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	11	—
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(7)	—
TOTAL PORTFOLIO				\$ 71 018	97 773	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					278	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 98 051	100.0

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

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2018

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 962 Sold USD 724 @ 1.3285	17-Sep-2018	\$ 11
		<u>\$ 11</u>
Contracts	Maturity Date	Unrealized Loss
Bought CAD 948 Sold USD 725 @ 1.3082	17-Sep-2018	\$ (3)
Bought USD 725 Sold CAD 955 @ 0.7591	17-Sep-2018	(4)
		<u>\$ (7)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ 4</u>

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.45% to 1.46% and mature between July 4, 2018 and July 6, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 97 769	\$ 93 634
Cash	112	133
Due from investment dealers	28 909	23 212
Subscriptions receivable	30	26
Unrealized gain on foreign exchange contracts	11	—
Dividends receivable, interest accrued and other assets	181	178
TOTAL ASSETS	127 012	117 183
LIABILITIES		
Due to investment dealers	28 901	23 543
Redemptions payable	38	208
Unrealized loss on foreign exchange contracts	7	—
Accounts payable and accrued expenses	15	22
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	28 961	23 773
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 98 051	\$ 93 410
Investments at cost	\$ 71 018	\$ 70 397
NAV		
SERIES A	\$ 9 286	\$ 11 693
ADVISOR SERIES	\$ 1 642	\$ 1 640
SERIES D	\$ 13 341	\$ 12 403
SERIES F	\$ 6 904	\$ 8 934
SERIES O	\$ 66 878	\$ 58 740
NAV PER UNIT		
SERIES A	\$ 9.13	\$ 8.94
ADVISOR SERIES	\$ 9.13	\$ 8.94
SERIES D	\$ 9.19	\$ 9.00
SERIES F	\$ 9.17	\$ 8.98
SERIES O	\$ 9.26	\$ 9.07

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 2 643	\$ 15 163
Derivative income	8	—
Net realized gain (loss) on investments	(2 880)	(3 944)
Change in unrealized gain (loss) on investments	3 518	(10 821)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	3 289	398
Net gain (loss) on foreign cash balances	(1)	—
TOTAL OTHER INCOME (LOSS)	(1)	—
TOTAL INCOME (LOSS)	3 288	398
EXPENSES (see notes – Fund Specific Information)		
Management fees	84	107
Administration fees	14	14
Independent Review Committee costs	1	1
GST/HST	9	11
TOTAL EXPENSES	108	133
INCREASE (DECREASE) IN NAV	\$ 3 180	\$ 265
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 267	\$ (3)
ADVISOR SERIES	\$ 49	\$ 6
SERIES D	\$ 413	\$ 25
SERIES F	\$ 179	\$ 37
SERIES O	\$ 2 272	\$ 200
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.29)	\$ —
ADVISOR SERIES	\$ (0.31)	\$ 0.03
SERIES D	\$ (0.30)	\$ 0.02
SERIES F	\$ (0.31)	\$ 0.05
SERIES O	\$ (0.27)	\$ 0.05

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 3 180	\$ 265
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(1 578)	(14 215)
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	2 880	3 944
Change in unrealized loss (gain) on investments	(3 518)	10 821
(Increase) decrease in accrued receivables	(3)	2
Increase (decrease) in accrued payables	(7)	(2)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(1 828 873)	(2 522 199)
Proceeds from sale and maturity of investments	1 826 611	2 517 371
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1 308)	(4 013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	14 272	11 508
Cash paid on redemption of redeemable units	(12 916)	(6 971)
Distributions paid to holders of redeemable units	(69)	(583)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 1 287	\$ 3 954
Net increase (decrease) in cash for the period	(21)	(59)
Cash (bank overdraft), beginning of period	133	166
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 112	\$ 107
Interest received (paid)	\$ 1 062	\$ 950
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 11 693	\$ 13 503	\$ 1 640	\$ 2 043	\$ 12 403	\$ 15 645	\$ 8 934	\$ 8 423
INCREASE (DECREASE) IN NAV	267	(3)	49	6	413	25	179	37
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	452	586	171	556	2 124	1 002	746	1 455
Reinvestments of distributions to holders of redeemable units	81	647	12	109	132	779	59	269
Redemption of redeemable units	(3 124)	(1 071)	(216)	(438)	(1 593)	(2 189)	(2 933)	(327)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(2 591)	162	(33)	227	663	(408)	(2 128)	1 397
Distributions from net income	(83)	(690)	(14)	(116)	(138)	(805)	(81)	(525)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(83)	(690)	(14)	(116)	(138)	(805)	(81)	(525)
NET INCREASE (DECREASE) IN NAV	(2 407)	(531)	2	117	938	(1 188)	(2 030)	909
NAV AT END OF PERIOD	\$ 9 286	\$ 12 972	\$ 1 642	\$ 2 160	\$ 13 341	\$ 14 457	\$ 6 904	\$ 9 332

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 58 740	\$ 43 870	\$ 93 410	\$ 83 484
INCREASE (DECREASE) IN NAV	2 272	200	3 180	265
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	10 807	8 117	14 300	11 716
Reinvestments of distributions to holders of redeemable units	842	2 539	1 126	4 343
Redemption of redeemable units	(4 904)	(3 192)	(12 770)	(7 217)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	6 745	7 464	2 656	8 842
Distributions from net income	(879)	(2 793)	(1 195)	(4 929)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(879)	(2 793)	(1 195)	(4 929)
NET INCREASE (DECREASE) IN NAV	8 138	4 871	4 641	4 178
NAV AT END OF PERIOD	\$ 66 878	\$ 48 741	\$ 98 051	\$ 87 662

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide inflation-protected interest income to help investors preserve their real (or inflation-adjusted) purchasing power over the long term.

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

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

Rating	June 30 2018	December 31 2017
AAA	81.0	80.2
AA	19.0	19.8
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Federal Bonds	80.6	80.0
Provincial Bonds	19.0	19.7
Cash/Other	0.4	0.3
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	–	–
1 – 5 years	14.0	24.4
5 – 10 years	14.4	2.2
> 10 years	71.6	73.4
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 14.9% (December 31, 2017 – 15.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	97 594	–	97 594
Short-term investments	–	175	–	175
Derivatives – assets	–	11	–	11
Derivatives – liabilities	–	(7)	–	(7)
Total financial instruments	–	97 773	–	97 773
% of total portfolio	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	93 134	–	93 134
Short-term investments	–	500	–	500
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	93 634	–	93 634
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	0.80%	0.05%
Advisor Series	0.80%	0.05%
Series D	0.45%	0.05%
Series F	0.30%	0.05%
Series O	n/a*	0.02%

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

PHILLIPS, HAGER & NORTH INFLATION-LINKED BOND FUND

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	70	70
Advisor Series	139	138
Series D	72	71
Series F	73	72
Series O	75	74
Value of all units	4	4

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

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

Capital losses	36 445
Non-capital losses	–

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	1 307	1 198
Issued number of units	51	52
Reinvested number of units	9	60
Redeemed number of units	(350)	(96)
Ending number of units	1 017	1 214

Advisor Series

Opening units	183	181
Issued number of units	20	50
Reinvested number of units	1	10
Redeemed number of units	(24)	(39)
Ending number of units	180	202

Series D

Opening units	1 379	1 381
Issued number of units	236	90
Reinvested number of units	15	72
Redeemed number of units	(178)	(196)
Ending number of units	1 452	1 347

Series F

Opening units	994	745
Issued number of units	83	130
Reinvested number of units	7	25
Redeemed number of units	(332)	(29)
Ending number of units	752	871

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

	2018	2017
Series O		
Opening units	6 477	3 846
Issued number of units	1 193	715
Reinvested number of units	92	234
Redeemed number of units	(541)	(284)
Ending number of units	7 221	4 511

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	12 757	–
Fair value of collateral received	13 012	–

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

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

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North LifeTime 2015 Fund	2.3	2.8
Phillips, Hager & North LifeTime 2020 Fund	13.6	16.7
Phillips, Hager & North LifeTime 2025 Fund	11.9	9.3
Phillips, Hager & North LifeTime 2030 Fund	2.1	0.4
Total	29.9	29.2

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

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

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
76 486	Atlantic Power LP	5.950	23-Jun-2036	\$ 55 739	\$ 63 423	
50 000	AutoCanada Inc.	5.625	25-May-2021	49 984	50 844	
79 778	Baytex Energy Corp. USD	6.750	17-Feb-2021	94 277	105 797	
38 205	Baytex Energy Corp. USD	5.125	01-Jun-2021	37 035	48 845	
162 500	Baytex Energy Corp.	6.625	19-Jul-2022	160 313	162 239	
65 488	Baytex Energy Corp. USD	5.625	01-Jun-2024	72 660	81 143	
13 495	Brookfield Residential Properties Inc. USD	6.500	15-Dec-2020	18 038	18 007	
13 000	Brookfield Residential Properties Inc. USD	6.125	01-Jul-2022	17 912	17 240	
49 800	CES Energy Solutions Corp.	6.375	21-Oct-2024	49 800	50 028	
7 000	Cominar Real Estate Investment Trust	3.620	21-Jun-2019	7 032	7 033	
10 000	Cominar Real Estate Investment Trust	4.230	04-Dec-2019	10 138	10 123	
26 100	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	26 914	26 777	
2 000	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	2 003	2 006	
25 750	Cominar Real Estate Investment Trust	4.164	01-Jun-2022	25 312	25 606	
40 000	Cominar Real Estate Investment Trust	4.247	23-May-2023	39 294	39 541	
56 000	Crew Energy Inc.	6.500	14-Mar-2024	54 680	52 220	
20 607	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	21 047	20 715	
20 000	Crombie Real Estate Investment Trust	2.775	10-Feb-2020	19 850	19 853	
60 500	Crombie Real Estate Investment Trust	3.962	01-Jun-2021	61 701	60 921	
28 500	Crombie Real Estate Investment Trust	4.066	21-Nov-2022	28 500	28 509	
227 000	Enbridge Inc.	5.375	27-Sep-2077	227 384	215 945	
97 000	Enbridge Inc.	6.625	12-Apr-2078	97 067	100 084	
36 454	Gibson Energy Inc.	5.375	15-Jul-2022	35 502	36 811	
30 000	Gibson Energy Inc.	5.250	15-Jul-2024	30 000	30 000	
49 972	Great Canadian Gaming Corp.	6.625	25-Jul-2022	51 406	51 346	
10 000	Island Timberlands LP USD	6.160	30-Aug-2025	12 122	15 053	
5 000	Mattamy Group Corp.	6.500	01-Oct-2025	5 000	4 998	
21 100	Mattamy Group Corp. USD	6.500	01-Oct-2025	26 558	27 339	
20 000	Morguard Corp.	4.013	18-Nov-2020	20 000	20 187	
5 500	Morguard Corp.	4.085	14-May-2021	5 500	5 540	
50 000	Morguard Corp.	4.333	15-Sep-2022	50 000	50 558	
102 000	Newalta Corp.	7.750	14-Nov-2019	99 030	102 291	
48 824	Paramount Resources Ltd. USD	6.875	30-Jun-2023	65 606	66 513	
5 740	Parkland Fuel Corp.	5.500	28-May-2021	5 920	5 848	
53 485	Parkland Fuel Corp.	6.000	21-Nov-2022	53 548	54 889	
4 500	Parkland Fuel Corp.	5.750	16-Sep-2024	4 500	4 556	
4 614	Precision Drilling Corp. USD	6.500	15-Dec-2021	5 121	6 224	
212 053	Quebecor Media Inc.	6.625	15-Jan-2023	214 886	228 890	
164 000	Seven Generations Energy Ltd. USD	6.750	01-May-2023	220 136	224 227	
1	Sherritt International Corp.	7.500	24-Sep-2020	—	1	
52 500	Sherritt International Corp.	7.875	11-Oct-2022	47 745	46 993	
24 094	Sobeys Inc.	3.520	08-Aug-2018	24 333	24 136	
30 450	Superior Plus Corp. USD	7.000	15-Jul-2026	40 392	40 331	
32 000	Superior Plus LP	5.250	27-Feb-2024	32 114	31 127	
34 000	Superior Plus LP	5.125	27-Aug-2025	32 519	32 513	
112 512	Teine Energy Ltd. USD	6.875	30-Sep-2022	152 051	150 133	
51 446	Telesat Canada USD	8.875	15-Nov-2024	71 690	72 537	
				2 482 359	2 539 940	64.3

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

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL						
50 000	Government of Canada	0.500	01-Nov-2018	\$ 49 599	\$ 49 844	
				49 599	49 844	1.3
TOTAL CANADIAN BONDS				2 531 958	2 589 784	65.6
UNITED STATES BONDS						
157 758	Icahn Enterprises LP	6.000	01-Aug-2020	205 838	210 119	
40 732	Icahn Enterprises LP	6.250	01-Feb-2022	53 289	54 753	
35 000	Iron Mountain Canada Operations ULC CAD	5.375	15-Sep-2023	35 093	35 583	
39 750	Level 3 Financing Inc.	6.125	15-Jan-2021	54 113	52 649	
196 334	Neptune Finco Corp.	10.125	15-Jan-2023	283 356	285 212	
24 980	Targa Resources Partners LP	4.125	15-Nov-2019	33 426	32 922	
25 765	The Manitowoc Co. Inc.	12.750	15-Aug-2021	36 821	37 767	
92 075	Trilogy International Partners LLC	8.875	01-May-2022	121 457	122 862	
TOTAL UNITED STATES BONDS				823 393	831 867	21.1
TOTAL BONDS				3 355 351	3 421 651	86.7
SHORT-TERM INVESTMENTS*						
57 146	Banner Trust			57 059	57 059	
40 145	Bay Street Funding Trust - Class A			40 040	40 040	
10 000	Caisse Centrale Desjardins			9 962	9 962	
12 438	Canadian Master Trust - Series A			12 397	12 397	
32 975	Central 1 Credit Union			32 928	32 928	
15 301	Clarity Trust			15 261	15 261	
2 385	Enbridge Gas Distribution Inc.			2 383	2 383	
36 635	Enbridge Pipelines Inc.			36 589	36 589	
10 212	Fusion Trust			10 208	10 208	
10 440	Greater Toronto Airports Authority			10 427	10 427	
1 884	HSBC Bank Canada			1 876	1 876	
3 525	Inter Pipeline Corridor Inc.			3 522	3 522	
25 630	King Street Funding Trust			25 529	25 529	
24 745	Merit Trust - Senior Notes			24 616	24 616	
11 800	National Bank of Canada			11 753	11 753	
13 000	Prime Trust - Senior Notes			12 982	12 982	
13 925	Ridge Trust			13 856	13 856	
1 175	SAFE Trust - Series 1996-1			1 164	1 164	
33 706	SOUND Trust			33 608	33 608	
70 229	STABLE Trust			70 139	70 139	
11 575	Suncor Energy Inc.			11 558	11 558	
32 545	SURE Trust			32 528	32 528	
13 559	Zeus Receivables Trust - Senior Notes			13 510	13 510	
TOTAL SHORT-TERM INVESTMENTS				483 895	483 895	12.2
TOTAL INVESTMENTS				3 839 246	3 905 546	98.9
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	24 228	0.6
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(45 453)	(1.2)
TOTAL PORTFOLIO				\$ 3 839 246	3 884 321	98.3
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					67 670	1.7
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 3 951 991	100.0

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

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

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2018

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought USD 55 000 Sold CAD 72 287 @ 0.7609	03-Jul-2018	\$ 19
Bought USD 95 000 Sold CAD 121 432 @ 0.7823	05-Jul-2018	3 460
Bought USD 60 000 Sold CAD 76 095 @ 0.7885	10-Jul-2018	2 775
Bought USD 290 000 Sold CAD 363 390 @ 0.7980	18-Jul-2018	17 752
Bought CAD 98 686 Sold USD 75 000 @ 1.3158	18-Sep-2018	222
		<u>\$ 24 228</u>

Contracts	Maturity Date	Unrealized Loss
Bought CAD 44 512 Sold USD 35 000 @ 1.2718	23-Jul-2018	\$ (1 483)
Bought CAD 256 353 Sold USD 200 000 @ 1.2818	24-Jul-2018	(6 470)
Bought CAD 64 149 Sold USD 50 000 @ 1.2830	03-Aug-2018	(1 543)
Bought CAD 96 111 Sold USD 75 000 @ 1.2815	07-Aug-2018	(2 420)
Bought CAD 256 585 Sold USD 200 000 @ 1.2829	08-Aug-2018	(6 162)
Bought CAD 268 104 Sold USD 210 000 @ 1.2767	14-Aug-2018	(7 751)
Bought CAD 334 191 Sold USD 260 000 @ 1.2854	22-Aug-2018	(7 296)
Bought CAD 389 612 Sold USD 300 000 @ 1.2987	29-Aug-2018	(4 364)
Bought CAD 205 760 Sold USD 160 000 @ 1.2860	31-Aug-2018	(4 353)
Bought CAD 129 337 Sold USD 100 000 @ 1.2934	04-Sep-2018	(1 976)
Bought CAD 116 932 Sold USD 90 000 @ 1.2992	13-Sep-2018	(1 233)
Bought USD 25 000 Sold CAD 33 203 @ 0.7529	26-Sep-2018	(386)
Bought CAD 72 173 Sold USD 55 000 @ 1.3122	03-Oct-2018	(16)
		<u>\$ (45 453)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ (21 225)</u>

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 1.46% to 1.87% and mature between July 3, 2018 and September 21, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 3 905 546	\$ 3 837 905
Cash	51 630	71 456
Due from investment dealers	26 293	—
Subscriptions receivable	12 953	1 703
Unrealized gain on foreign exchange contracts	24 228	20 950
Dividends receivable, interest accrued and other assets	55 488	52 570
TOTAL ASSETS	4 076 138	3 984 584
LIABILITIES		
Due to investment dealers	74 059	—
Redemptions payable	3 356	5 132
Unrealized loss on foreign exchange contracts	45 453	1 460
Distributions payable	4	—
Accounts payable and accrued expenses	1 275	1 409
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	124 147	8 001
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 3 951 991	\$ 3 976 583
Investments at cost	\$ 3 839 246	\$ 3 793 286
NAV		
SERIES A	\$ 230 518	\$ 248 583
ADVISOR SERIES	\$ 51 194	\$ 60 375
SERIES D	\$ 675 568	\$ 681 016
SERIES F	\$ 600 737	\$ 611 556
SERIES O	\$ 2 393 974	\$ 2 375 053
NAV PER UNIT		
SERIES A	\$ 11.83	\$ 11.99
ADVISOR SERIES	\$ 11.83	\$ 11.99
SERIES D	\$ 11.69	\$ 11.85
SERIES F	\$ 11.75	\$ 11.91
SERIES O	\$ 11.28	\$ 11.43

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 110 149	\$ 125 496
Derivative income	(30 827)	(41 776)
Net realized gain (loss) on investments	2 160	59 339
Change in unrealized gain (loss) on investments	(19 034)	(14 717)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	62 448	128 342
Net gain (loss) on foreign cash balances	1 480	(4 417)
TOTAL OTHER INCOME (LOSS)	1 480	(4 417)
TOTAL INCOME (LOSS)	63 928	123 925
EXPENSES (see notes – Fund Specific Information)		
Management fees	6 566	6 933
Administration fees	743	790
Independent Review Committee costs	1	1
GST/HST	691	733
TOTAL EXPENSES	8 001	8 457
INCREASE (DECREASE) IN NAV	\$ 55 927	\$ 115 468
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 2 083	\$ 6 162
ADVISOR SERIES	\$ 459	\$ 1 938
SERIES D	\$ 7 988	\$ 17 014
SERIES F	\$ 7 098	\$ 14 843
SERIES O	\$ 38 299	\$ 75 511
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.10	\$ 0.28
ADVISOR SERIES	\$ 0.10	\$ 0.28
SERIES D	\$ 0.14	\$ 0.31
SERIES F	\$ 0.14	\$ 0.31
SERIES O	\$ 0.18	\$ 0.34

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 55 927	\$ 115 468
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(2 160)	(59 339)
Change in unrealized loss (gain) on investments	19 034	14 717
(Increase) decrease in accrued receivables	(2 918)	2 709
Increase (decrease) in accrued payables	(134)	(53)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(4 967 996)	(4 014 754)
Proceeds from sale and maturity of investments	4 971 962	4 166 658
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	73 715	225 406
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	252 181	469 754
Cash paid on redemption of redeemable units	(295 520)	(557 926)
Distributions paid to holders of redeemable units	(50 202)	(52 788)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (93 541)	\$ (140 960)
Net increase (decrease) in cash for the period	(19 826)	84 446
Cash (bank overdraft), beginning of period	71 456	25 476
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 51 630	\$ 109 922
Interest received (paid)	\$ 107 231	\$ 128 205
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 248 583	\$ 276 968	\$ 60 375	\$ 86 418	\$ 681 016	\$ 666 947	\$ 611 556	\$ 584 954
INCREASE (DECREASE) IN NAV	2 083	6 162	459	1 938	7 988	17 014	7 098	14 843
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	9 052	13 760	1 467	3 550	28 782	33 030	41 197	69 390
Reinvestments of distributions to holders of redeemable units	4 266	5 359	781	1 451	15 529	16 942	8 644	9 557
Redemption of redeemable units	(28 187)	(31 953)	(10 700)	(11 212)	(40 704)	(42 801)	(52 493)	(82 304)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(14 869)	(12 834)	(8 452)	(6 211)	3 607	7 171	(2 652)	(3 357)
Distributions from net income	(5 279)	(6 644)	(1 188)	(2 046)	(17 043)	(18 554)	(15 265)	(16 207)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(5 279)	(6 644)	(1 188)	(2 046)	(17 043)	(18 554)	(15 265)	(16 207)
NET INCREASE (DECREASE) IN NAV	(18 065)	(13 316)	(9 181)	(6 319)	(5 448)	5 631	(10 819)	(4 721)
NAV AT END OF PERIOD	\$ 230 518	\$ 263 652	\$ 51 194	\$ 80 099	\$ 675 568	\$ 672 578	\$ 600 737	\$ 580 233

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 2 375 053	\$ 2 527 124	\$ 3 976 583	\$ 4 142 411
INCREASE (DECREASE) IN NAV	38 299	75 511	55 927	115 468
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	197 142	377 312	277 640	497 042
Reinvestments of distributions to holders of redeemable units	29 978	39 303	59 198	72 612
Redemption of redeemable units	(175 869)	(414 928)	(307 953)	(583 198)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	51 251	1 687	28 885	(13 544)
Distributions from net income	(70 629)	(81 967)	(109 404)	(125 418)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(70 629)	(81 967)	(109 404)	(125 418)
NET INCREASE (DECREASE) IN NAV	18 921	(4 769)	(24 592)	(23 494)
NAV AT END OF PERIOD	\$ 2 393 974	\$ 2 522 355	\$ 3 951 991	\$ 4 118 917

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

June 30, 2018

The Fund was closed to new investors effective November 26, 2014, reopened to new investors effective March 28, 2016 and closed again to new investors effective April 7, 2016. Existing investors who held units of the Fund on April 7, 2016 can continue to make additional investments into the Fund. In addition, RBC GAM may also maintain capacity for certain investors, including investment funds managed by RBC GAM or its affiliates, that may invest in the Fund.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with a high level of income and the opportunity for capital appreciation by investing primarily in medium quality Canadian and/or foreign corporate bonds, convertible bonds, preferred shares and government bonds issued or traded in Canadian and U.S. dollars.

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

Credit risk (%)

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

Rating	June 30 2018	December 31 2017
AAA	1.5	1.4
A	–	0.5
BBB	6.5	9.1
BB	42.6	41.2
B	34.8	33.5
CCC	14.6	13.8
Unrated*	–	0.5
Total	100.0	100.0

* Unrated represents primarily income trusts which are not covered by rating agencies.

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Corporate Bonds	85.4	90.1
Federal Bonds	1.3	1.2
Cash/Other	13.3	8.7
Total	100.0	100.0

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

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	3.0	2.6
1 – 5 years	70.5	49.6
5 – 10 years	15.4	39.1
> 10 years	11.1	8.7
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.8% (December 31, 2017 – 3.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

Since the currency risk of the Fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	3 421 651	–	3 421 651
Short-term investments	–	483 895	–	483 895
Derivatives – assets	–	24 228	–	24 228
Derivatives – liabilities	–	(45 453)	–	(45 453)
Total financial instruments	–	3 884 321	–	3 884 321
% of total portfolio	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	3 632 300	–	3 632 300
Short-term investments	–	205 605	–	205 605
Derivatives – assets	–	20 950	–	20 950
Derivatives – liabilities	–	(1 460)	–	(1 460)
Total financial instruments	–	3 857 395	–	3 857 395
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

PHILLIPS, HAGER & NORTH HIGH YIELD BOND FUND

June 30, 2018

**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	1.25%	0.05%
Advisor Series	1.25%	0.05%
Series D	0.75%	0.05%
Series F	0.75%	0.05%
Series O	n/a*	0.03%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	63	62
Advisor Series	126	123
Series D	67	65
Series F	67	65
Value of all units	4	4

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	20 724	22 771
Issued number of units	756	1 117
Reinvested number of units	361	440
Redeemed number of units	(2 362)	(2 595)
Ending number of units	19 479	21 733
Advisor Series		
Opening units	5 035	7 106
Issued number of units	122	288
Reinvested number of units	66	119
Redeemed number of units	(896)	(910)
Ending number of units	4 327	6 603

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

	2018	2017
Series D		
Opening units	57 473	55 478
Issued number of units	2 439	2 715
Reinvested number of units	1 330	1 408
Redeemed number of units	(3 450)	(3 510)
Ending number of units	57 792	56 091

Series F		
Opening units	51 333	48 394
Issued number of units	3 472	5 668
Reinvested number of units	736	790
Redeemed number of units	(4 427)	(6 725)
Ending number of units	51 114	48 127

Series O		
Opening units	207 730	217 973
Issued number of units	17 302	32 074
Reinvested number of units	2 661	3 387
Redeemed number of units	(15 428)	(35 289)
Ending number of units	212 265	218 145

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North Core Plus Bond Fund	—	—
Phillips, Hager & North Enhanced Long Bond Pension Trust	0.1	0.1
Phillips, Hager & North Enhanced Total Return Bond Fund	—	—
Phillips, Hager & North LifeTime 2020 Fund	—	—
Phillips, Hager & North LifeTime 2025 Fund	—	—
Phillips, Hager & North LifeTime 2030 Fund	—	—
Phillips, Hager & North LifeTime 2035 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2040 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2045 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2050 Fund	—	—
Phillips, Hager & North Long Core Plus Bond Fund	0.1	0.1
Phillips, Hager & North Monthly Income Fund	2.2	2.4
Phillips, Hager & North PRISM Balanced Fund	2.3	2.2
Phillips, Hager & North Total Return Bond Fund	—	—
RBC Select Choices Balanced Portfolio	0.2	0.3
RBC Select Choices Growth Portfolio	0.2	0.3
Total	5.4	5.7

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

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

PHILLIPS, HAGER & NORTH LONG INFLATION-LINKED BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
FEDERAL						
103 955	Government of Canada	0.500	01-Dec-2050	\$ 97 857	\$ 105 426	
TOTAL CANADIAN BONDS				<u>\$ 97 857</u>	105 426	100.1
OTHER NET ASSETS (LIABILITIES) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					(100)	(0.1)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 105 326</u>	100.0

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 105 426	\$ 89 816
Cash	28	10
Dividends receivable, interest accrued and other assets	43	39
TOTAL ASSETS	105 497	89 865
LIABILITIES		
Redemptions payable	170	–
Accounts payable and accrued expenses	1	1
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	171	1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 105 326	\$ 89 864
Investments at cost	\$ 97 857	\$ 85 296
NAV		
SERIES 0	\$ 105 326	\$ 89 864
NAV PER UNIT		
SERIES 0	\$ 12.16	\$ 11.57

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 1 129	\$ 1 074
Net realized gain (loss) on investments	1 051	(15)
Change in unrealized gain (loss) on investments	3 049	(1 105)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	5 229	(46)
TOTAL INCOME (LOSS)	5 229	(46)
EXPENSES (see notes – Fund Specific Information)		
Administration fees	10	7
Independent Review Committee costs	1	1
GST/HST	1	1
TOTAL EXPENSES	12	9
INCREASE (DECREASE) IN NAV	\$ 5 217	\$ (55)
INCREASE (DECREASE) IN NAV SERIES 0	\$ 5 217	\$ (55)
INCREASE (DECREASE) IN NAV PER UNIT SERIES 0	\$ 0.70	\$ (0.01)

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND
Statements of Cash Flow *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 5 217	\$ (55)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(1 529)	(686)
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(1 051)	15
Change in unrealized loss (gain) on investments	(3 049)	1 105
(Increase) decrease in accrued receivables	(4)	(8)
Increase (decrease) in accrued payables	—	3
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(17 711)	(15 466)
Proceeds from sale and maturity of investments	7 730	7 033
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(10 397)	(8 059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	16 715	12 525
Cash paid on redemption of redeemable units	(6 300)	(4 478)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 10 415	\$ 8 047
Net increase (decrease) in cash for the period	18	(12)
Cash (bank overdraft), beginning of period	10	64
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 28	\$ 52
Interest received (paid)	\$ (404)	\$ 380
Dividends received, net of withholding taxes	\$ —	\$ —

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

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series 0	
	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 89 864	\$ 70 635
INCREASE (DECREASE) IN NAV	5 217	(55)
Early redemption fees	—	—
Proceeds from redeemable units issued	16 715	12 475
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(6 470)	(4 478)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	10 245	7 997
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	15 462	7 942
NAV AT END OF PERIOD	\$ 105 326	\$ 78 577

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

**PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND**

Investment Management®

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide interest income that is hedged against inflation by investing primarily in longer-term real-return bonds and inflation-linked bonds issued by Canadian and foreign governments and corporations.

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

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

Rating	June 30 2018	December 31 2017
AAA	100.0	100.0
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Federal Bonds	100.1	99.9
Cash/Other	(0.1)	0.1
Total	100.0	100.0

Interest rate risk (%)

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

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	—	—
1 – 5 years	—	—
5 – 10 years	—	—
> 10 years	100.0	100.0
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 29.7% (December 31, 2017 – 30.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income and debt securities	—	105 426	—	105 426
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	105 426	—	105 426
% of total portfolio	—	100.0	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	—	—	—	—
Fixed-income and debt securities	—	89 816	—	89 816
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	—	89 816	—	89 816
% of total portfolio	—	100.0	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

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

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

Capital losses	4 293
Non-capital losses	—

PHILLIPS, HAGER & NORTH
LONG INFLATION-LINKED BOND FUND

June 30, 2018

Redeemable units (000s)

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

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

	2018	2017
Series 0		
Opening units	7 765	6 007
Issued number of units	1 456	1 092
Reinvested number of units	—	—
Redeemed number of units	(558)	(383)
Ending number of units	8 663	6 716

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North LifeTime 2025 Fund	7.7	9.9
Phillips, Hager & North LifeTime 2030 Fund	16.8	19.1
Phillips, Hager & North LifeTime 2035 Fund	22.1	21.6
Phillips, Hager & North LifeTime 2040 Fund	18.7	18.5
Phillips, Hager & North LifeTime 2045 Fund	28.2	26.2
Phillips, Hager & North LifeTime 2050 Fund	6.5	4.7
Total	100.0	100.0

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

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES				
36 400	Bank of Montreal, Preferred Series 29, 3.900%	\$ 797	\$ 843	
127 300	Bank of Montreal, Preferred Series 31, 3.800%	2 318	2 925	
94 800	Bank of Montreal, Preferred Series 38, 4.850%	2 435	2 486	
30 500	Bank of Montreal, Preferred Series 40, 4.500%	763	769	
54 100	Bank of Nova Scotia, Preferred Series 36, 5.500%	1 446	1 421	
40 000	Brookfield Asset Management Inc., Preferred Series 2, 2.100%	701	682	
12 800	Brookfield Asset Management Inc., Preferred Series 26, 4.500%	229	262	
52 200	Brookfield Asset Management Inc., Preferred Series 32, 4.500%	1 313	1 285	
48 300	Brookfield Asset Management Inc., Preferred Series 37, 4.900%	912	1 055	
34 600	Brookfield Asset Management Inc., Preferred Series 40, 4.500%	865	846	
91 400	Brookfield Asset Management Inc., Preferred Series 42, 4.500%	2 285	2 206	
15 300	Brookfield Asset Management Inc., Preferred Series 44, 5.000%	402	397	
169 500	Brookfield Asset Management Inc., Preferred Series 46, 4.800%	4 306	4 392	
37 000	Brookfield Asset Management Inc., Preferred Series 48, 4.750%	925	953	
72 100	Canadian Imperial Bank of Commerce, Preferred Series 47, 4.500%	1 803	1 733	
63 000	Canadian Utilities Ltd., Preferred Series CC, 4.500%	1 402	1 346	
37 300	Canadian Utilities Ltd., Preferred Series DD, 4.500%	832	800	
33 000	Canadian Utilities Ltd., Preferred Series FF, 4.500%	825	857	
15 600	CU Inc., Preferred Series 4, 3.800%	338	273	
68 500	Enbridge Inc., Preferred Series 3, 4.000%	1 668	1 332	
20 900	Enbridge Inc., Preferred Series 11, 4.400%	523	424	
42 900	Enbridge Inc., Preferred Series 17, 5.150%	1 103	1 091	
12 600	Enbridge Inc., Preferred Series 19, 4.900%	315	303	
102 800	Enbridge Inc., Preferred Series B, 4.000%	2 383	1 897	
79 400	Enbridge Inc., Preferred Series D, 4.000%	1 968	1 556	
92 900	Enbridge Inc., Preferred Series F, 4.000%	2 318	1 858	
132 500	Enbridge Inc., Preferred Series H, 4.000%	3 167	2 437	

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES (cont.)				
28 900	Enbridge Inc., Preferred Series P, 4.000%	\$ 687	\$ 578	
153 700	Enbridge Inc., Preferred Series R, 4.000%	3 734	3 059	
64 325	Fortis Inc., Preferred Series J, 4.750%	1 554	1 433	
65 300	Fortis Inc., Preferred Series M, 4.100%	1 595	1 535	
123 700	Great-West Lifeco Inc., Preferred Series G, 5.200%	2 837	2 968	
96 800	Great-West Lifeco Inc., Preferred Series M, 5.800%	2 443	2 522	
154 900	Great-West Lifeco Inc., Preferred Series N, 3.650%	3 325	2 927	
72 600	Great-West Lifeco Inc., Preferred Series P, 5.400%	1 815	1 822	
21 700	Great-West Lifeco Inc., Preferred Series Q, 5.150%	537	516	
31 200	Great-West Lifeco Inc., Preferred Series S, 5.250%	780	765	
24 300	Great-West Lifeco Inc., Preferred Series T, 5.150%	608	583	
3 800	Manulife Financial Corporation, Preferred Series 2, 4.650%	89	84	
90 300	Manulife Financial Corporation, Preferred Series 19, 3.800%	2 258	2 104	
76 800	Manulife Financial Corporation, Preferred Series 21, 5.600%	2 076	2 046	
96 600	Manulife Financial Corporation, Preferred Series 23, 4.850%	2 492	2 504	
19 000	Power Financial Corp., Preferred Series T, 4.200%	475	460	
100 600	Royal Bank of Canada, Preferred Series AC, 4.600%*	2 452	2 540	
160 600	Royal Bank of Canada, Preferred Series BD, 3.600%*	3 957	3 906	
48 880	Royal Bank of Canada, Preferred Series BF, 3.600%*	1 103	1 185	
52 200	Sun Life Financial Inc., Preferred Series 3, 4.450%	1 105	1 125	
130 500	Toronto-Dominion Bank, Preferred Series 3, 3.800%	3 093	3 056	
85 300	Toronto-Dominion Bank, Preferred Series 5, 3.750%	1 928	1 987	
40 800	Toronto-Dominion Bank, Preferred Series 7, 3.600%	956	1 000	
145 400	Toronto-Dominion Bank, Preferred Series 12, 5.500%	3 949	3 853	
75 200	Toronto-Dominion Bank, Preferred Series 14, 4.850%	1 908	1 960	
80 200	TransCanada Corp., Preferred Series 3, 4.000%	1 594	1 360	
34 100	TransCanada Corp., Preferred Series 5, 4.400%	765	603	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
PREFERRED EQUITIES (cont.)				
90 500	TransCanada Corp., Preferred Series 11, 3.800%	\$ 2 252	\$ 2 165	
344 400	TransCanada Corp., Preferred Series 13, 5.500%	9 210	9 037	
25 600	Westcoast Energy Inc., Preferred Series 10, 5.250%	669	660	
98 950	Westcoast Energy Inc., Preferred Series 12, 5.200%	2 564	2 539	
TOTAL PREFERRED EQUITIES		103 152	99 311	4.9
COMMON EQUITIES				
Consumer Discretionary				
397 200	Dollarama Inc.	15 940	20 241	
115 400	Gildan Activewear Inc., Class A	4 488	4 273	
445 400	Quebecor Inc., Class B	8 419	11 990	
815 600	Shaw Communications Inc., Class B	22 995	21 842	
		51 842	58 346	2.9
Consumer Staples				
425 800	Alimentation Couche-Tard Inc.	24 817	24 317	
		24 817	24 317	1.2
Energy				
902 350	ARC Resources Ltd.	14 566	12 254	
73 408	Cameco Corp.	878	1 086	
687 700	Canadian Natural Resources Ltd.	29 385	32 631	
395 100	Cenovus Energy Inc.	4 903	5 393	
1 294 080	Enbridge Inc.	65 727	60 822	
401 300	Encana Corp.	6 022	6 890	
291 239	Keyera Corp.	10 844	10 654	
91 100	Pembina Pipeline Corp.	3 638	4 148	
330 600	PrairieSky Royalty Ltd.	8 653	8 579	
537 500	Seven Generations Energy Ltd.	10 874	7 788	
360 800	Suncor Energy Inc.	15 725	19 303	
276 378	Tourmaline Oil Corp.	7 156	6 492	
353 986	TransCanada Corp.	20 773	20 135	
1 742 800	Whitecap Resources Inc.	15 509	15 528	
		214 653	211 703	10.6
Financials				
401 600	Bank of Montreal	38 665	40 811	
767 000	Bank of Nova Scotia	59 003	57 095	
750 700	Brookfield Asset Management Inc., Class A	34 903	40 035	
248 200	Canadian Imperial Bank of Commerce	27 024	28 384	
756 900	Element Fleet Management Corp.	9 092	4 678	
20 900	Fairfax Financial Holdings Ltd.	12 262	15 396	
202 300	Industrial Alliance Insurance & Financial Services Inc.	11 664	10 267	
194 066	Intact Financial Corp.	19 006	18 097	
1 318 400	Manulife Financial Corporation	30 527	31 141	
791 710	Royal Bank of Canada*	65 957	78 371	
171 400	Sun Life Financial Inc.	8 954	9 055	
112 100	Thomson Corp.	6 446	5 947	
1 080 900	Toronto-Dominion Bank	66 724	82 246	
		390 227	421 523	21.0

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
400 300	Canadian National Railway Co.	\$ 38 756	\$ 43 044	
56 000	Canadian Pacific Railway Ltd.	11 966	13 492	
243 900	Finning International Inc.	6 914	7 915	
234 626	Ritchie Bros. Auctioneers Inc.	9 810	10 521	
285 100	SNC-Lavalin Group Inc.	15 850	16 553	
303 900	Stantec Inc.	9 821	10 275	
147 000	Waste Connections Inc.	11 166	14 557	
		104 283	116 357	5.8
Information Technology				
121 600	CGI Group Inc., Class A	8 051	10 130	
10 000	Constellation Software Inc.	6 675	10 196	
203 500	Open Text Corp.	8 538	9 416	
		23 264	29 742	1.5
Materials				
171 300	Agnico Eagle Mines Ltd.	9 740	10 324	
150 600	CCL Industries, Class B	8 025	9 706	
570 000	First Quantum Minerals Ltd.	10 260	11 041	
54 800	Franco-Nevada Corp.	4 998	5 258	
496 200	Goldcorp Inc.	8 286	8 956	
291 500	Kirkland Lake Gold Ltd.	6 622	8 115	
310 436	Nutrien Ltd.	19 377	22 202	
239 500	Teck Resources Ltd., Class B	7 944	8 021	
		75 252	83 623	4.2
Real Estate				
518 100	Brookfield Property Partners LP	14 613	12 937	
590 630	Choice Properties Real Estate Investment Trust	7 065	7 153	
550 000	First Capital Realty Inc.	11 011	11 363	
		32 689	31 453	1.6
Telecommunication Services				
127 880	Rogers Communications Inc., Class B	7 909	7 985	
		7 909	7 985	0.4
Utilities				
312 950	Brookfield Infrastructure Partners LP	14 604	15 785	
245 600	Emera Inc.	10 044	10 512	
409 300	Fortis Inc.	17 261	17 199	
		41 909	43 496	2.2
TOTAL COMMON EQUITIES		966 845	1 028 545	51.4
UNDERLYING FUNDS				
7 665 477	Phillips, Hager & North High Yield Bond Fund*	88 375	86 443	
10 523 020	RBC High Yield Bond Fund*	112 368	111 198	
TOTAL UNDERLYING FUNDS		200 743	197 641	9.9

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS CORPORATE						
381	Access Justice Durham Ltd.	5.015	31-Aug-2039	\$ 419	\$ 429	
685	Access Prairies Partnership	4.232	01-Mar-2048	685	722	
497	Aéroports de Montréal	6.950	16-Apr-2032	674	631	
475	Aéroports de Montréal	6.550	11-Oct-2033	678	661	
635	Aéroports de Montréal	5.170	17-Sep-2035	808	790	
455	Aéroports de Montréal	5.670	16-Oct-2037	644	607	
225	Aéroports de Montréal	3.919	26-Sep-2042	240	247	
360	Aéroports de Montréal	3.918	12-Jun-2045	408	397	
1 440	Aéroports de Montréal	3.360	24-Apr-2047	1 479	1 444	
2 040	Alberta Powerline LP	3.340	01-Jun-2032	2 040	2 053	
2 040	Alberta Powerline LP	3.351	01-Sep-2032	2 040	2 057	
450	Alberta Powerline LP	4.065	01-Dec-2053	450	482	
465	Alberta Powerline LP	4.065	01-Mar-2054	465	499	
836	Alectra Inc.	3.033	25-Jul-2022	832	849	
2 835	Alectra Inc.	2.488	17-May-2027	2 756	2 725	
665	Alliance Pipeline LP	4.928	16-Dec-2019	718	681	
2 020	Alliance Pipeline LP	7.181	30-Jun-2023	2 417	2 248	
454	Alliance Pipeline LP	5.546	31-Dec-2023	504	474	
1 927	Alliance Pipeline LP	6.765	31-Dec-2025	2 292	2 178	
1 238	Alliance Pipeline LP	7.217	31-Dec-2025	1 503	1 426	
1 380	AltaLink Investments LP	3.265	05-Jun-2020	1 383	1 396	
1 709	AltaLink Investments LP	2.244	07-Mar-2022	1 709	1 674	
530	AltaLink LP	5.381	26-Mar-2040	635	679	
1 235	Bank of Montreal	2.100	06-Oct-2020	1 226	1 221	
3 120	Bank of Montreal	1.610	28-Oct-2021	3 010	3 008	
1 005	Bank of Montreal	2.890	20-Jun-2023	1 005	1 003	
3 650	Bell Canada	3.350	18-Jun-2019	3 696	3 684	
1 005	Bow Centre Street LP	3.690	14-Jun-2021	1 001	990	
394	Bow Centre Street LP	3.693	14-Jun-2022	392	387	
1 750	Bow Centre Street LP	3.797	13-Jun-2023	1 750	1 695	
2 029	Brookfield Asset Management Inc.	5.040	08-Mar-2024	2 119	2 184	
1 265	Brookfield Asset Management Inc.	4.820	28-Jan-2026	1 293	1 350	
3 915	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	3 980	3 981	
2 225	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	2 229	2 248	
2 230	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	2 380	2 345	
510	Bruce Power LP	2.844	23-Jun-2021	510	510	
2 720	Bruce Power LP	3.969	23-Jun-2026	2 872	2 811	
290	Bruce Power LP	4.010	21-Jun-2029	292	297	
780	Bruce Power LP	4.132	21-Jun-2033	780	794	
1 340	Cameco Corp.	5.670	02-Sep-2019	1 504	1 379	
980	Cameco Corp.	3.750	14-Nov-2022	986	971	
470	Cameco Corp.	4.190	24-Jun-2024	471	467	
235	Canadian Utilities Ltd.	9.400	01-May-2023	343	302	
3 220	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	3 346	3 303	
1 086	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	1 089	1 089	
955	Crombie Real Estate Investment Trust	3.986	31-Oct-2018	955	960	
555	CU Inc.	9.920	01-Apr-2022	806	692	
1 150	CU Inc.	6.215	06-Mar-2024	1 362	1 347	
500	CU Inc.	5.556	30-Oct-2037	607	642	
2 915	CU Inc.	4.094	19-Oct-2054	2 915	3 163	
1 090	CU Inc.	4.211	29-Oct-2055	1 104	1 215	
568	Dufferin Wind Power Inc.	4.317	30-Nov-2033	568	567	
2 578	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	2 607	2 578	
5 500	Emera Inc.	4.830	02-Dec-2019	6 037	5 667	
1 147	Enbridge Gas Distribution Inc.	4.770	17-Dec-2021	1 299	1 228	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
565	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	\$ 565	\$ 544	
1 000	Enbridge Gas Distribution Inc.	6.650	03-Nov-2027	1 270	1 255	
2 440	Enbridge Inc.	4.260	01-Feb-2021	2 522	2 523	
1 615	Enbridge Inc.	3.160	11-Mar-2021	1 646	1 625	
265	Enbridge Income Fund	4.100	22-Feb-2019	277	268	
1 240	Enbridge Pipelines Inc.	3.790	17-Aug-2023	1 309	1 284	
3 335	Enbridge Pipelines Inc.	3.450	29-Sep-2025	3 363	3 373	
1 480	Enbridge Pipelines Inc.	6.050	12-Feb-2029	1 882	1 779	
185	Enbridge Pipelines Inc.	5.330	06-Apr-2040	235	216	
1 070	Enbridge Pipelines Inc.	4.130	09-Aug-2046	1 071	1 072	
1 986	Enbridge Southern Lights LP	4.014	30-Jun-2040	1 986	1 944	
515	Enwave Energy Corp.	3.943	07-Dec-2037	515	506	
900	Fair Hydro Trust	3.357	15-May-2033	900	923	
950	Fair Hydro Trust	3.520	15-May-2038	950	997	
295	FortisAlberta Inc.	5.850	15-Apr-2038	375	392	
361	FortisBC Energy Inc.	6.500	01-May-2034	461	493	
600	FortisBC Energy Inc.	5.550	25-Sep-2036	685	764	
740	FortisBC Inc.	5.900	04-Jul-2047	973	1 042	
2 345	GE Capital Canada Funding Co.	4.600	26-Jan-2022	2 486	2 475	
613	Grand Renewable Solar LP	3.926	31-Jan-2035	613	609	
640	Greater Toronto Airports Authority	3.040	21-Sep-2022	681	652	
315	Greater Toronto Airports Authority	6.450	03-Dec-2027	420	405	
140	Greater Toronto Airports Authority	7.100	04-Jun-2031	207	198	
795	Greater Toronto Airports Authority	6.980	15-Oct-2032	1 138	1 140	
515	Greater Toronto Airports Authority	6.470	02-Feb-2034	736	725	
450	Greater Toronto Airports Authority	3.260	01-Jun-2037	450	452	
310	Greater Toronto Airports Authority	5.630	07-Jun-2040	409	423	
1 000	Greater Toronto Airports Authority	4.530	02-Dec-2041	1 218	1 208	
2 764	H2O Power LP	3.310	30-Nov-2029	2 764	2 681	
455	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	521	529	
785	Hydro One Inc.	1.620	30-Apr-2020	775	774	
660	Hydro One Inc.	2.570	25-Jun-2021	660	659	
660	Hydro One Inc.	2.970	26-Jun-2025	660	660	
530	Hydro One Inc.	6.930	01-Jun-2032	781	729	
1 345	Hydro One Inc.	6.350	31-Jan-2034	1 751	1 799	
710	Hydro One Inc.	3.630	25-Jun-2049	710	710	
325	Hydro One Inc.	3.790	31-Jul-2062	338	330	
470	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	478	460	
1 425	Inter Pipeline Ltd.	3.448	20-Jul-2020	1 444	1 446	
1 049	Kingston Solar LP	3.571	31-Jul-2035	1 049	1 014	
200	Lower Mattagami Energy LP	4.331	18-May-2021	210	210	
410	Lower Mattagami Energy LP	2.307	21-Oct-2026	410	390	
1 225	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	1 225	1 277	
934	Maritimes & Northeast Pipeline LP	6.900	30-Nov-2019	1 052	968	
1 515	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	1 515	1 525	
420	Mosaic Transit Partners GP	4.111	28-Feb-2038	420	428	
260	Mosaic Transit Partners GP	4.470	28-Feb-2053	260	270	
665	Mountain View Partners GP	3.974	31-Mar-2051	665	673	
2 117	North Battleford Power LP	4.958	31-Dec-2032	2 199	2 308	
4 015	North West Redwater Partnership	2.800	01-Jun-2027	3 887	3 852	
2 470	North West Redwater Partnership	4.250	01-Jun-2029	2 461	2 634	
565	North West Redwater Partnership	3.650	01-Jun-2035	565	562	
595	North West Redwater Partnership	4.750	01-Jun-2037	591	675	
390	Northland Power Solar Finance One LP	4.397	30-Jun-2032	390	404	
760	Nouvelle Autoroute 30 Financement Inc.	3.742	31-Dec-2032	760	772	
750	Nouvelle Autoroute 30 Financement Inc.	3.750	31-Mar-2033	750	763	
430	Nova Scotia Power Inc.	8.850	19-May-2025	619	570	
2 415	Ontario Power Generation Inc.	3.315	04-Oct-2027	2 424	2 428	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
650	Ontario Power Generation Inc.	3.838	22-Jun-2048	\$ 650	\$ 655	
388	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	526	490	
863	Plenary Health North Bay Finco Inc.	5.182	13-Mar-2040	934	939	
910	PSS Generating Station LP	4.795	24-Oct-2067	910	987	
1 545	Ridley Grain Ltd.	5.227	01-Aug-2024	1 545	1 638	
3 287	Royal Bank of Canada*	2.820	12-Jul-2018	3 368	3 288	
1 995	Royal Bank of Canada*	2.030	15-Mar-2021	1 957	1 961	
1 413	SEC LP and Arci Ltd.	5.188	29-Aug-2033	1 413	1 510	
1 010	SGTP Highway Bypass LP	4.105	31-Jan-2045	1 010	1 059	
405	Sun Life Financial Inc.	2.770	13-May-2024	410	407	
310	TELUS Corp.	5.050	04-Dec-2019	322	322	
1 880	Teranet Holdings LP	4.807	16-Dec-2020	2 003	1 951	
1 650	Toronto-Dominion Bank	1.680	08-Jun-2021	1 614	1 610	
2 080	TransCanada Pipelines Ltd.	4.350	06-Jun-2046	2 102	2 144	
1 210	TransCanada Pipelines Ltd.	4.330	16-Sep-2047	1 210	1 242	
935	TransCanada Pipelines Ltd.	4.180	03-Jul-2048	935	933	
2 085	TransEd Partners GP	3.951	30-Sep-2050	1 928	2 045	
600	Union Gas Ltd.	8.750	03-Aug-2018	745	604	
1 800	Union Gas Ltd.	4.850	25-Apr-2022	2 020	1 941	
433	Union Gas Ltd.	3.790	10-Jul-2023	449	452	
717	Union Gas Ltd.	4.200	02-Jun-2044	761	794	
620	Union Gas Ltd.	3.800	01-Jun-2046	641	646	
195	Vancouver Airport Authority	3.857	10-Nov-2045	218	217	
350	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	350	359	
390	Westcoast Energy Inc.	5.600	16-Jan-2019	430	397	
725	Westcoast Energy Inc.	3.883	28-Oct-2021	748	749	
285	Westcoast Energy Inc.	6.750	15-Dec-2027	367	350	
540	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	530	546	
369	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	459	472	
				172 545	171 922	8.6
FEDERAL						
1 414	Canada Housing Trust No. 1	1.250	15-Dec-2020	1 409	1 385	
3 433	Canada Housing Trust No. 1	3.350	15-Dec-2020	3 771	3 534	
24 423	Canada Housing Trust No. 1	1.250	15-Jun-2021	24 436	23 773	
2 352	Canada Housing Trust No. 1	3.800	15-Jun-2021	2 477	2 460	
4 318	Canada Housing Trust No. 1	1.150	15-Dec-2021	4 232	4 163	
6 536	Canada Housing Trust No. 1	1.500	15-Dec-2021	6 543	6 376	
8 626	Canada Housing Trust No. 1	2.650	15-Mar-2022	9 197	8 742	
20 378	Canada Housing Trust No. 1	1.750	15-Jun-2022	20 380	19 960	
10 761	Canada Housing Trust No. 1	2.400	15-Dec-2022	10 880	10 788	
2 453	Canada Housing Trust No. 1	2.350	15-Jun-2023	2 447	2 449	
899	Canada Housing Trust No. 1	2.900	15-Jun-2024	909	922	
1 525	Canada Housing Trust No. 1	2.250	15-Dec-2025	1 533	1 499	
763	Canada Housing Trust No. 1	1.900	15-Sep-2026	741	728	
10 964	Canada Housing Trust No. 1	2.350	15-Jun-2027	10 907	10 793	
4 474	Canada Housing Trust No. 1	2.350	15-Mar-2028	4 429	4 393	
383	Canada Housing Trust No. 1	2.650	15-Mar-2028	377	386	
1 355	Government of Canada	1.750	01-Mar-2019	1 355	1 356	
4 295	Government of Canada	1.500	01-Mar-2020	4 362	4 267	
16 839	Government of Canada	1.750	01-May-2020	16 800	16 792	
3 861	Government of Canada	3.500	01-Jun-2020	4 260	3 975	
11 180	Government of Canada	1.750	01-Aug-2020	11 114	11 138	
15 918	Government of Canada	0.750	01-Mar-2021	15 781	15 415	
21 290	Government of Canada	3.250	01-Jun-2021	23 513	22 044	
12 160	Government of Canada	0.500	01-Mar-2022	11 499	11 513	
370	Government of Canada	2.750	01-Jun-2022	381	381	
19 743	Government of Canada	1.500	01-Jun-2023	19 412	19 213	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
51	Government of Canada	2.500	01-Jun-2024	\$ 52	\$ 52	
10	Government of Canada	2.250	01-Jun-2025	10	10	
2 410	Government of Canada	5.750	01-Jun-2029	3 207	3 241	
1 025	Government of Canada	5.750	01-Jun-2033	1 477	1 485	
5	Government of Canada	5.000	01-Jun-2037	7	7	
335	Government of Canada	4.000	01-Jun-2041	431	441	
1 555	Government of Canada	3.500	01-Dec-2045	1 970	1 964	
710	Government of Canada	1.250	01-Dec-2047	774	865	
3 069	Government of Canada	2.750	01-Dec-2048	3 392	3 440	
2 663	Government of Canada	0.500	01-Dec-2050	2 566	2 701	
2 886	Government of Canada	2.000	01-Dec-2051	2 702	2 752	
				229 733	225 403	11.2
PROVINCIAL/MUNICIPAL						
420	City of Montreal	2.750	01-Sep-2026	419	414	
2 559	City of Montreal	3.000	01-Sep-2027	2 547	2 556	
1 868	City of Montreal	3.150	01-Sep-2028	1 869	1 884	
971	City of Ottawa	3.100	27-Jul-2048	931	951	
3 600	City of Toronto	3.500	06-Dec-2021	3 743	3 721	
633	First Nations Finance Authority	3.050	01-Jun-2028	632	626	
10	Hospital for Sick Children	5.217	16-Dec-2049	10	13	
1 070	Hospital for Sick Children	3.416	07-Dec-2057	1 070	1 068	
3 536	Ontario Electricity Financial Corp.	8.500	26-May-2025	5 118	4 785	
6 908	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	10 267	9 522	
543	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	615	611	
371	Ontario School Boards Financing Corp.	5.376	25-Jun-2032	423	419	
2 355	OPB Finance Trust	2.980	25-Jan-2027	2 363	2 354	
2 065	Province of Alberta	2.350	01-Jun-2025	2 099	2 025	
5 485	Province of Alberta	2.200	01-Jun-2026	5 250	5 279	
417	Province of Alberta	3.900	01-Dec-2033	455	466	
2 146	Province of Alberta	3.450	01-Dec-2043	2 394	2 318	
5 118	Province of Alberta	3.300	01-Dec-2046	5 410	5 412	
834	Province of Manitoba	4.050	05-Sep-2045	911	979	
6 650	Province of Manitoba	2.850	05-Sep-2046	6 106	6 338	
1 669	Province of New Brunswick	3.650	03-Jun-2024	1 846	1 757	
484	Province of New Brunswick	4.800	03-Jun-2041	565	610	
1 836	Province of New Brunswick	3.550	03-Jun-2043	1 780	1 950	
3 458	Province of New Brunswick	3.800	14-Aug-2045	3 669	3 841	
2 294	Province of Newfoundland and Labrador	3.300	17-Oct-2046	2 147	2 338	
5 448	Province of Ontario	3.150	02-Jun-2022	5 629	5 595	
5 434	Province of Ontario	2.600	08-Sep-2023	5 432	5 447	
857	Province of Ontario	7.500	07-Feb-2024	1 193	1 072	
975	Province of Ontario	3.500	02-Jun-2024	1 070	1 022	
3 622	Province of Ontario	2.600	02-Jun-2025	3 643	3 603	
5 657	Province of Ontario	8.500	02-Dec-2025	8 534	7 806	
545	Province of Ontario	2.400	02-Jun-2026	539	531	
15 059	Province of Ontario	6.200	02-Jun-2031	21 011	20 332	
14 465	Province of Ontario	5.600	02-Jun-2035	20 164	19 466	
1 000	Province of Ontario	4.700	02-Jun-2037	1 272	1 245	
8 100	Province of Ontario	4.600	02-Jun-2039	10 600	10 093	
21 740	Province of Ontario	3.500	02-Jun-2043	23 208	23 576	
960	Province of Ontario	3.450	02-Jun-2045	1 004	1 036	
2 897	Province of Ontario	2.900	02-Dec-2046	2 821	2 833	
4 194	Province of Ontario	2.800	02-Jun-2048	3 989	4 028	
6 193	Province of Ontario	2.900	02-Jun-2049	6 088	6 073	
245	Province of Quebec	4.250	01-Dec-2021	274	260	
4 847	Province of Quebec	9.375	16-Jan-2023	7 223	6 260	
8 907	Province of Quebec	8.500	01-Apr-2026	13 513	12 443	
2 840	Province of Quebec	6.000	01-Oct-2029	3 752	3 691	

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

PHILLIPS, HAGER & NORTH MONTHLY INCOME FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
1 377	Province of Quebec	3.500	01-Dec-2045	\$ 1 501	\$ 1 512	
1 244	Province of Quebec	3.500	01-Dec-2048	1 352	1 379	
2 267	Province of Saskatchewan	2.550	02-Jun-2026	2 258	2 237	
798	Province of Saskatchewan	6.400	05-Sep-2031	1 193	1 099	
1 811	Province of Saskatchewan	3.900	02-Jun-2045	2 235	2 112	
1 185	Province of Saskatchewan	2.750	02-Dec-2046	1 156	1 131	
1 350	Queen's University	6.100	19-Nov-2032	1 761	1 740	
2 297	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	2 418	2 374	
582	University of British Columbia	6.650	01-Dec-2031	779	790	
				218 251	213 023	10.6
TOTAL CANADIAN BONDS				620 529	610 348	30.4
UNITED KINGDOM BONDS						
915	Heathrow Funding Ltd. CAD	3.250	21-May-2025	915	920	
1 547	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	1 546	1 559	
TOTAL UNITED KINGDOM BONDS				2 461	2 479	0.1
UNITED STATES BONDS						
2 260	AT&T Inc. CAD	3.825	25-Nov-2020	2 293	2 312	
1 185	Bank of America Corp. CAD	2.604	15-Mar-2023	1 185	1 166	
675	Bank of America Corp. CAD	3.407	20-Sep-2025	675	674	
25	Caterpillar Financial Services Ltd. CAD	2.800	08-Jun-2021	25	25	
1 415	Merrill Lynch & Co. Inc. CAD	5.290	30-May-2022	1 396	1 415	
725	Molson Coors International LP CAD	2.250	18-Sep-2018	723	725	
1 120	The Walt Disney Co. CAD	2.758	07-Oct-2024	1 112	1 104	
3 520	United Parcel Service Inc. CAD	2.125	21-May-2024	3 516	3 362	
3 312	United States Treasury	2.875	15-May-2028	4 395	4 361	
11 385	United States Treasury	3.125	15-May-2048	15 427	15 369	
TOTAL UNITED STATES BONDS				30 747	30 513	1.5
TOTAL BONDS				653 737	643 340	32.0
MORTGAGE-BACKED SECURITIES						
32	Peoples Trust	4.200	01-Oct-2019	32	33	
TOTAL MORTGAGE-BACKED SECURITIES				32	33	—
SHORT-TERM INVESTMENTS[†]				30 629	30 629	1.5
TOTAL INVESTMENTS				1 955 138	1 999 499	99.7
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	258	—
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(99)	—
TOTAL PORTFOLIO				\$ 1 955 138	1 999 658	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					6 912	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 2 006 570	100.0

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

June 30, 2018

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 2 766 Sold USD 2 080 @ 1.3300	20-Jul-2018	\$ 33
Bought CAD 7 987 Sold USD 6 003 @ 1.3305	21-Aug-2018	102
Bought CAD 3 644 Sold USD 2 745 @ 1.3275	21-Aug-2018	39
Bought CAD 1 832 Sold USD 1 376 @ 1.3314	21-Aug-2018	25
Bought CAD 3 630 Sold USD 2 759 @ 1.3157	21-Aug-2018	6
Bought USD 6 620 Sold CAD 8 642 @ 0.7660	21-Aug-2018	53
		<u>\$ 258</u>

Contracts	Maturity Date	Unrealized Loss
Bought CAD 8 596 Sold USD 6 620 @ 1.2984	21-Aug-2018	\$ (99)
		<u>\$ (99)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ 159</u>

All counterparties have a credit rating of at least A.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.45% to 1.79% and mature between July 4, 2018 and October 5, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 999 499	\$ 2 209 276
Cash	–	2 621
Due from investment dealers	12 650	1 581
Subscriptions receivable	545	382
Unrealized gain on foreign exchange contracts	258	55
Dividends receivable, interest accrued and other assets	5 401	6 207
TOTAL ASSETS	2 018 353	2 220 122
LIABILITIES		
Bank overdraft	868	–
Due to investment dealers	5 967	264
Redemptions payable	2 282	2 227
Unrealized loss on foreign exchange contracts	99	7
Accounts payable and accrued expenses	2 567	3 075
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	11 783	5 573
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 006 570	\$ 2 214 549
Investments at cost	\$ 1 955 138	\$ 2 133 989
NAV		
SERIES A	\$ 1 399 849	\$ 1 594 244
ADVISOR SERIES	\$ 59 144	\$ 67 994
SERIES H	\$ 44 009	\$ 49 161
SERIES D	\$ 126 542	\$ 135 358
SERIES F	\$ 225 471	\$ 199 701
SERIES I	\$ 7 498	\$ 8 489
SERIES O	\$ 144 057	\$ 159 602
NAV PER UNIT		
SERIES A	\$ 9.37	\$ 9.62
ADVISOR SERIES	\$ 9.38	\$ 9.63
SERIES H	\$ 9.49	\$ 9.73
SERIES D	\$ 10.11	\$ 10.33
SERIES F	\$ 10.34	\$ 10.56
SERIES I	\$ 10.45	\$ 10.66
SERIES O	\$ 11.05	\$ 11.24

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 18 722	\$ 19 133
Interest for distribution purposes	10 816	13 154
Income from investment trusts	5 895	6 852
Derivative income	82	(329)
Net realized gain (loss) on investments	11 130	47 686
Change in unrealized gain (loss) on investments	(30 815)	(46 879)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	15 830	39 617
Securities lending revenue (see note 7 in the generic notes)	98	106
Net gain (loss) on foreign cash balances	(37)	(34)
TOTAL OTHER INCOME (LOSS)	61	72
TOTAL INCOME (LOSS)	15 891	39 689
EXPENSES (see notes – Fund Specific Information)		
Management fees	14 014	16 601
Administration fees	986	1 132
Independent Review Committee costs	1	1
GST/HST	1 435	1 687
Transaction costs	1 024	1 038
TOTAL EXPENSES	17 460	20 459
INCREASE (DECREASE) IN NAV	\$ (1 569)	\$ 19 230
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (4 279)	\$ 12 460
ADVISOR SERIES	\$ (197)	\$ 620
SERIES H	\$ (74)	\$ 502
SERIES D	\$ 351	\$ 1 508
SERIES F	\$ 1 602	\$ 1 271
SERIES I	\$ 23	\$ 122
SERIES O	\$ 1 005	\$ 2 747
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.03)	\$ 0.07
ADVISOR SERIES	\$ (0.03)	\$ 0.08
SERIES H	\$ (0.02)	\$ 0.09
SERIES D	\$ 0.03	\$ 0.11
SERIES F	\$ 0.08	\$ 0.09
SERIES I	\$ 0.03	\$ 0.14
SERIES O	\$ 0.07	\$ 0.18

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (1 569)	\$ 19 230
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(49)	(24)
Non-cash distributions from underlying funds	(5 715)	(6 567)
Net realized loss (gain) on investments	(10 050)	(46 777)
Change in unrealized loss (gain) on investments	30 815	46 879
(Increase) decrease in accrued receivables	806	5
Increase (decrease) in accrued payables	(508)	(205)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(1 382 533)	(1 660 709)
Proceeds from sale and maturity of investments	1 571 832	1 743 813
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	203 029	95 645
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	61 143	130 528
Cash paid on redemption of redeemable units	(260 887)	(218 657)
Distributions paid to holders of redeemable units	(6 774)	(7 342)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (206 518)	\$ (95 471)
Net increase (decrease) in cash for the period	(3 489)	174
Cash (bank overdraft), beginning of period	2 621	3 799
CASH (BANK OVERDRAFT), END OF PERIOD	\$ (868)	\$ 3 973
Interest received (paid)	\$ 11 290	\$ 13 201
Dividends received, net of withholding taxes	\$ 19 185	\$ 19 352

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series H		Series D	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 594 244	\$ 1 790 651	\$ 67 994	\$ 81 979	\$ 49 161	\$ 59 545	\$ 135 358	\$ 135 614
INCREASE (DECREASE) IN NAV	(4 279)	12 460	(197)	620	(74)	502	351	1 508
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	40 509	100 928	1 197	2 694	340	322	5 757	10 720
Reinvestments of distributions to holders of redeemable units	34 189	39 971	1 018	1 203	795	929	2 272	2 389
Redemption of redeemable units	(227 595)	(205 145)	(9 292)	(11 580)	(5 050)	(8 003)	(13 926)	(11 106)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(152 897)	(64 246)	(7 077)	(7 683)	(3 915)	(6 752)	(5 897)	2 003
Distributions from net income	(37 219)	(43 736)	(1 576)	(1 939)	(1 163)	(1 394)	(3 270)	(3 430)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(37 219)	(43 736)	(1 576)	(1 939)	(1 163)	(1 394)	(3 270)	(3 430)
NET INCREASE (DECREASE) IN NAV	(194 395)	(95 522)	(8 850)	(9 002)	(5 152)	(7 644)	(8 816)	81
NAV AT END OF PERIOD	\$ 1 399 849	\$ 1 695 129	\$ 59 144	\$ 72 977	\$ 44 009	\$ 51 901	\$ 126 542	\$ 135 695

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series I		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 199 701	\$ 117 816	\$ 8 489	\$ 9 571	\$ 159 602	\$ 169 414	\$ 2 214 549	\$ 2 364 590
INCREASE (DECREASE) IN NAV	1 602	1 271	23	122	1 005	2 747	(1 569)	19 230
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	51 860	57 022	113	953	4 249	5 247	104 025	177 886
Reinvestments of distributions to holders of redeemable units	3 859	2 466	162	181	3 694	4 095	45 989	51 234
Redemption of redeemable units	(26 014)	(13 154)	(1 088)	(1 420)	(20 696)	(15 459)	(303 661)	(265 867)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	29 705	46 334	(813)	(286)	(12 753)	(6 117)	(153 647)	(36 747)
Distributions from net income	(5 537)	(3 683)	(201)	(234)	(3 797)	(4 161)	(52 763)	(58 577)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(5 537)	(3 683)	(201)	(234)	(3 797)	(4 161)	(52 763)	(58 577)
NET INCREASE (DECREASE) IN NAV	25 770	43 922	(991)	(398)	(15 545)	(7 531)	(207 979)	(76 094)
NAV AT END OF PERIOD	\$ 225 471	\$ 161 738	\$ 7 498	\$ 9 173	\$ 144 057	\$ 161 883	\$ 2 006 570	\$ 2 288 496

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

June 30, 2018

Series H and Series I units have been capped and are no longer available for purchase by new investors effective June 30, 2016. Existing investors who hold Series H and Series I units of the Fund can continue to make additional investments into these series. In addition, RBC GAM may maintain capacity for certain investors, including other related funds, that may invest in these series.

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with monthly income that may consist of dividend income, interest income, realized capital gains and return of capital. Investors in the Fund will also have the potential for modest capital growth.

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

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 41.9% (December 31, 2017 – 42.3%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	29.5	33.3
AA	23.9	22.3
A	13.2	11.4
BBB	12.1	10.9
BB	10.7	10.2
B	8.7	9.0
CCC	1.8	2.7
Unrated	0.1	0.2
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Canadian Equities	51.4	51.2
Bonds	41.9	40.9
Preferred Equities	4.9	5.4
Cash/Other	1.8	2.5
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 32.0% (December 31, 2017 – 42.3%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	June 30 2018	December 31 2017
Term to maturity		
Less than 1 year	2.3	1.2
1 – 5 years	43.0	39.4
5 – 10 years	19.6	31.2
> 10 years	35.1	28.2
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.4% (December 31, 2017 – 3.1%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.6	+ or - 0.7

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	1 127 856	–	–	1 127 856
Underlying funds	197 641	–	–	197 641
Fixed-income				
and debt securities	–	642 434	939	643 373
Short-term investments	–	30 629	–	30 629
Derivatives – assets	–	258	–	258
Derivatives – liabilities	–	(99)	–	(99)
Total financial instruments	1 325 497	673 222	939	1 999 658
% of total portfolio	66.3	33.7	–	100.0

June 30, 2018

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	1 250 838	–	–	1 250 838
Underlying funds	218 126	–	–	218 126
Fixed-income				
and debt securities	–	718 098	–	718 098
Short-term investments	–	22 214	–	22 214
Derivatives – assets	–	55	–	55
Derivatives – liabilities	–	(7)	–	(7)
Total financial instruments	1 468 964	740 360	–	2 209 324
% of total portfolio	66.5	33.5	–	100.0

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

	June 30 2018	December 31 2017
Balance at beginning of period	–	–
Net purchases	–	–
Net sales	–	–
Net transfers in (out)	939	–
Realized gains (losses)	–	–
Change in unrealized gains (losses)	–	–
Balance at end of period	939	–
Unrealized gains (losses)	5	–

During the period ended June 30, 2018, fixed-income investments of \$939 previously classified as Level 2 were transferred into Level 3 as observable inputs were no longer available (year ended December 31, 2017 – n/a).

The main inputs into the management's valuation models for these positions include discount rates, market risk premium adjustments to the discount rate and cash flow forecasts. Management also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments, and adjusts the model as deemed necessary.

For certain investments, a sensitivity analysis is not presented herewith as management considers there to be no relevant range for presenting sensitivities with these valuation techniques. For other investments, management uses discounted cash flows with discount rates being the unobservable input.

As at June 30, 2018, a 10% increase or decrease in the weighted average spread premium of 2.43% (December 31, 2017 – n/a), an unobservable input, would have increased or decreased the Fund's NAV respectively by approximately 0.0% (December 31, 2017 – n/a).

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

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	1.65%	0.10%
Advisor Series	1.65%	0.10%
Series H	1.50%	0.10%
Series D	0.90%	0.10%
Series F	0.65%	0.10%
Series I	0.50%	0.10%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Advisor Series	150	146
Series H	142	138
Series I	137	134
Series O	74	72
Value of all units	5	5

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
High Yield Bond Fund	4.3	2.2	4.2	2.4
RBC High Yield Bond Fund	5.6	6.1	5.6	6.4

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

The Fund had no capital or non-capital losses as at December 31, 2017.

June 30, 2018

Redeemable units (000s)

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

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

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

Series A

Opening units	165 682	184 156
Issued number of units	4 326	10 329
Reinvested number of units	3 676	4 117
Redeemed number of units	(24 348)	(21 022)
Ending number of units	149 336	177 580

Advisor Series

Opening units	7 065	8 431
Issued number of units	129	275
Reinvested number of units	109	124
Redeemed number of units	(995)	(1 187)
Ending number of units	6 308	7 643

Series H

Opening units	5 053	6 067
Issued number of units	35	33
Reinvested number of units	85	95
Redeemed number of units	(533)	(813)
Ending number of units	4 640	5 382

Series D

Opening units	13 104	13 107
Issued number of units	572	1 029
Reinvested number of units	227	231
Redeemed number of units	(1 381)	(1 067)
Ending number of units	12 522	13 300

Series F

Opening units	18 919	11 171
Issued number of units	5 042	5 371
Reinvested number of units	377	233
Redeemed number of units	(2 531)	(1 242)
Ending number of units	21 807	15 533

Series I

Opening units	796	900
Issued number of units	10	89
Reinvested number of units	16	17
Redeemed number of units	(105)	(133)
Ending number of units	717	873

Series O

Opening units	14 202	15 206
Issued number of units	388	466
Reinvested number of units	338	366
Redeemed number of units	(1 890)	(1 378)
Ending number of units	13 038	14 660

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	1 024	100	1 038	100
Related-party brokerage commissions*	85	8	69	7
Commission arrangements [†]	73	7	95	9

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	164 432	216 862
Fair value of collateral received	168 098	221 479

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	133	100	163	100
RBC IS (paid)	(33)	(25)	(49)	(30)
Tax withheld	(2)	(1)	(8)	(5)
Fund revenue	98	74	106	65

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North Monthly Income Class	4.9	5.0

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

PHILLIPS, HAGER & NORTH BALANCED FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
36 428 858	Phillips, Hager & North Bond Fund*	\$ 380 131	\$ 368 274	
25 150 890	Phillips, Hager & North Canadian Equity Underlying Fund*	250 798	309 533	
2 514 597	Phillips, Hager & North Canadian Money Market Fund*	25 146	25 146	
2 275 875	RBC Emerging Markets Equity Fund*	31 119	40 318	
11 615 285	RBC Global Equity Focus Fund*	135 402	207 099	
5 651 870	RBC QUBE Global Equity Fund*	71 151	68 355	
TOTAL UNDERLYING FUNDS		893 747	1 018 725	99.6
SHORT-TERM INVESTMENTS†		4 613	4 613	0.4
TOTAL INVESTMENTS		<u>\$ 898 360</u>	1 023 338	100.0
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			(261)	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			<u>\$1 023 077</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.53% and mature between July 3, 2018 and July 11, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 023 338	\$ 975 641
Cash	250	252
Subscriptions receivable	737	968
Dividends receivable, interest accrued and other assets	6	5
TOTAL ASSETS	1 024 331	976 866
LIABILITIES		
Redemptions payable	553	210
Accounts payable and accrued expenses	701	711
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1 254	921
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 023 077	\$ 975 945
Investments at cost	\$ 898 360	\$ 867 285
NAV		
SERIES A	\$ 31 666	\$ 27 008
ADVISOR SERIES	\$ 14 255	\$ 15 361
SERIES D	\$ 907 757	\$ 874 608
SERIES F	\$ 24 517	\$ 17 088
SERIES O	\$ 44 882	\$ 41 880
NAV PER UNIT		
SERIES A	\$ 20.78	\$ 20.39
ADVISOR SERIES	\$ 20.83	\$ 20.44
SERIES D	\$ 20.94	\$ 20.46
SERIES F	\$ 20.92	\$ 20.44
SERIES O	\$ 20.74	\$ 20.25

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 37	\$ 17
Income from investment trusts	6 080	5 521
Net realized gain (loss) on investments	6 007	2 283
Change in unrealized gain (loss) on investments	16 622	31 001
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	28 746	38 822
TOTAL INCOME (LOSS)	28 746	38 822
EXPENSES (see notes – Fund Specific Information)		
Management fees	3 733	3 405
Administration fees	188	183
Independent Review Committee costs	1	1
GST/HST	297	267
TOTAL EXPENSES	4 219	3 856
INCREASE (DECREASE) IN NAV	\$ 24 527	\$ 34 966
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 586	\$ 844
ADVISOR SERIES	\$ 279	\$ 445
SERIES D	\$ 21 854	\$ 31 448
SERIES F	\$ 537	\$ 521
SERIES O	\$ 1 271	\$ 1 708
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.42	\$ 0.67
ADVISOR SERIES	\$ 0.39	\$ 0.63
SERIES D	\$ 0.50	\$ 0.77
SERIES F	\$ 0.55	\$ 0.76
SERIES O	\$ 0.60	\$ 0.85

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 24 527	\$ 34 966
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(6 080)	(5 521)
Net realized loss (gain) on investments	(6 007)	(2 283)
Change in unrealized loss (gain) on investments	(16 622)	(31 001)
(Increase) decrease in accrued receivables	(1)	(1)
Increase (decrease) in accrued payables	(10)	39
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(218 948)	(133 747)
Proceeds from sale and maturity of investments	199 960	117 308
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(23 181)	(20 240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	78 473	63 382
Cash paid on redemption of redeemable units	(55 169)	(43 037)
Distributions paid to holders of redeemable units	(125)	(109)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 23 179	\$ 20 236
Net increase (decrease) in cash for the period	(2)	(4)
Cash (bank overdraft), beginning of period	252	250
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 250	\$ 246
Interest received (paid)	\$ 36	\$ 16
Dividends received, net of withholding taxes	\$ —	\$ —

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 27 008	\$ 24 070	\$ 15 361	\$ 12 629	\$ 874 608	\$ 775 562	\$ 17 088	\$ 11 697
INCREASE (DECREASE) IN NAV	586	844	279	445	21 854	31 448	537	521
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	7 731	3 075	2 070	3 225	60 299	52 862	9 066	4 704
Reinvestments of distributions to holders of redeemable units	—	—	—	—	1 031	880	23	11
Redemption of redeemable units	(3 659)	(3 038)	(3 455)	(1 084)	(48 967)	(37 588)	(2 171)	(3 031)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	4 072	37	(1 385)	2 141	12 363	16 154	6 918	1 684
Distributions from net income	—	—	—	—	(1 068)	(908)	(26)	(14)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	(1 068)	(908)	(26)	(14)
NET INCREASE (DECREASE) IN NAV	4 658	881	(1 106)	2 586	33 149	46 694	7 429	2 191
NAV AT END OF PERIOD	\$ 31 666	\$ 24 951	\$ 14 255	\$ 15 215	\$ 907 757	\$ 822 256	\$ 24 517	\$ 13 888

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 41 880	\$ 38 263	\$ 975 945	\$ 862 221
INCREASE (DECREASE) IN NAV	1 271	1 708	24 527	34 966
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	6 456	2 553	85 622	66 419
Reinvestments of distributions to holders of redeemable units	129	107	1 183	998
Redemption of redeemable units	(4 640)	(3 238)	(62 892)	(47 979)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1 945	(578)	23 913	19 438
Distributions from net income	(214)	(185)	(1 308)	(1 107)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(214)	(185)	(1 308)	(1 107)
NET INCREASE (DECREASE) IN NAV	3 002	945	47 132	53 297
NAV AT END OF PERIOD	\$ 44 882	\$ 39 208	\$ 1 023 077	\$ 915 518

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a strategic asset mix of Canadian and foreign equities, Canadian fixed-income securities and money market instruments.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 36.0% (December 31, 2017 – 35.7%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

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

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	36.0	34.5
Global Equities	30.8	30.3
Canadian Equities	30.3	31.2
Cash/Other	2.9	4.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 36.0% (December 31, 2017 – 35.8%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

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

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.2% (December 31, 2017 – 2.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	17.8	17.8
Pound sterling	2.5	2.5
Euro	2.3	2.7
Hong Kong dollar	1.5	1.3
Japanese yen	1.4	1.3
Swiss franc	1.1	1.3
South African rand	1.0	1.2
Indian rupee	0.8	0.7
New Taiwan dollar	0.5	–
Other currencies	1.8	2.5
Total	30.7	31.3

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.5% (December 31, 2017 – 1.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

PHILLIPS, HAGER & NORTH BALANCED FUND

Investment Management®

June 30, 2018

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.5	+ or - 0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	1 018 725	—	—	1 018 725
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	4 613	—	4 613
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	1 018 725	4 613	—	1 023 338
% of total portfolio	99.5	0.5	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	970 990	—	—	970 990
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	4 651	—	4 651
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	970 990	4 651	—	975 641
% of total portfolio	99.5	0.5	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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

**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	1.75%	0.04%
Advisor Series	1.75%	0.04%
Series D	0.75%	0.04%
Series F	0.75%	0.04%
Series O	n/a†	0.01%

* Effective June 30, 2017, the administration fees for Series A, Advisor Series and Series F units were reduced to 0.04% from 0.08%.

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	39	39
Advisor Series	76	76
Series D	41	41
Series F	42	42
Series O	45	45
Value of all units	5	5

**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 2018 NAV	June 30 2018 Ownership	December 31 2017 NAV	December 31 2017 Ownership
Phillips, Hager & North Bond Fund	36.0	3.8	35.8	3.6
Phillips, Hager & North Canadian Equity Underlying Fund	30.3	11.3	30.7	11.1
Phillips, Hager & North Canadian Money Market Fund	2.5	1.4	1.5	0.8

PHILLIPS, HAGER & NORTH BALANCED FUND

June 30, 2018

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
RBC Emerging Markets Equity Fund	3.9	1.0	4.0	1.0
RBC Global Equity Focus Fund	20.2	6.0	20.7	6.9
RBC QUBE Global Equity Fund	6.7	23.4	6.8	22.7

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	1 325	1 246
Issued number of units	379	155
Reinvested number of units	—	—
Redeemed number of units	(180)	(152)
Ending number of units	1 524	1 249
Advisor Series		
Opening units	752	652
Issued number of units	101	162
Reinvested number of units	—	—
Redeemed number of units	(169)	(54)
Ending number of units	684	760
Series D		
Opening units	42 753	40 274
Issued number of units	2 935	2 660
Reinvested number of units	50	44
Redeemed number of units	(2 385)	(1 894)
Ending number of units	43 353	41 084
Series F		
Opening units	836	608
Issued number of units	441	238
Reinvested number of units	1	1
Redeemed number of units	(106)	(152)
Ending number of units	1 172	695
Series O		
Opening units	2 068	2 009
Issued number of units	320	129
Reinvested number of units	6	5
Redeemed number of units	(230)	(164)
Ending number of units	2 164	1 979

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

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
150 000	Cineplex Inc.	\$ 6 602	\$ 4 377	
200 000	EnerCare Inc.	3 154	3 596	
500 000	Magna International Inc., Class A	8 388	38 230	
285 000	Restaurant Brands International Inc.	14 176	22 601	
770 000	Shaw Communications Inc., Class B	15 144	20 621	
		47 464	89 425	3.5
Consumer Staples				
531 000	Alimentation Couche-Tard Inc.	33 274	30 325	
830 000	Cott Corporation	13 937	18 077	
100 000	George Weston Ltd.	7 127	10 726	
280 000	Jamieson Wellness Inc.	5 194	7 454	
620 001	Loblaw Companies Ltd.	28 873	41 912	
		88 405	108 494	4.3
Energy				
630 000	ARC Resources Ltd.	13 342	8 555	
625 000	Bonterra Energy Corp.	17 404	10 674	
1 145 000	Canadian Natural Resources Ltd.	46 451	54 329	
2 800 000	Cardinal Energy Ltd.	21 846	15 483	
1 960 000	Cenovus Energy Inc.	45 380	26 753	
910 694	Crescent Point Energy Corp.	29 894	8 797	
2 231 527	Enbridge Inc.	72 655	104 882	
650 000	Enbridge Income Fund Holdings Inc.	18 472	20 956	
440 000	Gibson Energy Inc.	8 838	7 713	
260 000	Keyera Corp.	11 051	9 511	
301 400	Parkland Fuel Corp.	7 537	9 735	
620 000	Pembina Pipeline Corp.	18 845	28 229	
545 000	PrairieSky Royalty Ltd.	16 597	14 143	
1 710 000	Suncor Energy Inc.	55 750	91 485	
200 000	Tourmaline Oil Corp.	4 556	4 698	
1 206 800	TransCanada Corp.	48 825	68 643	
275 000	Vermilion Energy Inc.	14 192	13 038	
1 409 404	Whitecap Resources Inc.	16 482	12 558	
		468 117	510 182	20.0
Financials				
744 600	Alaris Royalty Corp.	18 747	11 869	
930 000	Bank of Montreal	50 018	94 507	
1 950 000	Bank of Nova Scotia	109 566	145 158	
1 750 000	Brookfield Asset Management Inc., Class A	28 574	93 328	
603 000	Canadian Imperial Bank of Commerce	35 959	68 959	
300 000	CI Financial Corp.	6 683	7 089	
27 600	Fairfax Financial Holdings Ltd.	18 311	20 332	
260 000	Intact Financial Corp.	14 896	24 245	
2 900 000	Manulife Financial Corporation	56 414	68 498	
820 000	Power Corporation of Canada	13 995	24 141	
2 170 000	Royal Bank of Canada*	75 294	214 808	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
965 000	Sun Life Financial Inc.	\$ 28 010	\$ 50 981	
445 000	Thomson Corp.	14 744	23 607	
2 667 000	Toronto-Dominion Bank	52 615	202 932	
		523 826	1 050 454	41.3
Health Care				
700 000	Chartwell Retirement Residences Real Estate Investment Trust	10 629	10 731	
433 500	Medical Facilities Corp.	7 329	6 056	
		17 958	16 787	0.7
Industrials				
1 135 000	Canadian National Railway Co.	29 824	122 047	
198 000	Canadian Pacific Railway Ltd.	23 269	47 702	
200 000	Russel Metals Inc.	5 517	5 374	
276 300	SNC-Lavalin Group Inc.	14 718	16 042	
(1 100)	SNC-Lavalin Group Inc., Written Put @ 54.00 July 20, 2018	(61)	(17)	
100 000	Stantec Inc.	3 025	3 381	
407 563	Waste Connections Inc.	24 135	40 361	
		100 427	234 890	9.2
Information Technology				
440 000	Open Text Corp.	16 134	20 359	
		16 134	20 359	0.8
Materials				
140 000	Agnico Eagle Mines Ltd.	7 902	8 438	
775 000	Chemtrade Logistics Income Fund	14 692	11 602	
155 000	Franco-Nevada Corp.	11 797	14 872	
1 075 000	Goldcorp Inc.	39 308	19 404	
495 582	Neo Performance Materials Inc.	8 856	8 068	
575 000	Nutrien Ltd.	37 507	41 124	
1 235 000	Tahoe Resources Inc.	13 427	7 990	
500 000	Teck Resources Ltd., Class B	21 513	16 745	
450 000	Wheaton Precious Metals Corp.	11 106	13 059	
		166 108	141 302	5.5
Real Estate				
360 000	Allied Properties Real Estate Investment Trust	12 233	15 066	
740 000	Brookfield Property Partners LP	16 415	18 478	
600 000	First Capital Realty Inc.	8 861	12 396	
370 000	Minto Apartment Real Estate Investment Trust	5 365	5 365	
300 000	SmartCentres Real Estate Investment Trust	8 323	9 159	
800 000	Tricon Capital Group Inc.	8 506	8 824	
850 000	WPT Industrial Real Estate Investment Trust	14 246	15 521	
		73 949	84 809	3.3
Telecommunication Services				
1 050 000	BCE Inc.	38 649	55 902	
565 000	Rogers Communications Inc., Class B	20 387	35 279	
690 000	TELUS Corp.	18 803	32 223	
		77 839	123 404	4.9

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

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
150 000	Atco Ltd., Class I, Non-Voting	\$ 1 304	\$ 6 087	
100 000	Boralex Inc., Class A	2 105	2 106	
200 000	Boralex Inc., Subscription Receipts	4 040	4 040	
400 000	Brookfield Infrastructure Partners LP	7 327	20 176	
350 000	Brookfield Renewable Partners LP	9 509	13 811	
425 000	Canadian Utilities Ltd., Class A	11 878	14 110	
550 000	Crius Energy Trust	4 767	3 702	
540 000	Fortis Inc.	17 188	22 691	
745 000	Superior Plus Corp.	6 276	9 469	
1 600 000	TransAlta Corp.	14 880	10 560	
		79 274	106 752	4.2
TOTAL CANADIAN EQUITIES		1 659 501	2 486 858	97.7

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
12 250	DHX Media Ltd., Convertible	5.875	30-Sep-2024	\$ 12 250	\$ 10 780	
7 800	Element Fleet Management Corp., Convertible	4.250	30-Jun-2020	7 800	7 391	
				20 050	18 171	0.7
TOTAL CANADIAN BONDS						
SHORT-TERM INVESTMENTS†				41 622	41 622	1.6
TOTAL INVESTMENTS				1 721 173	2 546 651	100.0
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				—	(245)	—
TOTAL PORTFOLIO				\$ 1 721 173	2 546 406	100.0
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					439	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 2 546 845	100.0

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Loss
Bought CAD 390 Sold USD 307 @ 1.2713	20-Jul-2018	\$ (13)
Bought CAD 319 Sold USD 250 @ 1.2766	20-Jul-2018	(9)
Bought CAD 382 Sold USD 300 @ 1.2750	03-Aug-2018	(12)
Bought CAD 11 738 Sold USD 9 070 @ 1.2942	03-Aug-2018	(179)
Bought CAD 259 Sold USD 200 @ 1.2969	03-Aug-2018	(3)
Bought USD 122 Sold CAD 162 @ 0.7527	03-Aug-2018	(2)
Bought CAD 1 579 Sold USD 1 216 @ 1.2984	21-Aug-2018	(18)
Bought CAD 787 Sold USD 606 @ 1.2980	26-Sep-2018	(9)
TOTAL FOREIGN EXCHANGE		\$ (245)

All counterparties have a credit rating of at least A.

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.36% to 1.55% and mature between July 3, 2018 and October 18, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 2 546 651	\$ 2 620 189
Cash	2 071	1 751
Due from investment dealers	2 860	—
Subscriptions receivable	402	583
Unrealized gain on foreign exchange contracts	—	55
Dividends receivable, interest accrued and other assets	7 680	7 012
TOTAL ASSETS	2 559 664	2 629 590
LIABILITIES		
Due to investment dealers	9 405	—
Redemptions payable	1 723	542
Unrealized loss on foreign exchange contracts	245	80
Accounts payable and accrued expenses	1 446	1 618
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	12 819	2 240
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 546 845	\$ 2 627 350
Investments at cost	\$ 1 721 173	\$ 1 729 295
NAV		
SERIES A	\$ 69 382	\$ 74 477
ADVISOR SERIES	\$ 11 355	\$ 11 765
SERIES D	\$ 1 613 056	\$ 1 696 795
SERIES F	\$ 70 225	\$ 61 085
SERIES O	\$ 782 827	\$ 783 228
NAV PER UNIT		
SERIES A	\$ 106.50	\$ 107.83
ADVISOR SERIES	\$ 106.49	\$ 107.82
SERIES D	\$ 105.46	\$ 106.78
SERIES F	\$ 106.29	\$ 107.62
SERIES O	\$ 103.79	\$ 105.09

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 42 699	\$ 40 994
Interest for distribution purposes	869	394
Income from investment trusts	1 464	1 601
Derivative income	(487)	(2)
Net realized gain (loss) on investments	31 889	81 330
Change in unrealized gain (loss) on investments	(65 636)	(80 953)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	10 798	43 364
Securities lending revenue (see note 7 in the generic notes)	113	151
Net gain (loss) on foreign cash balances	20	131
TOTAL OTHER INCOME (LOSS)	133	282
TOTAL INCOME (LOSS)	10 931	43 646
EXPENSES (see notes – Fund Specific Information)		
Management fees	7 558	7 924
Administration fees	623	646
Independent Review Committee costs	1	1
GST/HST	739	773
Transaction costs	177	288
Withholding tax	10	30
TOTAL EXPENSES	9 108	9 662
INCREASE (DECREASE) IN NAV	\$ 1 823	\$ 33 984
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (419)	\$ 563
ADVISOR SERIES	\$ (63)	\$ 91
SERIES D	\$ (1 952)	\$ 19 890
SERIES F	\$ 248	\$ 519
SERIES O	\$ 4 009	\$ 12 921
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.63)	\$ 0.80
ADVISOR SERIES	\$ (0.61)	\$ 0.86
SERIES D	\$ (0.13)	\$ 1.24
SERIES F	\$ 0.41	\$ 1.12
SERIES O	\$ 0.53	\$ 1.71

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 823	\$ 33 984
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(31 698)	(81 109)
Change in unrealized loss (gain) on investments	65 636	80 953
(Increase) decrease in accrued receivables	(668)	(279)
Increase (decrease) in accrued payables	(172)	(65)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(485 175)	(850 672)
Proceeds from sale and maturity of investments	531 540	904 456
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	81 286	87 268
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	61 392	64 444
Cash paid on redemption of redeemable units	(133 174)	(142 725)
Distributions paid to holders of redeemable units	(9 184)	(8 546)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (80 966)	\$ (86 827)
Net increase (decrease) in cash for the period	320	441
Cash (bank overdraft), beginning of period	1 751	1 899
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 071	\$ 2 340
Interest received (paid)	\$ 815	\$ 391
Dividends received, net of withholding taxes	\$ 43 539	\$ 42 288

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 74 477	\$ 74 417	\$ 11 765	\$ 10 934	\$ 1 696 795	\$ 1 681 957	\$ 61 085	\$ 46 199
INCREASE (DECREASE) IN NAV	(419)	563	(63)	91	(1 952)	19 890	248	519
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	3 177	6 297	868	1 294	21 376	32 141	15 014	10 755
Reinvestments of distributions to holders of redeemable units	486	428	81	68	17 812	16 661	732	503
Redemption of redeemable units	(7 793)	(9 915)	(1 209)	(1 534)	(101 394)	(89 742)	(5 970)	(5 457)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 130)	(3 190)	(260)	(172)	(62 206)	(40 940)	9 776	5 801
Distributions from net income	(546)	(475)	(87)	(72)	(19 581)	(18 268)	(884)	(614)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(546)	(475)	(87)	(72)	(19 581)	(18 268)	(884)	(614)
NET INCREASE (DECREASE) IN NAV	(5 095)	(3 102)	(410)	(153)	(83 739)	(39 318)	9 140	5 706
NAV AT END OF PERIOD	\$ 69 382	\$ 71 315	\$ 11 355	\$ 10 781	\$ 1 613 056	\$ 1 642 639	\$ 70 225	\$ 51 905

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 783 228	\$ 773 160	\$ 2 627 350	\$ 2 586 667
INCREASE (DECREASE) IN NAV	4 009	12 921	1 823	33 984
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	50 202	30 298	90 637	80 785
Reinvestments of distributions to holders of redeemable units	6 025	5 475	25 136	23 135
Redemption of redeemable units	(47 415)	(51 268)	(163 781)	(157 916)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	8 812	(15 495)	(48 008)	(53 996)
Distributions from net income	(13 222)	(12 252)	(34 320)	(31 681)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(13 222)	(12 252)	(34 320)	(31 681)
NET INCREASE (DECREASE) IN NAV	(401)	(14 826)	(80 505)	(51 693)
NAV AT END OF PERIOD	\$ 782 827	\$ 758 334	\$ 2 546 845	\$ 2 534 974

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a well-diversified portfolio of dividend income-producing Canadian securities that have a relatively high yield.

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

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

	June 30 2018	December 31 2017
Investment mix		
Financials	41.3	42.9
Energy	20.0	19.4
Industrials	9.2	8.5
Materials	5.5	5.0
Telecommunication Services	4.9	5.0
Consumer Staples	4.3	4.6
Utilities	4.2	4.1
Consumer Discretionary	3.5	3.9
Real Estate	3.3	3.5
Information Technology	0.8	0.8
Health Care	0.7	0.7
Bonds	0.7	—
Cash/Other	1.6	1.6
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	2 482 818	4 040	—	2 486 858
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	18 171	—	18 171
Short-term investments	—	41 622	—	41 622
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	(245)	—	(245)
Total financial instruments	2 482 818	63 588	—	2 546 406
% of total portfolio	97.5	2.5	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	2 573 596	13 157	—	2 586 753
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	19 602	—	19 602
Short-term investments	—	13 834	—	13 834
Derivatives – assets	—	55	—	55
Derivatives – liabilities	—	(80)	—	(80)
Total financial instruments	2 573 596	46 568	—	2 620 164
% of total portfolio	98.2	1.8	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.06%
Series F	0.60%	0.10%
Series O	n/a*	0.02%

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

PHILLIPS, HAGER & NORTH DIVIDEND INCOME FUND

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	8	8
Advisor Series	15	15
Series D	3	3
Series F	9	8
Series O	9	9
Value of all units	5	5

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	691	716
Issued number of units	29	60
Reinvested number of units	5	4
Redeemed number of units	(74)	(94)
Ending number of units	651	686
Advisor Series		
Opening units	109	105
Issued number of units	9	12
Reinvested number of units	1	1
Redeemed number of units	(12)	(14)
Ending number of units	107	104
Series D		
Opening units	15 891	16 344
Issued number of units	207	307
Reinvested number of units	174	160
Redeemed number of units	(977)	(857)
Ending number of units	15 295	15 954
Series F		
Opening units	568	445
Issued number of units	143	102
Reinvested number of units	7	5
Redeemed number of units	(57)	(52)
Ending number of units	661	500

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

	2018	2017
Series O		
Opening units	7 453	7 632
Issued number of units	495	294
Reinvested number of units	60	53
Redeemed number of units	(465)	(497)
Ending number of units	7 543	7 482

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	177	100	288	100
Related-party brokerage commissions*	12	7	43	15
Commission arrangements†	1	1	6	2

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	183 387	323 888
Fair value of collateral received	187 055	330 366

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	151	100	244	100
RBC IS (paid)	(38)	(25)	(73)	(30)
Tax withheld	—	—	(20)	(8)
Fund revenue	113	75	151	62

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
340 614	Dollarama Inc.	\$ 7 239	\$ 17 358	
251 102	Gildan Activewear Inc., Class A	8 131	9 298	
317 000	Quebecor Inc., Class B	6 025	8 534	
71 252	Restaurant Brands International Inc.	3 031	5 650	
714 987	Shaw Communications Inc., Class B	19 487	19 147	
		43 913	59 987	5.4
Consumer Staples				
375 007	Alimentation Couche-Tard Inc.	10 563	21 417	
		10 563	21 417	1.9
Energy				
483 119	ARC Resources Ltd.	9 142	6 561	
200 249	Cameco Corp.	5 966	2 963	
700 743	Canadian Natural Resources Ltd.	27 157	33 250	
496 519	Cenovus Energy Inc.	9 270	6 777	
1 100 196	Enbridge Inc.	52 471	51 709	
789 600	Encana Corp.	11 415	13 557	
232 585	Keyera Corp.	8 702	8 508	
99 100	Pembina Pipeline Corp.	3 186	4 512	
281 700	PrairieSky Royalty Ltd.	7 379	7 310	
620 400	Raging River Exploration Inc.	4 762	3 536	
636 600	Seven Generations Energy Ltd.	12 102	9 224	
604 352	Suncor Energy Inc.	24 799	32 333	
254 407	Tourmaline Oil Corp.	8 078	5 976	
329 799	TransCanada Corp.	19 163	18 759	
928 100	Whitecap Resources Inc.	8 137	8 269	
		211 729	213 244	19.4
Financials				
315 363	Bank of Montreal	27 597	32 047	
690 280	Bank of Nova Scotia	39 825	51 384	
837 390	Brookfield Asset Management Inc., Class A	24 203	44 658	
209 691	Canadian Imperial Bank of Commerce	22 218	23 980	
568 400	Element Fleet Management Corp.	7 200	3 513	
24 200	Fairfax Financial Holdings Ltd.	14 464	17 827	
143 800	Industrial Alliance Insurance & Financial Services Inc.	8 179	7 298	
121 022	Intact Financial Corp.	11 537	11 285	
1 274 669	Manulife Financial Corporation	24 395	30 108	
708 423	Royal Bank of Canada*	36 564	70 127	
227 194	Sun Life Financial Inc.	10 691	12 003	
190 080	Thomson Corp.	7 766	10 084	
1 069 955	Toronto-Dominion Bank	28 414	81 413	
		263 053	395 727	35.9

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
1 027 900	Bombardier Inc., Class B	\$ 4 103	\$ 5 345	
358 680	Canadian National Railway Co.	14 801	38 569	
44 400	Canadian Pacific Railway Ltd.	8 739	10 697	
184 700	SNC-Lavalin Group Inc.	10 518	10 724	
139 100	Stantec Inc.	4 834	4 703	
161 650	Waste Connections Inc.	10 498	16 008	
		53 493	86 046	7.8
Information Technology				
333 349	CGI Group Inc., Class A	14 704	27 771	
8 100	Constellation Software Inc.	4 412	8 258	
363 234	Open Text Corp.	13 301	16 807	
		32 417	52 836	4.8
Materials				
138 505	Agnico Eagle Mines Ltd.	5 837	8 348	
209 847	Alamos Gold Inc., Class A	1 731	1 572	
1 021 115	B2Gold Corp.	3 988	3 482	
287 200	Barrick Gold Corp.	5 964	4 960	
569 600	Belo Sun Mining Corp.	484	131	
56 600	CCL Industries, Class B	3 030	3 648	
235 200	Continental Gold Inc.	1 582	891	
141 950	Detour Gold Corp.	2 379	1 678	
119 812	Endeavour Mining Corp.	2 373	2 826	
679 007	First Quantum Minerals Ltd.	9 841	13 152	
63 900	Franco-Nevada Corp.	4 757	6 131	
375 292	Goldcorp Inc.	8 534	6 774	
205 529	IAMGOLD Corporation	1 496	1 574	
414 300	Kinross Gold Corp.	2 153	2 051	
174 600	Kirkland Lake Gold Ltd.	2 613	4 861	
267 819	Nutrien Ltd.	16 703	19 154	
448 780	OceanaGold Corp.	1 818	1 638	
192 800	Semafo Inc.	749	735	
232 600	Teck Resources Ltd., Class B	6 778	7 790	
146 228	Torex Gold Resources Inc.	2 873	1 712	
441 154	Turquoise Hill Resources Ltd.	2 963	1 641	
145 050	Wheaton Precious Metals Corp.	4 118	4 209	
		92 764	98 958	9.0
Real Estate				
338 600	Brookfield Property Partners LP	9 551	8 455	
258 400	First Capital Realty Inc.	5 170	5 339	
		14 721	13 794	1.3
Telecommunication Services				
66 747	Rogers Communications Inc., Class B	1 993	4 168	
120 026	TELUS Corp.	3 070	5 605	
		5 063	9 773	0.9

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
164 750	Brookfield Infrastructure Partners LP	\$ 6 454	\$ 8 310	
384 000	Fortis Inc.	15 910	16 136	
		22 364	24 446	2.2
TOTAL CANADIAN EQUITIES		750 080	976 228	88.6
UNDERLYING FUNDS				
3 587 064	Phillips, Hager & North Small Float Fund*	58 728	122 151	
TOTAL UNDERLYING FUNDS		58 728	122 151	11.1
SHORT-TERM INVESTMENTS†		2 240	2 240	0.2
TOTAL INVESTMENTS		\$ 811 048	1 100 619	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			1 390	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$1 102 009	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.71% and mature between July 3, 2018 and August 24, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 100 619	\$ 1 137 042
Cash	1 157	1 043
Due from investment dealers	15	779
Subscriptions receivable	373	1 442
Dividends receivable, interest accrued and other assets	1 846	1 944
TOTAL ASSETS	1 104 010	1 142 250
LIABILITIES		
Due to investment dealers	1 117	261
Redemptions payable	483	676
Accounts payable and accrued expenses	401	474
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 001	1 411
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 102 009	\$ 1 140 839
Investments at cost	\$ 811 048	\$ 822 425
NAV		
SERIES A	\$ 17 056	\$ 18 126
ADVISOR SERIES	\$ 1 722	\$ 1 443
SERIES D	\$ 450 068	\$ 506 955
SERIES F	\$ 14 727	\$ 14 073
SERIES O	\$ 618 436	\$ 600 242
NAV PER UNIT		
SERIES A	\$ 102.65	\$ 102.09
ADVISOR SERIES	\$ 102.72	\$ 102.17
SERIES D	\$ 99.97	\$ 99.00
SERIES F	\$ 102.16	\$ 101.06
SERIES O	\$ 99.79	\$ 98.35

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 13 688	\$ 13 764
Interest for distribution purposes	39	47
Net realized gain (loss) on investments	26 704	45 692
Change in unrealized gain (loss) on investments	(25 046)	(67 943)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	15 385	(8 440)
Securities lending revenue (see note 7 in the generic notes)	34	—
Net gain (loss) on foreign cash balances	8	(2)
TOTAL OTHER INCOME (LOSS)	42	(2)
TOTAL INCOME (LOSS)	15 427	(8 442)
EXPENSES (see notes – Fund Specific Information)		
Management fees	2 114	2 353
Administration fees	211	226
Independent Review Committee costs	1	1
GST/HST	204	211
Transaction costs	264	269
TOTAL EXPENSES	2 794	3 060
INCREASE (DECREASE) IN NAV	\$ 12 633	\$ (11 502)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 52	\$ (346)
ADVISOR SERIES	\$ 19	\$ (25)
SERIES D	\$ 2 537	\$ (6 252)
SERIES F	\$ 153	\$ (157)
SERIES O	\$ 9 872	\$ (4 722)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.30	\$ (1.67)
ADVISOR SERIES	\$ 1.17	\$ (1.78)
SERIES D	\$ 0.53	\$ (1.23)
SERIES F	\$ 1.08	\$ (1.45)
SERIES O	\$ 1.60	\$ (0.76)

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 12 633	\$ (11 502)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(26 442)	(45 455)
Change in unrealized loss (gain) on investments	25 046	67 943
(Increase) decrease in accrued receivables	98	(123)
Increase (decrease) in accrued payables	(73)	(29)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(333 507)	(467 979)
Proceeds from sale and maturity of investments	372 946	480 711
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	50 701	23 566
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	31 305	41 424
Cash paid on redemption of redeemable units	(81 892)	(65 289)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (50 587)	\$ (23 865)
Net increase (decrease) in cash for the period	114	(299)
Cash (bank overdraft), beginning of period	1 043	1 022
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1 157	\$ 723
Interest received (paid)	\$ 39	\$ 48
Dividends received, net of withholding taxes	\$ 13 787	\$ 13 641

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 18 126	\$ 22 124	\$ 1 443	\$ 1 412	\$ 506 955	\$ 509 894	\$ 14 073	\$ 10 109
INCREASE (DECREASE) IN NAV	52	(346)	19	(25)	2 537	(6 252)	153	(157)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	444	1 106	307	246	7 350	12 131	1 916	2 752
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(1 566)	(4 738)	(47)	(309)	(66 774)	(23 572)	(1 415)	(1 078)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 122)	(3 632)	260	(63)	(59 424)	(11 441)	501	1 674
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 070)	(3 978)	279	(88)	(56 887)	(17 693)	654	1 517
NAV AT END OF PERIOD	\$ 17 056	\$ 18 146	\$ 1 722	\$ 1 324	\$ 450 068	\$ 492 201	\$ 14 727	\$ 11 626

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 600 242	\$ 613 835	\$ 1 140 839	\$ 1 157 374
INCREASE (DECREASE) IN NAV	9 872	(4 722)	12 633	(11 502)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	61 690	30 683	71 707	46 918
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(53 368)	(40 752)	(123 170)	(70 449)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	8 322	(10 069)	(51 463)	(23 531)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	18 194	(14 791)	(38 830)	(35 033)
NAV AT END OF PERIOD	\$ 618 436	\$ 599 044	\$ 1 102 009	\$ 1 122 341

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of common shares of Canadian companies.

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

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

	June 30 2018	December 31 2017
Investment mix		
Financials	35.9	36.6
Energy	19.4	21.8
Underlying Funds	11.1	11.0
Materials	9.0	7.2
Industrials	7.8	6.0
Consumer Discretionary	5.4	5.9
Information Technology	4.8	3.9
Utilities	2.2	1.5
Consumer Staples	1.9	2.4
Real Estate	1.3	1.8
Telecommunication Services	0.9	0.9
Cash/Other	0.3	1.0
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.1	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	976 228	–	–	976 228
Underlying funds	122 151	–	–	122 151
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	2 240	–	2 240
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 098 379	2 240	–	1 100 619
% of total portfolio	99.8	0.2	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	1 003 994	–	–	1 003 994
Underlying funds	125 365	–	–	125 365
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	7 683	–	7 683
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 129 359	7 683	–	1 137 042
% of total portfolio	99.3	0.7	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.06%
Series F	0.60%	0.10%
Series O	n/a*	0.02%

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

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	8	8
Advisor Series	15	15
Series D	8	8
Series F	8	8
Value of all units	4	4

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Small Float Fund	11.1	43.4	11.0	42.4

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	178	218
Issued number of units	4	11
Reinvested number of units	–	–
Redeemed number of units	(16)	(47)
Ending number of units	166	182
Advisor Series		
Opening units	14	14
Issued number of units	3	2
Reinvested number of units	–	–
Redeemed number of units	–	(3)
Ending number of units	17	13

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

	2018	2017
Series D		
Opening units	5 121	5 171
Issued number of units	76	122
Reinvested number of units	–	–
Redeemed number of units	(695)	(237)
Ending number of units	4 502	5 056
Series F		
Opening units	139	100
Issued number of units	19	28
Reinvested number of units	–	–
Redeemed number of units	(14)	(11)
Ending number of units	144	117
Series O		
Opening units	6 103	6 261
Issued number of units	646	310
Reinvested number of units	–	–
Redeemed number of units	(552)	(411)
Ending number of units	6 197	6 160

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	264	100	269	100
Related-party brokerage commissions*	32	12	18	7
Commission arrangements [†]	–	–	18	7

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

Securities lending revenue (\$000s except %) (see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	32 397	–
Fair value of collateral received	33 045	–

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	45	100	–	–
RBC IS (paid)	(11)	(25)	–	–
Tax withheld	–	–	–	–
Fund revenue	34	75	–	–

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

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

PHILLIPS, HAGER & NORTH CANADIAN EQUITY VALUE FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
85 075	Great Canadian Gaming Corp.	\$ 3 024	\$ 3 960	
213 207	Magna International Inc., Class A	17 616	16 302	
592 273	Quebecor Inc., Class B	9 435	15 944	
288 941	Recipe Unlimited Corp.	7 354	8 226	
153 540	Restaurant Brands International Inc.	9 073	12 176	
538 495	Shaw Communications Inc., Class B	13 045	14 421	
		59 547	71 029	5.0
Consumer Staples				
270 815	Alimentation Couche-Tard Inc.	12 963	15 466	
284 147	Loblaw Companies Ltd.	16 944	19 208	
341 510	Maple Leaf Foods Inc.	8 425	11 352	
140 531	Saputo Group Inc.	6 182	6 134	
		44 514	52 160	3.7
Energy				
523 962	ARC Resources Ltd.	12 644	7 115	
282 320	Cameco Corp.	3 372	4 176	
1 018 299	Canadian Natural Resources Ltd.	36 999	48 319	
277 736	Cenovus Energy Inc.	6 080	3 791	
623 433	Crescent Point Energy Corp.	11 930	6 022	
1 023 393	Enbridge Inc.	48 250	48 099	
209 717	Enbridge Income Fund Holdings Inc.	6 175	6 761	
874 241	Encana Corp.	13 119	15 011	
623 040	Husky Energy Inc.	13 540	12 766	
287 137	Imperial Oil Ltd.	13 530	12 548	
205 981	Keyera Corp.	8 107	7 535	
1 247 709	MEG Energy Corp.	7 390	13 675	
321 569	Pembina Pipeline Corp.	13 121	14 641	
448 703	PrairieSky Royalty Ltd.	13 018	11 644	
123 033	ShawCor Ltd.	4 567	3 140	
1 223 909	Suncor Energy Inc.	46 668	65 479	
551 324	TransCanada Corp.	28 656	31 359	
		287 166	312 081	21.8
Financials				
528 926	AGF Management Ltd., Class B	3 653	3 681	
409 347	Bank of Montreal	35 610	41 598	
907 163	Bank of Nova Scotia	59 021	67 529	
747 700	Brookfield Asset Management Inc., Class A	27 358	39 875	
283 570	Canadian Imperial Bank of Commerce	30 086	32 429	
778 707	Element Fleet Management Corp.	5 213	4 812	
27 164	Fairfax Financial Holdings Ltd.	16 752	20 011	
50 147	Intact Financial Corp.	3 954	4 676	
1 547 401	Manulife Financial Corporation	33 533	36 550	
112 359	National Bank of Canada	5 797	7 092	
119 811	Onex Corporation	7 786	11 561	
427 560	Power Corporation of Canada	12 695	12 587	
915 821	Royal Bank of Canada*	70 082	90 657	
387 754	Sun Life Financial Inc.	18 052	20 485	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
420 184	The Westaim Corp.	\$ 1 246	\$ 1 353	
322 418	Thomson Corp.	13 729	17 104	
1 178 440	Toronto-Dominion Bank	63 987	89 668	
		408 554	501 668	35.1
Industrials				
399 156	ATS Automation Tooling Systems	5 833	7 800	
2 253 146	Bombardier Inc., Class B	7 489	11 716	
147 984	Brookfield Business Partners LP	4 476	7 457	
545 118	Canadian National Railway Co.	39 926	58 617	
133 646	Canadian Pacific Railway Ltd.	25 998	32 198	
323 317	Finning International Inc.	10 717	10 492	
254 690	SNC-Lavalin Group Inc.	12 595	14 787	
268 200	Waste Connections Inc.	16 819	26 560	
155 549	Westshore Terminals Investment Corp.	3 466	3 707	
		127 319	173 334	12.1
Information Technology				
308 509	BlackBerry Ltd.	4 287	3 912	
239 861	Celestica Inc.	3 521	3 749	
208 110	CGI Group Inc., Class A	13 018	17 338	
168 207	Open Text Corp.	6 607	7 783	
		27 433	32 782	2.3
Materials				
208 659	Agnico Eagle Mines Ltd.	11 238	12 576	
548 552	Barrick Gold Corp.	13 010	9 473	
145 510	CCL Industries, Class B	8 775	9 378	
215 414	Detour Gold Corp.	3 192	2 546	
455 144	First Quantum Minerals Ltd.	7 344	8 816	
755 842	Goldcorp Inc.	14 215	13 643	
203 711	Interfor Corp.	3 979	5 144	
545 402	Kinross Gold Corp.	2 844	2 700	
53 365	Methanex Corp.	3 330	4 961	
407 373	Nutrien Ltd.	26 933	29 135	
411 759	Teck Resources Ltd., Class B	9 322	13 790	
		104 182	112 162	7.8
Real Estate				
168 408	Allied Properties Real Estate Investment Trust	6 178	7 048	
224 047	Brookfield Property Partners LP	4 595	5 594	
39 708	Colliers International Group Inc.	2 907	3 972	
332 134	First Capital Realty Inc.	6 380	6 862	
365 751	RioCan Real Estate Investment Trust	9 053	8 833	
320 671	Tricon Capital Group Inc.	3 591	3 537	
		32 704	35 846	2.5
Telecommunication Services				
439 680	BCE Inc.	22 922	23 409	
342 575	Rogers Communications Inc., Class B	19 964	21 390	
257 007	TELUS Corp.	8 365	12 002	
		51 251	56 801	4.0

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

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
199 871	Brookfield Infrastructure Partners LP	\$ 10 356	\$ 10 081	
204 860	Canadian Utilities Ltd., Class A	6 908	6 801	
190 009	Fortis Inc.	7 585	7 984	
1 249 632	TransAlta Corp.	8 127	8 248	
		<u>32 976</u>	<u>33 114</u>	<u>2.3</u>
TOTAL CANADIAN EQUITIES		<u>1 175 646</u>	<u>1 380 977</u>	<u>96.6</u>
SHORT-TERM INVESTMENTS†		<u>41 390</u>	<u>41 390</u>	<u>2.9</u>
TOTAL INVESTMENTS		<u>\$1 217 036</u>	<u>1 422 367</u>	<u>99.5</u>
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>6 720</u>	<u>0.5</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$1 429 087</u>	<u>100.0</u>

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.52% and mature between July 3, 2018 and July 27, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 422 367	\$ 1 196 221
Cash	630	488
Subscriptions receivable	226 370	648
Dividends receivable, interest accrued and other assets	3 236	2 823
TOTAL ASSETS	1 652 603	1 200 180
LIABILITIES		
Due to investment dealers	222 221	–
Redemptions payable	818	620
Distributions payable	–	(1)
Accounts payable and accrued expenses	477	529
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	223 516	1 148
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 429 087	\$ 1 199 032
Investments at cost	\$ 1 217 036	\$ 997 266
NAV		
SERIES A	\$ 12 172	\$ 13 309
ADVISOR SERIES	\$ 196 724	\$ 208 741
SERIES T5	\$ 1	\$ 1
SERIES D	\$ 89 203	\$ 88 841
SERIES F	\$ 133 838	\$ 129 500
SERIES FT5	\$ 1	\$ 1
SERIES O	\$ 997 148	\$ 758 639
NAV PER UNIT		
SERIES A	\$ 14.64	\$ 14.40
ADVISOR SERIES	\$ 14.64	\$ 14.39
SERIES T5	\$ 14.34	\$ 14.46
SERIES D	\$ 14.89	\$ 14.57
SERIES F	\$ 14.92	\$ 14.59
SERIES FT5	\$ 14.73	\$ 14.77
SERIES O	\$ 14.84	\$ 14.46

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 16 273	\$ 15 744
Interest for distribution purposes	317	172
Income from investment trusts	413	334
Net realized gain (loss) on investments	9 967	35 916
Change in unrealized gain (loss) on investments	6 376	(38 018)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	33 346	14 148
Securities lending revenue		
(see note 7 in the generic notes)	27	–
Net gain (loss) on foreign cash balances	9	(4)
TOTAL OTHER INCOME (LOSS)	36	(4)
TOTAL INCOME (LOSS)	33 382	14 144
EXPENSES (see notes – Fund Specific Information)		
Management fees	2 388	2 595
Administration fees	284	297
Independent Review Committee costs	1	1
GST/HST	255	278
Transaction costs	382	471
TOTAL EXPENSES	3 310	3 642
INCREASE (DECREASE) IN NAV	\$ 30 072	\$ 10 502
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 199	\$ 38
ADVISOR SERIES	\$ 2 940	\$ 634
SERIES T5	\$ –	\$ –
SERIES D	\$ 1 826	\$ 461
SERIES F	\$ 3 125	\$ 1 229
SERIES FT5	\$ –	\$ –
SERIES O	\$ 21 982	\$ 8 140
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.22	\$ 0.04
ADVISOR SERIES	\$ 0.21	\$ 0.04
SERIES T5	\$ 0.26	\$ –
SERIES D	\$ 0.30	\$ 0.08
SERIES F	\$ 0.35	\$ 0.13
SERIES FT5	\$ 0.34	\$ –
SERIES O	\$ 0.42	\$ 0.16

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 30 072	\$ 10 502
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(9 592)	(35 478)
Change in unrealized loss (gain) on investments	(6 376)	38 018
(Increase) decrease in accrued receivables	(413)	(406)
Increase (decrease) in accrued payables	(52)	(42)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(503 279)	(645 565)
Proceeds from sale and maturity of investments	515 322	649 755
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	25 682	16 784
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	76 213	79 397
Cash paid on redemption of redeemable units	(101 753)	(96 366)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (25 540)	\$ (16 969)
Net increase (decrease) in cash for the period	142	(185)
Cash (bank overdraft), beginning of period	488	574
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 630	\$ 389
Interest received (paid)	\$ 311	\$ 179
Dividends received, net of withholding taxes	\$ 16 279	\$ 15 664

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series T5		Series D	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 13 309	\$ 15 014	\$ 208 741	\$ 223 263	\$ 1	\$ –	\$ 88 841	\$ 80 409
INCREASE (DECREASE) IN NAV	199	38	2 940	634	–	–	1 826	461
Early redemption fees	–	–	–	–	–	–	–	–
Proceeds from redeemable units issued	719	630	1 648	1 951	–	–	4 707	6 862
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–	–	–
Redemption of redeemable units	(2 055)	(2 308)	(16 605)	(18 901)	–	–	(6 171)	(5 410)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 336)	(1 678)	(14 957)	(16 950)	–	–	(1 464)	1 452
Distributions from net income	–	–	–	–	–	–	–	–
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	–	–	–	–	–	–	–	–
NET INCREASE (DECREASE) IN NAV	(1 137)	(1 640)	(12 017)	(16 316)	–	–	362	1 913
NAV AT END OF PERIOD	\$ 12 172	\$ 13 374	\$ 196 724	\$ 206 947	\$ 1	\$ –	\$ 89 203	\$ 82 322

For the periods ended June 30 (see note 2 in the generic notes)	Series F		Series FT5		Series O		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 129 500	\$ 136 240	\$ 1	\$ –	\$ 758 639	\$ 727 850	\$ 1 199 032	\$ 1 182 776
INCREASE (DECREASE) IN NAV	3 125	1 229	–	–	21 982	8 140	30 072	10 502
Early redemption fees	1	–	–	–	–	–	1	–
Proceeds from redeemable units issued	14 232	15 224	–	–	282 740	58 923	304 046	83 590
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–	–	–
Redemption of redeemable units	(13 019)	(27 679)	–	–	(66 213)	(46 295)	(104 063)	(100 593)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1 214	(12 455)	–	–	216 527	12 628	199 984	(17 003)
Distributions from net income	(1)	–	–	–	–	–	(1)	–
Distributions from net gains	–	–	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1)	–	–	–	–	–	(1)	–
NET INCREASE (DECREASE) IN NAV	4 338	(11 226)	–	–	238 509	20 768	230 055	(6 501)
NAV AT END OF PERIOD	\$ 133 838	\$ 125 014	\$ 1	\$ –	\$ 997 148	\$ 748 618	\$ 1 429 087	\$ 1 176 275

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide long-term capital growth by investing primarily in equities of Canadian companies priced below the manager's assessment of their true value and offering long-term opportunities for growth.

Series T5 and Series FT5 units were started August 28, 2017.

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

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

	June 30 2018	December 31 2017
Investment mix		
Financials	35.1	38.2
Energy	21.8	21.1
Industrials	12.1	9.6
Materials	7.8	8.6
Consumer Discretionary	5.0	3.7
Telecommunication Services	4.0	4.3
Consumer Staples	3.7	4.2
Real Estate	2.5	2.9
Utilities	2.3	2.2
Information Technology	2.3	1.9
Health Care	–	0.6
Cash/Other	3.4	2.7
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	1 380 976	–	–	1 380 976
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	41 391	–	41 391
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 380 976	41 391	–	1 422 367
% of total portfolio	97.1	2.9	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	1 156 175	9 774	–	1 165 949
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	30 272	–	30 272
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 156 175	40 046	–	1 196 221
% of total portfolio	96.7	3.3	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series T5	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series FT5	0.60%	0.10%
Series O	n/a*	0.02%

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

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	109	109
Advisor Series	115	115
Series T5	77	75
Series D	134	134
Series F	137	137
Series FT5	75	73
Series O	148	148
Value of all units	12	11

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	925	1 076
Issued number of units	50	45
Reinvested number of units	—	—
Redeemed number of units	(144)	(164)
Ending number of units	831	957
Advisor Series		
Opening units	14 506	16 004
Issued number of units	116	138
Reinvested number of units	—	—
Redeemed number of units	(1 182)	(1 334)
Ending number of units	13 440	14 808
Series T5		
Opening units	—	—
Issued number of units	—	—
Reinvested number of units	—	—
Redeemed number of units	—	—
Ending number of units	—	—
Series D		
Opening units	6 096	5 691
Issued number of units	329	477
Reinvested number of units	—	—
Redeemed number of units	(433)	(376)
Ending number of units	5 992	5 792

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

	2018	2017
Series F		
Opening units	8 878	9 630
Issued number of units	998	1 057
Reinvested number of units	—	—
Redeemed number of units	(905)	(1 915)
Ending number of units	8 971	8 772
Series FT5		
Opening units	—	—
Issued number of units	—	—
Reinvested number of units	—	—
Redeemed number of units	—	—
Ending number of units	—	—
Series O		
Opening units	52 479	51 899
Issued number of units	19 335	4 129
Reinvested number of units	—	—
Redeemed number of units	(4 619)	(3 233)
Ending number of units	67 195	52 795

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	382	100	471	100
Related-party brokerage commissions*	33	9	81	17
Commission arrangements [†]	2	1	26	6

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

Securities lending revenue (\$000s except %) (see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	44 170	—
Fair value of collateral received	45 054	—

June 30, 2018

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	39	100	—	—
RBC IS (paid)	(10)	(25)	—	—
Tax withheld	(2)	(4)	—	—
Fund revenue	27	71	—	—

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North		
Canadian Equity Value Class	0.4	0.4
Phillips, Hager & North LifeTime 2020 Fund	—	—
Phillips, Hager & North LifeTime 2025 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2030 Fund	0.2	0.2
Phillips, Hager & North LifeTime 2035 Fund	0.2	0.2
Phillips, Hager & North LifeTime 2040 Fund	0.3	0.3
Phillips, Hager & North LifeTime 2045 Fund	0.6	0.7
Phillips, Hager & North LifeTime 2050 Fund	0.2	0.2
RBC Retirement 2020 Portfolio	0.1	0.1
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 Total Return Growth Fund	—	—
Total	2.4	2.4

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

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
507 323	Aritzia Inc.	\$ 7 593	\$ 7 914	
795 318	Dollarama Inc.	14 535	40 529	
601 358	Gildan Activewear Inc., Class A	20 022	22 268	
237 000	Great Canadian Gaming Corp.	3 504	11 032	
497 400	Leon's Furniture Ltd.	6 783	8 983	
534 143	Mav Beauty Brands Inc.	7 478	7 478	
1 415 312	Quebecor Inc., Class B	22 286	38 100	
173 431	Restaurant Brands International Inc.	7 480	13 753	
1 756 760	Shaw Communications Inc., Class B	48 578	47 046	
503 400	Sleep Country Canada Holdings Inc.	9 136	16 396	
		147 395	213 499	7.8
Consumer Staples				
921 623	Alimentation Couche-Tard Inc.	29 905	52 634	
442 100	Jamieson Wellness Inc.	7 121	11 769	
21 422	Lassonde Industries Inc.	5 188	5 998	
207 641	Maple Leaf Foods Inc.	3 006	6 902	
46 578	Premium Brands Holdings Corp.	5 562	5 276	
		50 782	82 579	3.0
Energy				
1 400 725	ARC Resources Ltd.	27 229	19 022	
525 514	Cameco Corp.	10 876	7 772	
1 816 835	Canadian Natural Resources Ltd.	69 964	86 209	
1 179 345	Cenovus Energy Inc.	22 360	16 098	
2 702 216	Enbridge Inc.	131 243	127 003	
1 952 300	Encana Corp.	28 234	33 520	
551 563	Keyera Corp.	20 633	20 175	
241 400	Pembina Pipeline Corp.	7 755	10 990	
694 200	PrairieSky Royalty Ltd.	18 185	18 013	
3 418 400	Raging River Exploration Inc.	27 180	19 485	
1 239 200	Secure Energy Services Inc.	11 651	8 997	
1 548 900	Seven Generations Energy Ltd.	28 650	22 444	
1 446 246	Suncor Energy Inc.	60 297	77 374	
600 420	Tourmaline Oil Corp.	19 359	14 104	
845 972	TransCanada Corp.	49 146	48 119	
2 247 100	Whitecap Resources Inc.	19 702	20 022	
		552 464	549 347	20.0
Financials				
782 926	Bank of Montreal	68 699	79 561	
1 698 892	Bank of Nova Scotia	103 553	126 466	
2 083 815	Brookfield Asset Management Inc., Class A	67 044	111 130	
520 120	Canadian Imperial Bank of Commerce	55 040	59 481	
2 345 911	Element Fleet Management Corp.	26 235	14 498	
60 000	Fairfax Financial Holdings Ltd.	35 881	44 200	
348 900	Industrial Alliance Insurance & Financial Services Inc.	19 832	17 707	
298 949	Intact Financial Corp.	28 503	27 877	
3 190 196	Manulife Financial Corporation	60 128	75 352	

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

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
1 752 126	Royal Bank of Canada*	\$ 113 651	\$ 173 443	
543 000	Sun Life Financial Inc.	25 627	28 687	
2 912 000	The Westaim Corp.	9 010	9 377	
480 514	Thomson Corp.	20 247	25 491	
2 662 152	Toronto-Dominion Bank	117 841	202 563	
		751 291	995 833	36.4
Industrials				
623 059	Badger Daylighting Ltd.	13 173	19 732	
2 544 300	Bombardier Inc., Class B	10 157	13 230	
149 850	Boyd Group Income Fund	6 523	17 564	
876 404	Canadian National Railway Co.	55 393	94 240	
109 800	Canadian Pacific Railway Ltd.	21 553	26 453	
146 900	K-Bro Linen Inc.	5 356	5 504	
348 331	Richelieu Hardware Ltd.	4 668	9 548	
303 878	Ritchie Bros. Auctioneers Inc.	10 696	13 626	
455 200	SNC-Lavalin Group Inc.	25 936	26 429	
881 682	Stantec Inc.	27 979	29 810	
233 395	Toromont Industries Ltd.	8 657	13 271	
405 450	Waste Connections Inc.	26 346	40 152	
		216 437	309 559	11.3
Information Technology				
1 612 735	Blackline Safety Corp.	4 850	9 676	
809 968	CGI Group Inc., Class A	38 328	67 478	
20 700	Constellation Software Inc.	11 265	21 105	
199 500	Kinaxis Inc.	5 623	17 656	
903 966	Open Text Corp.	32 093	41 827	
100 300	Real Matters Inc.	571	572	
		92 730	158 314	5.8
Materials				
347 796	Agnico Eagle Mines Ltd.	14 303	20 962	
513 172	Alamos Gold Inc., Class A	4 225	3 844	
2 405 453	B2Gold Corp.	9 180	8 203	
740 795	Barrick Gold Corp.	15 137	12 794	
1 236 000	Belo Sun Mining Corp.	1 051	284	
341 460	CCL Industries, Class B	9 138	22 007	
498 889	Continental Gold Inc.	2 089	1 891	
343 367	Detour Gold Corp.	4 892	4 059	
293 692	Endeavour Mining Corp.	5 922	6 928	
1 687 591	First Quantum Minerals Ltd.	22 335	32 689	
163 714	Franco-Nevada Corp.	12 243	15 708	
928 032	Goldcorp Inc.	19 272	16 751	
505 248	IAMGOLD Corporation	3 656	3 870	
960 900	Kinross Gold Corp.	4 998	4 756	
435 700	Kirkland Lake Gold Ltd.	6 240	12 130	
652 209	Nutrien Ltd.	40 657	46 646	
1 043 403	OceanaGold Corp.	4 232	3 808	
452 320	Semafo Inc.	1 772	1 723	
212 628	Stella-Jones Inc.	7 369	10 183	
568 200	Teck Resources Ltd., Class B	16 549	19 029	
344 043	Torex Gold Resources Inc.	5 648	4 029	
1 008 164	Turquoise Hill Resources Ltd.	4 794	3 750	
374 921	Wheaton Precious Metals Corp.	10 127	10 880	
		225 829	266 924	9.7

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate				
808 000	Brookfield Property Partners LP	\$ 22 841	\$ 20 176	
623 600	First Capital Realty Inc.	12 480	12 884	
76 764	FirstService Corp.	2 299	7 676	
171 200	Mainstreet Equity Corp.	6 309	7 384	
878 106	Tricon Capital Group Inc.	9 018	9 686	
		<u>52 947</u>	<u>57 806</u>	2.1
Telecommunication Services				
173 843	Rogers Communications Inc., Class B	7 489	10 855	
298 340	TELUS Corp.	10 042	13 932	
		<u>17 531</u>	<u>24 787</u>	0.9
Utilities				
396 100	Brookfield Infrastructure Partners LP	15 518	19 979	
936 600	Fortis Inc.	38 814	39 356	
		<u>54 332</u>	<u>59 335</u>	2.2
TOTAL CANADIAN EQUITIES		<u>2 161 738</u>	<u>2 717 983</u>	99.2
SHORT-TERM INVESTMENTS[†]		<u>22 377</u>	<u>22 377</u>	0.8
TOTAL INVESTMENTS		<u>\$2 184 115</u>	<u>2 740 360</u>	100.0
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$2 739 304</u>	<u>(1 056)</u>	—
				100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.71% and mature between July 3, 2018 and July 25, 2018.

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 2 740 360	\$ 2 690 838
Cash	2 526	2 191
Due from investment dealers	1 294	1 736
Subscriptions receivable	20	39
Dividends receivable, interest accrued and other assets	5 418	4 979
TOTAL ASSETS	2 749 618	2 699 783
LIABILITIES		
Due to investment dealers	10 237	612
Redemptions payable	30	55
Distributions payable	–	1
Accounts payable and accrued expenses	47	49
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	10 314	717
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 2 739 304	\$ 2 699 066
Investments at cost	\$ 2 184 115	\$ 2 101 549
NAV		
SERIES 0	\$ 2 739 304	\$ 2 699 066
NAV PER UNIT		
SERIES 0	\$ 12.31	\$ 12.13

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 35 315	\$ 31 843
Interest for distribution purposes	240	149
Income from investment trusts	47	150
Net realized gain (loss) on investments	38 297	29 816
Change in unrealized gain (loss) on investments	(33 044)	(80 956)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	40 855	(18 998)
Securities lending revenue (see note 7 in the generic notes)	114	759
Net gain (loss) on foreign cash balances	17	(4)
TOTAL OTHER INCOME (LOSS)	131	755
TOTAL INCOME (LOSS)	40 986	(18 243)
EXPENSES (see notes – Fund Specific Information)		
Administration fees	260	251
Independent Review Committee costs	1	1
GST/HST	27	26
Transaction costs	682	732
TOTAL EXPENSES	970	1 010
INCREASE (DECREASE) IN NAV	\$ 40 016	\$ (19 253)
INCREASE (DECREASE) IN NAV SERIES 0	\$ 40 016	\$ (19 253)
INCREASE (DECREASE) IN NAV PER UNIT SERIES 0	\$ 0.18	\$ (0.09)

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND
Statements of Cash Flow *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 40 016	\$ (19 253)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(37 726)	(29 209)
Change in unrealized loss (gain) on investments	33 044	80 956
(Increase) decrease in accrued receivables	(439)	(510)
Increase (decrease) in accrued payables	(2)	(1)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(899 633)	(1 247 760)
Proceeds from sale and maturity of investments	864 860	1 200 005
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	120	(15 772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	25 119	28 665
Cash paid on redemption of redeemable units	(24 904)	(12 635)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 215	\$ 16 030
Net increase (decrease) in cash for the period	335	258
Cash (bank overdraft), beginning of period	2 191	2 089
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 526	\$ 2 347
Interest received (paid)	\$ 226	\$ 149
Dividends received, net of withholding taxes	\$ 34 936	\$ 31 483

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series 0	
	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 2 699 066	\$ 2 507 856
INCREASE (DECREASE) IN NAV	40 016	(19 253)
Early redemption fees	—	—
Proceeds from redeemable units issued	25 100	28 705
Reinvestments of distributions to holders of redeemable units	1	1
Redemption of redeemable units	(24 879)	(12 635)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	222	16 071
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	40 238	(3 182)
NAV AT END OF PERIOD	\$ 2 739 304	\$ 2 504 674

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund is expected to be used primarily as an underlying fund for other mutual funds but may also be sold directly to other investors.

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

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

Investment mix	June 30 2018	December 31 2017
Financials	36.4	37.3
Energy	20.0	22.4
Industrials	11.3	9.0
Materials	9.7	8.1
Consumer Discretionary	7.8	8.9
Information Technology	5.8	4.7
Consumer Staples	3.0	3.2
Utilities	2.2	1.5
Real Estate	2.1	2.6
Telecommunication Services	0.9	0.9
Cash/Other	0.8	1.4
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.1	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	2 717 983	–	–	2 717 983
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	22 377	–	22 377
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 717 983	22 377	–	2 740 360
% of total portfolio	99.2	0.8	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	2 661 806	–	–	2 661 806
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	29 032	–	29 032
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	2 661 806	29 032	–	2 690 838
% of total portfolio	98.9	1.1	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

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

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

	June 30 2018	December 31 2017
Units held		
Series 0	58	58
Value of all units	1	1

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

**PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND**

June 30, 2018

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series 0		
Opening units	222 476	213 190
Issued number of units	2 177	2 401
Reinvested number of units	—	—
Redeemed number of units	(2 073)	(1 065)
Ending number of units	222 580	214 526

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	682	100	732	100
Related-party brokerage commissions*	99	15	40	5
Commission arrangements†	4	1	50	7

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	118 342	181 504
Fair value of collateral received	120 709	185 134

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	157	100	1 215	100
RBC IS (paid)	(39)	(25)	(381)	(31)
Tax withheld	(4)	(2)	(75)	(6)
Fund revenue	114	73	759	63

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North Balanced Fund	11.3	11.1
Phillips, Hager & North Balanced Pension Trust	14.3	14.7
Phillips, Hager & North LifeTime 2015 Fund	—	—
Phillips, Hager & North LifeTime 2020 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2025 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2030 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2035 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2040 Fund	0.1	0.1
Phillips, Hager & North LifeTime 2045 Fund	0.3	0.3
Phillips, Hager & North LifeTime 2050 Fund	0.1	0.1
RBC Retirement 2020 Portfolio	—	—
RBC Retirement 2025 Portfolio	0.1	—
RBC Retirement 2030 Portfolio	0.1	0.1
RBC Retirement 2035 Portfolio	0.1	0.1
RBC Retirement 2040 Portfolio	0.1	—
RBC Retirement 2045 Portfolio	0.1	—
RBC Retirement 2050 Portfolio	—	—
RBC Select Aggressive Growth Portfolio	3.5	3.5
RBC Select Balanced Portfolio	32.8	32.8
RBC Select Conservative Portfolio	16.0	16.0
RBC Select Growth Portfolio	16.2	16.2
RBC Select Very Conservative Portfolio	4.4	4.4
Total	99.9	99.8

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

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
597 900	Dollarama Inc.	\$ 25 376	\$ 30 469	
414 600	Gildan Activewear Inc., Class A	16 080	15 353	
1 039 800	Quebecor Inc., Class B	20 263	27 991	
178 400	Restaurant Brands International Inc.	13 246	14 147	
1 387 400	Shaw Communications Inc., Class B	38 574	37 155	
		113 539	125 115	6.6
Consumer Staples				
714 800	Alimentation Couche-Tard Inc.	42 422	40 822	
		42 422	40 822	2.1
Energy				
1 218 388	ARC Resources Ltd.	18 780	16 546	
330 000	Cameco Corp.	4 059	4 880	
1 324 413	Canadian Natural Resources Ltd.	55 353	62 843	
1 098 389	Cenovus Energy Inc.	14 725	14 993	
1 904 200	Enbridge Inc.	93 741	89 497	
1 292 300	Encana Corp.	18 503	22 189	
533 724	Keyera Corp.	19 686	19 524	
200 400	Pembina Pipeline Corp.	7 998	9 124	
452 579	PrairieSky Royalty Ltd.	11 855	11 744	
2 547 207	Raging River Exploration Inc.	18 836	14 519	
1 301 800	Seven Generations Energy Ltd.	23 809	18 863	
1 042 800	Suncor Energy Inc.	48 221	55 790	
436 699	Tourmaline Oil Corp.	11 550	10 258	
795 474	TransCanada Corp.	46 772	45 247	
1 692 500	Whitecap Resources Inc.	14 704	15 080	
		408 592	411 097	21.5
Financials				
576 800	Bank of Montreal	54 723	58 614	
1 176 700	Bank of Nova Scotia	87 245	87 594	
1 421 100	Brookfield Asset Management Inc., Class A	65 747	75 787	
377 300	Canadian Imperial Bank of Commerce	41 220	43 148	
1 208 000	Element Fleet Management Corp.	14 168	7 465	
40 500	Fairfax Financial Holdings Ltd.	23 543	29 835	
267 400	Industrial Alliance Insurance & Financial Services Inc.	15 052	13 571	
283 620	Intact Financial Corp.	27 745	26 448	
2 072 300	Manulife Financial Corporation	46 311	48 948	
1 244 400	Royal Bank of Canada*	106 392	123 183	
495 900	Sun Life Financial Inc.	24 920	26 198	
443 400	Thomson Corp.	24 202	23 522	
1 847 800	Toronto-Dominion Bank	110 892	140 599	
		642 160	704 912	36.9

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
1 645 000	Bombardier Inc., Class B	\$ 6 567	\$ 8 554	
616 400	Canadian National Railway Co.	60 457	66 281	
120 200	Canadian Pacific Railway Ltd.	25 968	28 959	
264 400	Finning International Inc.	8 324	8 580	
397 376	Ritchie Bros. Auctioneers Inc.	16 624	17 818	
505 800	SNC-Lavalin Group Inc.	28 106	29 367	
567 300	Stantec Inc.	18 641	19 180	
245 700	Waste Connections Inc.	17 791	24 332	
		182 478	203 071	10.6
Information Technology				
476 600	CGI Group Inc., Class A	31 741	39 706	
11 000	Constellation Software Inc.	7 774	11 215	
537 210	Open Text Corp.	22 665	24 857	
		62 180	75 778	4.0
Materials				
246 810	Agnico Eagle Mines Ltd.	11 249	14 875	
355 229	Alamos Gold Inc., Class A	2 883	2 661	
1 701 760	B2Gold Corp.	6 287	5 803	
496 270	Barrick Gold Corp.	9 802	8 571	
739 720	Belo Sun Mining Corp.	604	170	
303 213	CCL Industries, Class B	16 704	19 542	
360 560	Continental Gold Inc.	1 081	1 367	
241 140	Detour Gold Corp.	3 655	2 850	
208 273	Endeavour Mining Corp.	4 303	4 913	
1 078 044	First Quantum Minerals Ltd.	17 562	20 882	
110 150	Franco-Nevada Corp.	9 151	10 569	
651 860	Goldcorp Inc.	12 255	11 766	
375 325	IAMGOLD Corporation	2 727	2 875	
682 620	Kinross Gold Corp.	3 587	3 379	
308 490	Kirkland Lake Gold Ltd.	4 676	8 588	
490 098	Nutrien Ltd.	30 571	35 052	
800 660	OceanaGold Corp.	3 165	2 922	
356 210	Semafo Inc.	1 326	1 357	
538 092	Teck Resources Ltd., Class B	16 803	18 021	
251 137	Torex Gold Resources Inc.	3 714	2 941	
1 729 000	Turquoise Hill Resources Ltd.	7 206	6 432	
257 820	Wheaton Precious Metals Corp.	6 728	7 482	
		176 039	193 018	10.1
Real Estate				
853 903	Brookfield Property Partners LP	22 897	21 322	
822 560	Choice Properties Real Estate Investment Trust	9 886	9 961	
609 500	First Capital Realty Inc.	12 513	12 592	
		45 296	43 875	2.3

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
147 800	Rogers Communications Inc., Class B	\$ 8 659	\$ 9 229	
307 600	TELUS Corp.	14 281	14 365	
		<u>22 940</u>	<u>23 594</u>	<u>1.2</u>
Utilities				
367 853	Brookfield Infrastructure Partners LP	17 941	18 555	
301 700	Emera Inc.	12 511	12 913	
849 000	Fortis Inc.	35 701	35 675	
		<u>66 153</u>	<u>67 143</u>	<u>3.5</u>
TOTAL CANADIAN EQUITIES		<u>1 761 799</u>	<u>1 888 425</u>	<u>98.8</u>
SHORT-TERM INVESTMENTS†		<u>18 871</u>	<u>18 871</u>	<u>1.0</u>
TOTAL INVESTMENTS		<u>\$1 780 670</u>	<u>1 907 296</u>	<u>99.8</u>
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>3 681</u>	<u>0.2</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$1 910 977</u>		<u>100.0</u>

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.71% and mature between July 3, 2018 and September 4, 2018.

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 907 296	\$ 1 670 276
Cash	1 799	1 323
Due from investment dealers	181	1 226
Subscriptions receivable	117	1 083
Dividends receivable, interest accrued and other assets	3 616	3 093
TOTAL ASSETS	1 913 009	1 677 001
LIABILITIES		
Due to investment dealers	1 826	365
Redemptions payable	173	94
Accounts payable and accrued expenses	33	33
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 032	492
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 910 977	\$ 1 676 509
Investments at cost	\$ 1 780 670	\$ 1 534 794
NAV		
SERIES O	\$ 1 910 977	\$ 1 676 509
NAV PER UNIT		
SERIES O	\$ 9.84	\$ 9.73

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 24 301	\$ 16 886
Interest for distribution purposes	193	59
Income from investment trusts	220	105
Net realized gain (loss) on investments	14 692	37 949
Change in unrealized gain (loss) on investments	(8 856)	(83 982)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	30 550	(28 983)
Securities lending revenue		
(see note 7 in the generic notes)	64	56
Net gain (loss) on foreign cash balances	10	(2)
TOTAL OTHER INCOME (LOSS)	74	54
TOTAL INCOME (LOSS)	30 624	(28 929)
EXPENSES (see notes – Fund Specific Information)		
Administration fees	171	136
Independent Review Committee costs	1	1
GST/HST	22	14
Transaction costs	1 410	989
TOTAL EXPENSES	1 604	1 140
INCREASE (DECREASE) IN NAV	\$ 29 020	\$ (30 069)
INCREASE (DECREASE) IN NAV		
SERIES O	\$ 29 020	\$ (30 069)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES O	\$ 0.16	\$ (0.21)

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II
Statements of Cash Flow *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 29 020	\$ (30 069)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(13 532)	(37 149)
Change in unrealized loss (gain) on investments	8 856	83 982
(Increase) decrease in accrued receivables	(523)	(617)
Increase (decrease) in accrued payables	—	2
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(1 467 882)	(1 524 305)
Proceeds from sale and maturity of investments	1 238 044	1 272 229
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(206 017)	(235 927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	223 788	237 904
Cash paid on redemption of redeemable units	(17 295)	(2 099)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 206 493	\$ 235 805
Net increase (decrease) in cash for the period	476	(122)
Cash (bank overdraft), beginning of period	1 323	1 486
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1 799	\$ 1 364
Interest received (paid)	\$ 178	\$ 62
Dividends received, net of withholding taxes	\$ 24 012	\$ 16 371

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series 0	
	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 676 509	\$ 1 339 928
INCREASE (DECREASE) IN NAV	29 020	(30 069)
Early redemption fees	—	—
Proceeds from redeemable units issued	222 822	241 541
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(17 374)	(2 193)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	205 448	239 348
Distributions from net income	—	—
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—
NET INCREASE (DECREASE) IN NAV	234 468	209 279
NAV AT END OF PERIOD	\$ 1 910 977	\$ 1 549 207

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

**PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II**

Investment Management®

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund is expected to be used primarily as an underlying fund for other mutual funds but may also be sold directly to other investors.

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

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

	June 30 2018	December 31 2017
Investment mix		
Financials	36.9	38.0
Energy	21.5	23.7
Industrials	10.6	8.7
Materials	10.1	8.8
Consumer Discretionary	6.6	7.3
Information Technology	4.0	4.6
Utilities	3.5	1.4
Real Estate	2.3	2.9
Consumer Staples	2.1	2.6
Telecommunication Services	1.2	0.5
Cash/Other	1.2	1.5
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.1	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	1 888 425	–	–	1 888 425
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	18 871	–	18 871
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 888 425	18 871	–	1 907 296
% of total portfolio	99.0	1.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	1 652 301	–	–	1 652 301
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	17 975	–	17 975
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	1 652 301	17 975	–	1 670 276
% of total portfolio	98.9	1.1	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**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 0	n/a*	0.02%

* Series 0 unitholders pay a negotiated management fee directly to RBC GAM for investment-counselling services.

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

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

	June 30 2018	December 31 2017
Units held		
Series 0	105	105
Value of all units	1	1

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

PHILLIPS, HAGER & NORTH
CANADIAN EQUITY UNDERLYING FUND II

June 30, 2018

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series O		
Opening units	172 285	138 170
Issued number of units	23 720	25 239
Reinvested number of units	–	–
Redeemed number of units	(1 828)	(227)
Ending number of units	194 177	163 182

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	1 410	100	989	100
Related-party brokerage commissions*	157	11	71	7
Commission arrangements†	77	5	87	9

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	86 912	43 535
Fair value of collateral received	88 650	44 405

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	87	100	93	100
RBC IS (paid)	(22)	(25)	(29)	(31)
Tax withheld	(1)	(1)	(8)	(9)
Fund revenue	64	74	56	60

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

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

	June 30 2018	December 31 2017
RBC Select Aggressive Growth Portfolio	3.4	2.6
RBC Select Balanced Portfolio	45.7	44.0
RBC Select Conservative Portfolio	25.3	26.1
RBC Select Growth Portfolio	5.1	4.7
RBC Select Very Conservative Portfolio	9.9	10.8
Total	89.4	88.2

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

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

PHILLIPS, HAGER & NORTH CANADIAN GROWTH FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
CANADIAN EQUITIES				
Consumer Discretionary				
222 800	Aritzia Inc.	\$ 3 541	\$ 3 476	
29 400	Canadian Tire Corp. Ltd., Class A	2 889	5 045	
69 900	Dollarama Inc.	3 548	3 562	
169 200	Magna International Inc., Class A	6 054	12 937	
90 700	Recipe Unlimited Corp.	2 121	2 582	
59 600	Restaurant Brands International Inc.	3 124	4 726	
203 800	Shaw Communications Inc., Class B	4 769	5 458	
52 900	Spin Master Corp.	1 125	3 084	
81 800	The Stars Group Inc.	2 181	3 900	
993 327	Zungui Haixi Corp.	2 722	—	
		32 074	44 770	6.3
Consumer Staples				
135 700	Alimentation Couche-Tard Inc.	5 555	7 750	
124 600	Cott Corporation	1 841	2 714	
88 800	Jamieson Wellness Inc.	1 433	2 364	
103 330	Loblaw Companies Ltd.	5 854	6 985	
83 200	Maple Leaf Foods Inc.	2 572	2 766	
555 556	Sustainable Produce Urban Delivery Inc.* (Private)	1 000	1 667	
		18 255	24 246	3.4
Energy				
179 500	Cameco Corp.	3 296	2 655	
376 500	Canadian Natural Resources Ltd.	13 308	17 865	
895 833	Cardinal Energy Ltd.	6 271	4 954	
504 300	Cenovus Energy Inc.	9 001	6 884	
208 663	Crescent Point Energy Corp.	4 842	2 016	
455 859	Enbridge Inc.	20 253	21 425	
124 200	Enbridge Income Fund Holdings Inc.	3 534	4 004	
1 294 100	Gear Energy Ltd.	2 516	1 747	
594 000	Kelt Exploration Ltd.	3 424	5 304	
864 700	Painted Pony Energy Ltd.	4 449	1 972	
144 400	Pembina Pipeline Corp.	4 855	6 575	
642 500	Raging River Exploration Inc.	4 107	3 662	
306 300	Secure Energy Services Inc.	3 397	2 224	
555 900	Suncor Energy Inc.	20 950	29 741	
239 700	Tourmaline Oil Corp.	6 828	5 631	
288 900	TransCanada Corp.	12 717	16 433	
989 010	Trican Well Service Ltd.	3 815	2 957	
159 490	Vermilion Energy Inc.	7 534	7 561	
397 200	Whitecap Resources Inc.	3 697	3 539	
		138 794	147 149	20.6
Financials				
218 700	Bank of Montreal	14 466	22 224	
432 900	Bank of Nova Scotia	24 589	32 225	
314 950	Brookfield Asset Management Inc., Class A	9 554	16 796	
150 100	Canadian Imperial Bank of Commerce	12 301	17 165	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
5 700	Fairfax Financial Holdings Ltd.	\$ 3 705	\$ 4 199	
55 900	Intact Financial Corp.	3 887	5 213	
775 800	Manulife Financial Corporation	15 368	18 324	
310 900	Power Corporation of Canada	8 263	9 153	
499 900	Royal Bank of Canada†	29 513	49 485	
219 900	Sun Life Financial Inc.	8 592	11 617	
113 300	Thomson Corp.	5 028	6 011	
596 500	Toronto-Dominion Bank	24 272	45 388	
		159 538	237 800	33.2
Health Care				
189 000	Chartwell Retirement Residences Real Estate Investment Trust	2 861	2 897	
70 800	Valeant Pharmaceuticals International Inc.	5 768	2 166	
		8 629	5 063	0.7
Industrials				
137 100	Air Canada	1 677	2 913	
1 101 100	Bombardier Inc., Class B	3 717	5 726	
290 000	Canadian National Railway Co.	14 853	31 184	
58 400	Canadian Pacific Railway Ltd.	11 876	14 070	
56 400	SNC-Lavalin Group Inc.	2 974	3 275	
91 552	Waste Connections Inc.	5 723	9 066	
		40 820	66 234	9.3
Information Technology				
160 100	BlackBerry Ltd.	2 038	2 030	
108 500	Celestica Inc.	1 406	1 696	
109 100	CGI Group Inc., Class A	4 957	9 089	
500 000	Hive Blockchain Technologies Ltd.	1 795	370	
500 000	Hive Blockchain Technologies Ltd., Warrants @ 3.90 November 14, 2019	—	40	
130 600	Open Text Corp.	4 908	6 043	
25 600	Shopify Inc., Class A	2 623	4 908	
		17 727	24 176	3.4
Materials				
112 900	Agnico Eagle Mines Ltd.	5 206	6 804	
162 000	Cobalt 27 Capital Corp.	1 723	1 430	
217 800	Detour Gold Corp.	3 294	2 574	
121 000	Endeavour Mining Corp.	2 752	2 854	
39 000	Franco-Nevada Corp.	2 865	3 742	
316 600	Goldcorp Inc.	9 634	5 715	
129 600	Interfor Corp.	1 890	3 272	
5 266 700	Jaguar Mining Inc.	1 514	1 922	
335 300	Lundin Mining Corp.	1 782	2 451	
189 528	Neo Performance Materials Inc.	3 361	3 086	
225 404	Nutrien Ltd.	14 728	16 121	
848 900	OceanaGold Corp.	2 521	3 098	
367 900	Tahoe Resources Inc.	5 140	2 380	
208 900	Teck Resources Ltd., Class B	6 769	6 996	
187 030	Torex Gold Resources Inc.	3 100	2 190	
194 800	Wheaton Precious Metals Corp.	5 022	5 653	
805 900	Yamana Gold Inc.	3 554	3 087	
		74 855	73 375	10.2

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

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate				
69 000	Allied Properties Real Estate Investment Trust	\$ 2 844	\$ 2 888	
280 800	Automotive Properties Real Estate Investment Trust	2 791	2 932	
172 800	Brookfield Property Partners LP	4 335	4 315	
266 712	Choice Properties Real Estate Investment Trust	3 185	3 230	
279 900	Invesque Inc.	3 621	3 032	
842 300	StorageVault Canada Inc.	808	2 080	
313 200	Tricon Capital Group Inc.	3 265	3 455	
		20 849	21 932	3.1
Telecommunication Services				
237 100	BCE Inc.	10 069	12 623	
116 400	Rogers Communications Inc., Class B	4 200	7 268	
91 800	TELUS Corp.	4 159	4 287	
		18 428	24 178	3.4
Utilities				
285 400	Algonquin Power & Utilities Corp.	3 222	3 625	
161 300	Boralex Inc., Class A	2 816	3 397	
86 400	Brookfield Infrastructure Partners LP	4 437	4 358	
57 600	Canadian Utilities Ltd., Class A	2 060	1 912	
266 800	Superior Plus Corp.	2 404	3 392	
243 000	TransAlta Renewables Inc.	3 483	3 023	
		18 422	19 707	2.7
TOTAL CANADIAN EQUITIES		548 391	688 630	96.3
UNITED STATES EQUITIES				
Information Technology				
13 353	Ceridian HCM Holding Inc.	378	583	
TOTAL UNITED STATES EQUITIES		378	583	0.1
TOTAL EQUITIES		548 769	689 213	96.4
SHORT-TERM INVESTMENTS[‡]		23 461	23 461	3.3
TOTAL INVESTMENTS		572 230	712 674	99.7
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)		—	(30)	—
TOTAL PORTFOLIO		\$ 572 230	712 644	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			2 548	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		\$ 715 192		100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Loss
Bought CAD 91 Sold USD 70 @ 1.2942	03-Aug-2018	\$ (1)
Bought CAD 2 384 Sold USD 1 837 @ 1.2980	26-Sep-2018	(27)
Bought USD 418 Sold CAD 551 @ 0.7591	26-Sep-2018	(2)
TOTAL FOREIGN EXCHANGE		\$ (30)

All counterparties have a credit rating of at least A.

* Illiquid security.

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

‡ Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.56% and mature between July 3, 2018 and July 30, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 712 674	\$ 651 061
Cash	953	748
Subscriptions receivable	62	111
Unrealized gain on foreign exchange contracts	–	1
Dividends receivable, interest accrued and other assets	1 706	1 424
TOTAL ASSETS	715 395	653 345
LIABILITIES		
Redemptions payable	54	40
Unrealized loss on foreign exchange contracts	30	7
Accounts payable and accrued expenses	119	127
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	203	174
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 715 192	\$ 653 171
Investments at cost	\$ 572 230	\$ 520 068
NAV		
SERIES A	\$ 2 217	\$ 2 324
ADVISOR SERIES	\$ 104	\$ 63
SERIES D	\$ 114 272	\$ 117 612
SERIES F	\$ 2 224	\$ 2 059
SERIES O	\$ 596 375	\$ 531 113
NAV PER UNIT		
SERIES A	\$ 38.31	\$ 38.13
ADVISOR SERIES	\$ 38.31	\$ 38.14
SERIES D	\$ 38.01	\$ 37.68
SERIES F	\$ 38.30	\$ 37.91
SERIES O	\$ 39.18	\$ 38.65

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 9 564	\$ 7 654
Interest for distribution purposes	168	96
Income from investment trusts	163	169
Derivative income	(192)	(118)
Net realized gain (loss) on investments	(7 247)	9 441
Change in unrealized gain (loss) on investments	9 427	(12 859)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	11 883	4 383
Securities lending revenue (see note 7 in the generic notes)	75	–
Net gain (loss) on foreign cash balances	29	(3)
TOTAL OTHER INCOME (LOSS)	104	(3)
TOTAL INCOME (LOSS)	11 987	4 380
EXPENSES (see notes – Fund Specific Information)		
Management fees	496	525
Administration fees	166	156
Independent Review Committee costs	1	1
GST/HST	58	55
Transaction costs	201	161
Withholding tax	(6)	7
TOTAL EXPENSES	916	905
INCREASE (DECREASE) IN NAV	\$ 11 071	\$ 3 475
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 11	\$ (5)
ADVISOR SERIES	\$ 2	\$ (1)
SERIES D	\$ 922	\$ 380
SERIES F	\$ 24	\$ 4
SERIES O	\$ 10 112	\$ 3 097
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.17	\$ (0.07)
ADVISOR SERIES	\$ 1.28	\$ (0.12)
SERIES D	\$ 0.30	\$ 0.12
SERIES F	\$ 0.42	\$ 0.12
SERIES O	\$ 0.69	\$ 0.25

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 11 071	\$ 3 475
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	7 407	(9 253)
Change in unrealized loss (gain) on investments	(9 427)	12 859
(Increase) decrease in accrued receivables	(282)	(131)
Increase (decrease) in accrued payables	(8)	(4)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(396 682)	(429 556)
Proceeds from sale and maturity of investments	337 113	404 209
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(50 808)	(18 401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	65 281	31 844
Cash paid on redemption of redeemable units	(14 268)	(13 471)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 51 013	\$ 18 373
Net increase (decrease) in cash for the period	205	(28)
Cash (bank overdraft), beginning of period	748	325
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 953	\$ 297
Interest received (paid)	\$ 161	\$ 101
Dividends received, net of withholding taxes	\$ 9 457	\$ 7 681

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 2 324	\$ 2 205	\$ 63	\$ 170	\$ 117 612	\$ 119 163	\$ 2 059	\$ 1 594
INCREASE (DECREASE) IN NAV	11	(5)	2	(1)	922	380	24	4
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	92	288	39	25	1 076	1 607	360	580
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(210)	(290)	—	(137)	(5 338)	(6 837)	(219)	(325)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(118)	(2)	39	(112)	(4 262)	(5 230)	141	255
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(107)	(7)	41	(113)	(3 340)	(4 850)	165	259
NAV AT END OF PERIOD	\$ 2 217	\$ 2 198	\$ 104	\$ 57	\$ 114 272	\$ 114 313	\$ 2 224	\$ 1 853

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 531 113	\$ 453 111	\$ 653 171	\$ 576 243
INCREASE (DECREASE) IN NAV	10 112	3 097	11 071	3 475
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	64 012	33 730	65 579	36 230
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(8 862)	(6 237)	(14 629)	(13 826)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	55 150	27 493	50 950	22 404
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	65 262	30 590	62 021	25 879
NAV AT END OF PERIOD	\$ 596 375	\$ 483 701	\$ 715 192	\$ 602 122

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks. The Fund also may invest a portion of its assets in U.S. and international securities in order to achieve greater exposure to industries that are not well represented in Canada.

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

Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio. Illiquid securities represent approximately 0.2% (December 31, 2017 – 0.3%) of the NAV of the Fund.

Concentration risk (%)

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

	June 30 2018	December 31 2017
Investment mix		
Financials	33.2	34.2
Energy	20.6	20.9
Materials	10.2	9.7
Industrials	9.3	8.4
Consumer Discretionary	6.3	6.1
Information Technology	3.5	3.8
Consumer Staples	3.4	4.1
Telecommunication Services	3.4	3.3
Real Estate	3.1	3.1
Utilities	2.7	3.0
Health Care	0.7	0.5
Cash/Other	3.6	2.9
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	687 546	–	1 667	689 213
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	23 461	–	23 461
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(30)	–	(30)
Total financial instruments	687 546	23 431	1 667	712 644
% of total portfolio	96.5	3.3	0.2	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	626 600	5 666	1 667	633 933
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	17 128	–	17 128
Derivatives – assets	–	1	–	1
Derivatives – liabilities	–	(7)	–	(7)
Total financial instruments	626 600	22 788	1 667	651 055
% of total portfolio	96.2	3.5	0.3	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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

	June 30 2018	December 31 2017
Balance at beginning of period	1 667	1 500
Net purchases	–	–
Net sales	–	–
Net transfers in	–	–
Net transfers out	–	–
Realized gains (losses)	–	–
Change in unrealized gains (losses)	–	167
Balance at end of period	1 667	1 667
Unrealized gains (losses)	667	667

The Fund fair values certain of its Level 3 investments (privately held investments) using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. As there may not be a secondary market, and/or there are a limited number of investors, the valuations are reviewed utilizing available market information to determine if the carrying

June 30, 2018

value should be adjusted. Such market information may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

As at June 30, 2018, a 5% increase or decrease in the fair valuations using significant unobservable inputs on Level 3 investments would have increased or decreased the Fund's NAV, respectively, by approximately 0.0% (December 31, 2017 – 0.0%).

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

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

	Management fees	Administration fees
Series A	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.04%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	19	19
Advisor Series	37	37
Series F	21	21
Series O	22	22
Value of all units	4	4

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	61	61
Issued number of units	3	8
Reinvested number of units	—	—
Redeemed number of units	(6)	(8)
Ending number of units	58	61
Advisor Series		
Opening units	2	5
Issued number of units	1	1
Reinvested number of units	—	—
Redeemed number of units	—	(4)
Ending number of units	3	2
Series D		
Opening units	3 122	3 322
Issued number of units	28	44
Reinvested number of units	—	—
Redeemed number of units	(144)	(187)
Ending number of units	3 006	3 179
Series F		
Opening units	54	44
Issued number of units	10	16
Reinvested number of units	—	—
Redeemed number of units	(6)	(9)
Ending number of units	58	51
Series O		
Opening units	13 741	12 310
Issued number of units	1 708	902
Reinvested number of units	—	—
Redeemed number of units	(229)	(167)
Ending number of units	15 220	13 045

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	201	100	161	100
Related-party brokerage commissions*	65	32	46	29
Commission arrangements†	63	31	9	6

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

June 30, 2018

Securities lending revenue (\$000s except %)**(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	37 931	—
Fair value of collateral received	38 690	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	111	100	—	—
RBC IS (paid)	(28)	(25)	—	—
Tax withheld	(8)	(7)	—	—
Fund revenue	75	68	—	—

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

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

	June 30 2018	December 31 2017
RBC Retirement 2025 Portfolio	—	—
RBC Retirement 2030 Portfolio	0.1	0.1
RBC Retirement 2035 Portfolio	0.2	0.1
RBC Retirement 2040 Portfolio	0.2	0.1
RBC Retirement 2045 Portfolio	0.2	0.1
RBC Retirement 2050 Portfolio	0.2	0.1
RBC Select Aggressive Growth Portfolio	18.2	17.3
RBC Select Choices Aggressive Growth Portfolio	1.7	1.7
RBC Select Choices Growth Portfolio	1.4	1.5
RBC Select Growth Portfolio	58.0	55.9
RBC Target 2030 Education Fund	2.1	3.0
RBC Target 2035 Education Fund	0.3	0.1
Total	82.6	80.0

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

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

PHILLIPS, HAGER & NORTH CANADIAN INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
327 000	Dollarama Inc.	\$ 13 202	\$ 16 664	
94 600	Gildan Activewear Inc., Class A	3 682	3 503	
366 800	Quebecor Inc., Class B	6 941	9 874	
57 700	Restaurant Brands International Inc.	4 322	4 576	
667 300	Shaw Communications Inc., Class B	18 812	17 870	
		46 959	52 487	5.9
Consumer Staples				
369 300	Alimentation Couche-Tard Inc.	21 686	21 091	
		21 686	21 091	2.4
Energy				
864 589	ARC Resources Ltd.	13 526	11 741	
62 713	Cameco Corp.	749	928	
638 900	Canadian Natural Resources Ltd.	27 242	30 316	
336 018	Cenovus Energy Inc.	4 217	4 587	
994 890	Enbridge Inc.	51 278	46 759	
271 800	Encana Corp.	3 820	4 667	
269 970	Keyera Corp.	10 049	9 876	
79 200	Pembina Pipeline Corp.	3 163	3 606	
281 800	PrairieSky Royalty Ltd.	7 376	7 313	
426 200	Seven Generations Energy Ltd.	8 415	6 176	
314 100	Suncor Energy Inc.	13 711	16 804	
171 791	Tourmaline Oil Corp.	4 521	4 035	
330 237	TransCanada Corp.	19 451	18 784	
1 375 800	Whitecap Resources Inc.	12 206	12 258	
		179 724	177 850	20.0
Financials				
342 900	Bank of Montreal	32 902	34 845	
667 400	Bank of Nova Scotia	51 229	49 681	
648 200	Brookfield Asset Management Inc., Class A	30 170	34 569	
213 200	Canadian Imperial Bank of Commerce	23 314	24 382	
616 400	Element Fleet Management Corp.	7 411	3 809	
18 200	Fairfax Financial Holdings Ltd.	10 678	13 407	
144 000	Industrial Alliance Insurance & Financial Services Inc.	8 423	7 308	
157 425	Intact Financial Corp.	15 424	14 680	
1 116 300	Manulife Financial Corporation	25 731	26 367	
677 400	Royal Bank of Canada*	57 854	67 056	
165 800	Sun Life Financial Inc.	8 635	8 759	
87 600	Thomson Corp.	5 036	4 647	
924 400	Toronto-Dominion Bank	57 419	70 338	
		334 226	359 848	40.4

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
352 100	Canadian National Railway Co.	\$ 34 118	\$ 37 861	
51 200	Canadian Pacific Railway Ltd.	10 644	12 335	
231 000	Finning International Inc.	6 495	7 496	
201 945	Ritchie Bros. Auctioneers Inc.	8 442	9 055	
240 800	SNC-Lavalin Group Inc.	13 385	13 981	
275 300	Stantec Inc.	8 905	9 308	
126 000	Waste Connections Inc.	9 599	12 478	
		91 588	102 514	11.5
Information Technology				
117 200	CGI Group Inc., Class A	7 731	9 764	
9 600	Constellation Software Inc.	6 381	9 788	
159 012	Open Text Corp.	6 619	7 357	
		20 731	26 909	3.0
Materials				
148 400	Agnico Eagle Mines Ltd.	8 435	8 944	
135 600	CCL Industries, Class B	7 187	8 739	
529 400	First Quantum Minerals Ltd.	9 513	10 254	
47 900	Franco-Nevada Corp.	4 369	4 596	
398 600	Goldcorp Inc.	6 664	7 195	
200 000	Kirkland Lake Gold Ltd.	4 433	5 568	
225 612	Nutrien Ltd.	13 823	16 136	
203 600	Teck Resources Ltd., Class B	6 718	6 819	
		61 142	68 251	7.7
Real Estate				
381 900	Brookfield Property Partners LP	10 727	9 536	
494 228	Choice Properties Real Estate Investment Trust	5 912	5 985	
454 400	First Capital Realty Inc.	9 097	9 388	
		25 736	24 909	2.8
Telecommunication Services				
113 892	Rogers Communications Inc., Class B	6 969	7 111	
		6 969	7 111	0.8
Utilities				
275 593	Brookfield Infrastructure Partners LP	13 047	13 901	
213 000	Emera Inc.	8 711	9 116	
359 100	Fortis Inc.	15 154	15 089	
		36 912	38 106	4.3
TOTAL CANADIAN EQUITIES		825 673	879 076	98.8
SHORT-TERM INVESTMENTS†		8 823	8 823	1.0
TOTAL INVESTMENTS		\$ 834 496	887 899	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			1 520	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 889 419	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.45% to 1.80% and mature between July 3, 2018 and July 6, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 887 899	\$ 929 172
Cash	1 543	1 374
Due from investment dealers	45	900
Subscriptions receivable	78	14
Unrealized gain on foreign exchange contracts	–	76
Dividends receivable, interest accrued and other assets	1 855	2 195
TOTAL ASSETS	891 420	933 731
LIABILITIES		
Due to investment dealers	1 785	214
Redemptions payable	120	10
Unrealized loss on foreign exchange contracts	–	17
Accounts payable and accrued expenses	96	111
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 001	352
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 889 419	\$ 933 379
Investments at cost	\$ 834 496	\$ 862 282
NAV		
SERIES A	\$ 3 805	\$ 4 019
ADVISOR SERIES	\$ 768	\$ 944
SERIES D	\$ 56 903	\$ 61 059
SERIES F	\$ 1 733	\$ 2 016
SERIES O	\$ 826 210	\$ 865 341
NAV PER UNIT		
SERIES A	\$ 15.68	\$ 15.67
ADVISOR SERIES	\$ 15.66	\$ 15.66
SERIES D	\$ 15.63	\$ 15.63
SERIES F	\$ 15.60	\$ 15.62
SERIES O	\$ 15.49	\$ 15.49

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 13 631	\$ 12 398
Interest for distribution purposes	82	645
Income from investment trusts	147	215
Derivative income	151	(263)
Net realized gain (loss) on investments	11 511	35 572
Change in unrealized gain (loss) on investments	(13 546)	(45 992)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	11 976	2 575
Securities lending revenue (see note 7 in the generic notes)	37	–
Net gain (loss) on foreign cash balances	(3)	(69)
TOTAL OTHER INCOME (LOSS)	34	(69)
TOTAL INCOME (LOSS)	12 010	2 506
EXPENSES (see notes – Fund Specific Information)		
Management fees	281	313
Administration fees	275	292
Independent Review Committee costs	1	1
GST/HST	50	54
Transaction costs	802	698
TOTAL EXPENSES	1 409	1 358
INCREASE (DECREASE) IN NAV	\$ 10 601	\$ 1 148
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 14	\$ (27)
ADVISOR SERIES	\$ (6)	\$ (6)
SERIES D	\$ 387	\$ (180)
SERIES F	\$ 15	\$ (7)
SERIES O	\$ 10 191	\$ 1 368
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.06	\$ (0.10)
ADVISOR SERIES	\$ (0.12)	\$ (0.09)
SERIES D	\$ 0.10	\$ (0.04)
SERIES F	\$ 0.13	\$ (0.07)
SERIES O	\$ 0.19	\$ 0.02

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 10 601	\$ 1 148
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(10 674)	(34 856)
Change in unrealized loss (gain) on investments	13 546	45 992
(Increase) decrease in accrued receivables	340	(369)
Increase (decrease) in accrued payables	(15)	(5)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(642 863)	(828 423)
Proceeds from sale and maturity of investments	683 749	821 073
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	54 684	4 560
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	15 768	38 622
Cash paid on redemption of redeemable units	(69 694)	(42 263)
Distributions paid to holders of redeemable units	(589)	(650)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (54 515)	\$ (4 291)
Net increase (decrease) in cash for the period	169	269
Cash (bank overdraft), beginning of period	1 374	3 346
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1 543	\$ 3 615
Interest received (paid)	\$ 354	\$ 435
Dividends received, net of withholding taxes	\$ 13 845	\$ 12 454

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 4 019	\$ 4 698	\$ 944	\$ 1 049	\$ 61 059	\$ 62 851	\$ 2 016	\$ 1 361
INCREASE (DECREASE) IN NAV	14	(27)	(6)	(6)	387	(180)	15	(7)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	131	162	14	6	975	3 160	242	563
Reinvestments of distributions to holders of redeemable units	13	15	3	4	445	471	13	10
Redemption of redeemable units	(356)	(809)	(184)	(97)	(5 469)	(5 089)	(533)	(212)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(212)	(632)	(167)	(87)	(4 049)	(1 458)	(278)	361
Distributions from net income	(16)	(18)	(3)	(4)	(494)	(526)	(20)	(16)
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(16)	(18)	(3)	(4)	(494)	(526)	(20)	(16)
NET INCREASE (DECREASE) IN NAV	(214)	(677)	(176)	(97)	(4 156)	(2 164)	(283)	338
NAV AT END OF PERIOD	\$ 3 805	\$ 4 021	\$ 768	\$ 952	\$ 56 903	\$ 60 687	\$ 1 733	\$ 1 699

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 865 341	\$ 865 635	\$ 933 379	\$ 935 594
INCREASE (DECREASE) IN NAV	10 191	1 368	10 601	1 148
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	14 852	35 451	16 214	39 342
Reinvestments of distributions to holders of redeemable units	10 316	10 369	10 790	10 869
Redemption of redeemable units	(63 644)	(36 881)	(70 186)	(43 088)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(38 476)	8 939	(43 182)	7 123
Distributions from net income	(10 846)	(10 955)	(11 379)	(11 519)
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(10 846)	(10 955)	(11 379)	(11 519)
NET INCREASE (DECREASE) IN NAV	(39 131)	(648)	(43 960)	(3 248)
NAV AT END OF PERIOD	\$ 826 210	\$ 864 987	\$ 889 419	\$ 932 346

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with capital preservation and a reasonably consistent level of income.

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

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

Investment mix	June 30 2018	December 31 2017
Financials	40.4	42.1
Energy	20.0	22.1
Industrials	11.5	9.3
Materials	7.7	3.3
Consumer Discretionary	5.9	6.3
Utilities	4.3	1.5
Information Technology	3.0	4.6
Real Estate	2.8	3.8
Consumer Staples	2.4	2.9
Telecommunication Services	0.8	1.6
Cash/Other	1.2	2.5
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.0	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	879 076	–	–	879 076
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	8 823	–	8 823
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	879 076	8 823	–	887 899
% of total portfolio	99.0	1.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	909 939	–	–	909 939
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	9 034	–	9 034
Short-term investments	–	10 199	–	10 199
Derivatives – assets	–	76	–	76
Derivatives – liabilities	–	(17)	–	(17)
Total financial instruments	909 939	19 292	–	929 231
% of total portfolio	97.9	2.1	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.06%

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

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	53	53
Advisor Series	105	105
Series D	56	56
Series F	58	58
Series O	63	62
Value of all units	5	5

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	256	301
Issued number of units	9	11
Reinvested number of units	1	1
Redeemed number of units	(23)	(52)
Ending number of units	243	261
Advisor Series		
Opening units	60	67
Issued number of units	1	1
Reinvested number of units	–	–
Redeemed number of units	(12)	(6)
Ending number of units	49	62
Series D		
Opening units	3 906	4 033
Issued number of units	65	200
Reinvested number of units	29	30
Redeemed number of units	(359)	(323)
Ending number of units	3 641	3 940
Series F		
Opening units	129	87
Issued number of units	16	35
Reinvested number of units	1	1
Redeemed number of units	(35)	(13)
Ending number of units	111	110

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

	2018	2017
Series O		
Opening units	55 874	56 030
Issued number of units	992	2 283
Reinvested number of units	687	667
Redeemed number of units	(4 223)	(2 356)
Ending number of units	53 330	56 624

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	802	100	698	100
Related-party brokerage commissions*	62	8	47	7
Commission arrangements†	57	7	67	10

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

Securities lending revenue (\$000s except %) (see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	44 543	–
Fair value of collateral received	45 434	–

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	51	100	–	–
RBC IS (paid)	(13)	(25)	–	–
Tax withheld	(1)	(2)	–	–
Fund revenue	37	73	–	–

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

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

	June 30 2018	December 31 2017
RBC Managed Payout Solution	32.4	32.4
RBC Managed Payout Solution – Enhanced	15.7	15.6
RBC Managed Payout Solution – Enhanced Plus	36.2	35.8
Total	84.3	83.8

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

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

PHILLIPS, HAGER & NORTH VINTAGE FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
CANADIAN EQUITIES				
Consumer Discretionary				
52 170	Aritzia Inc.	\$ 742	\$ 814	
22 800	Dollarama Inc.	544	1 162	
13 800	Gildan Activewear Inc., Class A	482	511	
40 140	Mav Beauty Brands Inc.	562	562	
64 700	Quebecor Inc., Class B	1 056	1 742	
59 700	Shaw Communications Inc., Class B	1 687	1 599	
21 600	Sleep Country Canada Holdings Inc.	388	704	
		5 461	7 094	10.5
Consumer Staples				
29 800	Alimentation Couche-Tard Inc.	1 359	1 702	
31 600	Jamieson Wellness Inc.	514	841	
1 807	Lassonde Industries Inc.	438	506	
17 000	Maple Leaf Foods Inc.	382	565	
2 644	Premium Brands Holdings Corp.	316	300	
		3 009	3 914	5.8
Energy				
30 500	ARC Resources Ltd.	566	414	
41 600	Canadian Natural Resources Ltd.	1 648	1 973	
22 300	Cenovus Energy Inc.	402	303	
60 200	Enbridge Inc.	3 029	2 829	
17 900	Encana Corp.	255	307	
9 485	Keyera Corp.	346	347	
17 400	PrairieSky Royalty Ltd.	456	452	
116 300	Raging River Exploration Inc.	938	663	
65 000	Secure Energy Services Inc.	609	472	
37 200	Seven Generations Energy Ltd.	681	539	
35 700	Suncor Energy Inc.	1 633	1 910	
10 921	Tourmaline Oil Corp.	345	257	
19 700	TransCanada Corp.	1 244	1 121	
63 300	Whitecap Resources Inc.	555	564	
		12 707	12 151	18.0
Financials				
14 500	Bank of Montreal	1 387	1 473	
39 000	Bank of Nova Scotia	2 469	2 903	
50 200	Brookfield Asset Management Inc., Class A	2 038	2 677	
71 500	Element Fleet Management Corp.	724	442	
1 500	Fairfax Financial Holdings Ltd.	874	1 105	
9 635	Intact Financial Corp.	922	898	
47 800	Manulife Financial Corporation	962	1 129	
37 000	Royal Bank of Canada*	2 634	3 663	
9 300	Sun Life Financial Inc.	498	491	
293 200	The Westaim Corp.	886	944	
10 400	Thomson Corp.	621	552	
62 100	Toronto-Dominion Bank	3 023	4 725	
		17 038	21 002	31.1

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials				
54 766	Badger Daylighting Ltd.	\$ 1 265	\$ 1 734	
9 000	Boyd Group Income Fund	625	1 055	
10 800	Canadian National Railway Co.	860	1 161	
8 400	K-Bro Linen Inc.	306	315	
18 000	Richelieu Hardware Ltd.	319	493	
20 623	Ritchie Bros. Auctioneers Inc.	758	925	
11 400	SNC-Lavalin Group Inc.	650	662	
57 300	Stantec Inc.	1 867	1 937	
14 700	Toromont Industries Ltd.	788	836	
3 200	Waste Connections Inc.	214	317	
		7 652	9 435	14.0
Information Technology				
154 105	Blackline Safety Corp.	462	925	
20 700	CGI Group Inc., Class A	1 239	1 725	
600	Constellation Software Inc.	363	612	
9 700	Kinaxis Inc.	393	858	
29 236	Open Text Corp.	1 124	1 353	
6 500	Real Matters Inc.	37	37	
		3 618	5 510	8.2
Materials				
5 800	Agnico Eagle Mines Ltd.	325	350	
11 300	CCL Industries, Class B	442	728	
46 800	First Quantum Minerals Ltd.	575	907	
10 500	Franco-Nevada Corp.	821	1 007	
17 700	Goldcorp Inc.	308	319	
14 300	Stella-Jones Inc.	569	685	
15 500	Teck Resources Ltd., Class B	394	519	
		3 434	4 515	6.7
Real Estate				
26 700	First Capital Realty Inc.	537	552	
11 700	Mainstreet Equity Corp.	431	505	
62 185	Tricon Capital Group Inc.	656	686	
		1 624	1 743	2.6
Utilities				
11 150	Brookfield Infrastructure Partners LP	447	562	
30 700	Fortis Inc.	1 283	1 290	
		1 730	1 852	2.7
TOTAL CANADIAN EQUITIES		56 273	67 216	99.6
SHORT-TERM INVESTMENTS†		150	150	0.2
TOTAL INVESTMENTS		<u>\$ 56 423</u>	67 366	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			161	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$</u>	<u>67 527</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.46% and mature on July 6, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 67 366	\$ 67 362
Cash	96	90
Due from investment dealers	518	39
Subscriptions receivable	81	124
Dividends receivable, interest accrued and other assets	137	97
TOTAL ASSETS	68 198	67 712
LIABILITIES		
Due to investment dealers	635	13
Redemptions payable	1	27
Accounts payable and accrued expenses	35	43
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	671	83
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 67 527	\$ 67 629
Investments at cost	\$ 56 423	\$ 56 201
NAV		
SERIES A	\$ 1 115	\$ 1 349
ADVISOR SERIES	\$ 555	\$ 877
SERIES D	\$ 29 114	\$ 32 105
SERIES F	\$ 2 260	\$ 2 177
SERIES O	\$ 34 483	\$ 31 121
NAV PER UNIT		
SERIES A	\$ 31.39	\$ 31.03
ADVISOR SERIES	\$ 31.43	\$ 31.07
SERIES D	\$ 32.89	\$ 32.38
SERIES F	\$ 34.24	\$ 33.66
SERIES O	\$ 35.97	\$ 35.20

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 817	\$ 669
Interest for distribution purposes	2	4
Income from investment trusts	3	8
Net realized gain (loss) on investments	810	2 385
Change in unrealized gain (loss) on investments	(218)	(3 113)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	1 414	(47)
Securities lending revenue		
(see note 7 in the generic notes)	46	—
TOTAL OTHER INCOME (LOSS)	46	—
TOTAL INCOME (LOSS)	1 460	(47)
EXPENSES (see notes – Fund Specific Information)		
Management fees	184	214
Administration fees	25	27
Independent Review Committee costs	1	1
GST/HST	16	18
Transaction costs	17	42
TOTAL EXPENSES	243	302
INCREASE (DECREASE) IN NAV	\$ 1 217	\$ (349)
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 5	\$ (13)
ADVISOR SERIES	\$ (1)	\$ (12)
SERIES D	\$ 398	\$ (253)
SERIES F	\$ 31	\$ (3)
SERIES O	\$ 784	\$ (68)
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.12	\$ (0.26)
ADVISOR SERIES	\$ (0.05)	\$ (0.43)
SERIES D	\$ 0.43	\$ (0.23)
SERIES F	\$ 0.47	\$ (0.05)
SERIES O	\$ 0.83	\$ (0.09)

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 217	\$ (349)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(795)	(2 338)
Change in unrealized loss (gain) on investments	218	3 113
(Increase) decrease in accrued receivables	(40)	(4)
Increase (decrease) in accrued payables	(8)	(2)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(23 975)	(75 886)
Proceeds from sale and maturity of investments	24 691	74 349
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1 308	(1 117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	5 864	5 202
Cash paid on redemption of redeemable units	(7 166)	(4 339)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (1 302)	\$ 863
Net increase (decrease) in cash for the period	6	(254)
Cash (bank overdraft), beginning of period	90	98
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 96	\$ (156)
Interest received (paid)	\$ 2	\$ 4
Dividends received, net of withholding taxes	\$ 780	\$ 673

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 349	\$ 1 702	\$ 877	\$ 797	\$ 32 105	\$ 34 976	\$ 2 177	\$ 987
INCREASE (DECREASE) IN NAV	5	(13)	(1)	(12)	398	(253)	31	(3)
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	18	104	—	102	211	1 341	308	66
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(257)	(380)	(321)	(58)	(3 600)	(2 538)	(256)	(324)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(239)	(276)	(321)	44	(3 389)	(1 197)	52	(258)
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(234)	(289)	(322)	32	(2 991)	(1 450)	83	(261)
NAV AT END OF PERIOD	\$ 1 115	\$ 1 413	\$ 555	\$ 829	\$ 29 114	\$ 33 526	\$ 2 260	\$ 726

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 31 121	\$ 23 929	\$ 67 629	\$ 62 391
INCREASE (DECREASE) IN NAV	784	(68)	1 217	(349)
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	5 576	3 834	6 113	5 447
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(2 998)	(1 046)	(7 432)	(4 346)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	2 578	2 788	(1 319)	1 101
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	3 362	2 720	(102)	752
NAV AT END OF PERIOD	\$ 34 483	\$ 26 649	\$ 67 527	\$ 63 143

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and dividend income by investing primarily in a well-diversified portfolio of Canadian common stocks listed on the TSX.

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

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

	June 30 2018	December 31 2017
Investment mix		
Financials	31.1	32.8
Energy	18.0	20.3
Industrials	14.0	12.1
Consumer Discretionary	10.5	11.2
Information Technology	8.2	6.9
Materials	6.7	6.1
Consumer Staples	5.8	5.5
Utilities	2.7	0.9
Real Estate	2.6	2.4
Cash/Other	0.4	1.8
Total	100.0	100.0

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 1.1	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	67 216	–	–	67 216
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	150	–	150
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	67 216	150	–	67 366
% of total portfolio	99.8	0.2	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	66 437	–	–	66 437
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	925	–	925
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	66 437	925	–	67 362
% of total portfolio	98.6	1.4	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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	1.85%	0.10%
Advisor Series	1.85%	0.10%
Series D	1.10%	0.10%
Series F	0.85%	0.10%
Series O	n/a*	0.06%

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

PHILLIPS, HAGER & NORTH VINTAGE FUND

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	28	28
Advisor Series	55	55
Series F	28	28
Series O	29	29
Value of all units	5	5

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

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

Capital losses	27 846
Non-capital losses	—

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	43	57
Issued number of units	2	4
Reinvested number of units	—	—
Redeemed number of units	(9)	(13)
Ending number of units	36	48
Advisor Series		
Opening units	28	27
Issued number of units	1	3
Reinvested number of units	—	—
Redeemed number of units	(11)	(2)
Ending number of units	18	28
Series D		
Opening units	991	1 134
Issued number of units	7	44
Reinvested number of units	—	—
Redeemed number of units	(113)	(82)
Ending number of units	885	1 096
Series F		
Opening units	65	31
Issued number of units	9	2
Reinvested number of units	—	—
Redeemed number of units	(8)	(10)
Ending number of units	66	23

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

	2018	2017
Series O		
Opening units	884	714
Issued number of units	162	113
Reinvested number of units	—	—
Redeemed number of units	(87)	(31)
Ending number of units	959	796

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	17	100	42	100
Related-party brokerage commissions*	3	18	2	5
Commission arrangements†	1	6	5	12

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	4 680	—
Fair value of collateral received	4 774	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	63	100	—	—
RBC IS (paid)	(16)	(25)	—	—
Tax withheld	(1)	(1)	—	—
Fund revenue	46	74	—	—

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

PHILLIPS, HAGER & NORTH U.S. DIVIDEND INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
9 700	Aptiv Plc.	\$ 918	\$ 1 168	
33 700	Comcast Corp., Class A	1 488	1 454	
21 000	Dollar General Corp.	2 571	2 722	
8 700	General Motors Co.	451	451	
14 000	Home Depot Inc.	3 289	3 592	
16 100	Kohl's Corp.	1 317	1 543	
10 028	McDonald's Corp.	1 194	2 066	
9 600	Ross Stores Inc.	1 002	1 070	
15 000	Target Corporation	1 360	1 501	
15 200	TJX Companies Inc.	1 658	1 902	
10 190	V.F. Corporation	1 086	1 093	
		16 334	18 562	8.7
Consumer Staples				
61 280	Altria Group Inc.	4 460	4 575	
27 700	CVS Health Corp.	2 812	2 343	
31 100	Mondelez International Inc.	1 580	1 677	
14 075	PepsiCo Inc.	1 220	2 015	
41 600	Philip Morris International Inc.	4 969	4 416	
27 600	The Coca-Cola Co.	1 523	1 591	
20 700	The Kraft Heinz Co.	1 560	1 710	
10 500	Walmart Inc.	1 159	1 183	
		19 283	19 510	9.1
Energy				
30 100	Chevron Corp.	3 695	5 004	
30 140	ConocoPhillips	1 955	2 759	
28 100	Marathon Petroleum Corp.	2 466	2 592	
20 900	Occidental Petroleum Corp.	1 914	2 299	
7 220	Phillips 66 Company	1 111	1 066	
14 400	Valero Energy Corp.	1 661	2 098	
		12 802	15 818	7.4
Financials				
124 200	Bank of America Corp.	2 481	4 605	
24 800	Citigroup Inc.	2 136	2 183	
30 300	Citizens Financial Group Inc.	1 666	1 550	
10 100	CME Group Inc., Class A	2 123	2 177	
27 100	Fifth Third Bancorp	1 116	1 022	
38 289	JPMorgan Chase & Co.	2 287	5 251	
33 200	KeyCorp	900	853	
25 160	Morgan Stanley	1 488	1 568	
14 000	PNC Bank Corp.	2 334	2 487	
36 200	Regions Financial Corp.	893	846	
29 100	Suntrust Banks Inc.	1 756	2 526	
12 200	Zions Bancorporation	897	845	
		20 077	25 913	12.1

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care				
25 000	Abbott Laboratories	\$ 1 978	\$ 2 005	
22 200	AbbVie Inc.	2 443	2 705	
4 800	Aetna Inc.	1 108	1 159	
13 100	Amgen Inc.	3 141	3 179	
10 600	Anthem Inc.	3 335	3 318	
9 200	Baxter International Inc.	906	893	
1 800	Becton Dickinson & Co.	578	567	
11 400	Bristol-Myers Squibb Co.	898	830	
10 400	Eli Lilly & Co.	1 154	1 167	
26 988	Johnson & Johnson	1 918	4 306	
19 200	Medtronic Plc.	1 852	2 161	
35 218	Merck & Co. Inc.	2 517	2 810	
56 000	Pfizer Inc.	2 545	2 672	
11 500	Quest Diagnostics Inc.	1 598	1 662	
18 500	UnitedHealth Group Incorporated	2 913	5 970	
		28 884	35 404	16.6
Industrials				
7 500	Boeing Co.	1 996	3 309	
21 800	Eaton Corp Plc.	2 206	2 142	
23 500	Emerson Electric Co.	2 127	2 136	
65 000	General Electric Company	1 201	1 163	
11 300	Honeywell International Inc.	2 094	2 140	
6 000	Northrop Grumman Corp.	1 967	2 427	
9 100	Raytheon Company	1 963	2 312	
23 100	Union Pacific Corp.	3 910	4 304	
5 200	United Technologies Corp.	862	855	
		18 326	20 788	9.7
Information Technology				
41 051	Apple Inc.	6 245	9 872	
14 300	Broadcom Inc.	4 358	4 563	
114 452	Cisco Systems Inc.	3 828	6 474	
78 772	Intel Corp.	4 280	5 149	
8 600	Micron Technology Inc.	583	593	
74 320	Microsoft Corp.	3 207	9 635	
35 700	Texas Instruments Inc.	3 845	5 174	
		26 346	41 460	19.4
Materials				
38 295	DowDuPont Inc.	2 808	3 320	
23 630	LyondellBasell Industries N.V.	3 127	3 413	
		5 935	6 733	3.2
Real Estate				
15 900	Crown Castle International Corp.			
	Real Estate Investment Trust	2 138	2 255	
		2 138	2 255	1.1
Telecommunication Services				
51 183	AT&T Inc.	2 239	2 161	
		2 239	2 161	1.0

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

PHILLIPS, HAGER & NORTH U.S. DIVIDEND INCOME FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
13 550	American Electric Power	\$ 1 275	\$ 1 234	
10 000	DTE Energy Company	1 378	1 362	
11 600	Duke Energy Corp.	1 109	1 206	
5 600	Eversource Energy	431	431	
21 000	Exelon Corp.	1 113	1 176	
26 000	FirstEnergy Corporation	1 069	1 227	
23 000	NextEra Energy Inc.	3 089	5 051	
		9 464	11 687	5.5
TOTAL UNITED STATES EQUITIES		161 828	200 291	93.8
UNDERLYING FUNDS				
42 800	iShares Dow Jones			
	US Real Estate Index Fund	4 276	4 531	
68 300	Utilities Select Sector SPDR Fund	4 436	4 669	
		8 712	9 200	4.3
SHORT-TERM INVESTMENTS*		3 906	3 900	1.8
TOTAL INVESTMENTS		\$ 174 446	213 391	99.9
OTHER NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS			234	0.1
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS			\$ 213 625	100.0

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.90% to 2.44% and mature between July 3, 2018 and July 17, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 213 391	\$ 211 470
Cash	2 193	2 191
Due from investment dealers	1 643	—
Subscriptions receivable	187	45
Dividends receivable, interest accrued and other assets	219	199
TOTAL ASSETS	217 633	213 905
LIABILITIES		
Due to investment dealers	3 707	—
Redemptions payable	173	229
Accounts payable and accrued expenses	128	135
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	4 008	364
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 213 625	\$ 213 541
Investments at cost	\$ 174 446	\$ 161 777
NAV		
SERIES A	\$ 12 754	\$ 13 333
ADVISOR SERIES	\$ 12 661	\$ 12 497
SERIES D	\$ 90 160	\$ 88 507
SERIES F	\$ 14 110	\$ 14 036
SERIES O	\$ 83 940	\$ 85 168
NAV PER UNIT		
SERIES A	\$ 16.01	\$ 15.67
ADVISOR SERIES	\$ 16.01	\$ 15.67
SERIES D	\$ 15.95	\$ 15.55
SERIES F	\$ 15.90	\$ 15.48
SERIES O	\$ 16.03	\$ 15.55

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 2 649	\$ 2 770
Interest for distribution purposes	39	16
Derivative income	6	(9)
Net realized gain (loss) on investments	14 814	5 286
Change in unrealized gain (loss) on investments	(10 748)	3 131
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	6 760	11 194
Securities lending revenue		
(see note 7 in the generic notes)	6	—
Net gain (loss) on foreign cash balances	214	(84)
TOTAL OTHER INCOME (LOSS)	220	(84)
TOTAL INCOME (LOSS)	6 980	11 110
EXPENSES (see notes – Fund Specific Information)		
Management fees	624	589
Administration fees	93	93
Independent Review Committee costs	1	1
GST/HST	61	58
Transaction costs	121	53
Withholding tax	331	389
TOTAL EXPENSES	1 231	1 183
INCREASE (DECREASE) IN NAV	\$ 5 749	\$ 9 927
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 272	\$ 560
ADVISOR SERIES	\$ 268	\$ 508
SERIES D	\$ 2 284	\$ 3 685
SERIES F	\$ 359	\$ 525
SERIES O	\$ 2 566	\$ 4 649
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.33	\$ 0.60
ADVISOR SERIES	\$ 0.34	\$ 0.63
SERIES D	\$ 0.40	\$ 0.66
SERIES F	\$ 0.39	\$ 0.68
SERIES O	\$ 0.48	\$ 0.77

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 5 749	\$ 9 927
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(14 632)	(5 236)
Change in unrealized loss (gain) on investments	10 748	(3 131)
(Increase) decrease in accrued receivables	(20)	128
Increase (decrease) in accrued payables	(7)	10
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(258 409)	(160 295)
Proceeds from sale and maturity of investments	262 436	161 444
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5 865	2 847
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	8 182	12 692
Cash paid on redemption of redeemable units	(14 045)	(15 553)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (5 863)	\$ (2 861)
Net increase (decrease) in cash for the period	2	(14)
Cash (bank overdraft), beginning of period	2 191	2 229
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 2 193	\$ 2 215
Interest received (paid)	\$ 37	\$ 17
Dividends received, net of withholding taxes	\$ 2 300	\$ 2 508

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 13 333	\$ 13 461	\$ 12 497	\$ 11 523	\$ 88 507	\$ 78 706	\$ 14 036	\$ 10 012
INCREASE (DECREASE) IN NAV	272	560	268	508	2 284	3 685	359	525
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	728	1 267	1 238	989	4 197	5 855	1 418	2 718
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(1 579)	(1 650)	(1 342)	(1 063)	(4 828)	(4 973)	(1 703)	(1 428)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(851)	(383)	(104)	(74)	(631)	882	(285)	1 290
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(579)	177	164	434	1 653	4 567	74	1 815
NAV AT END OF PERIOD	\$ 12 754	\$ 13 638	\$ 12 661	\$ 11 957	\$ 90 160	\$ 83 273	\$ 14 110	\$ 11 827

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 85 168	\$ 87 618	\$ 213 541	\$ 201 320
INCREASE (DECREASE) IN NAV	2 566	4 649	5 749	9 927
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	1 930	3 355	9 511	14 184
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(5 724)	(7 907)	(15 176)	(17 021)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(3 794)	(4 552)	(5 665)	(2 837)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 228)	97	84	7 090
NAV AT END OF PERIOD	\$ 83 940	\$ 87 715	\$ 213 625	\$ 208 410

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth and income by investing primarily in a well-diversified portfolio of dividend income-producing U.S. securities that have a relatively high yield.

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

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

Investment mix	June 30 2018	December 31 2017
Information Technology	19.4	21.0
Health Care	16.6	17.3
Financials	12.1	18.0
Industrials	9.7	9.8
Consumer Staples	9.1	9.9
Consumer Discretionary	8.7	6.6
Energy	7.4	6.7
Utilities	5.5	3.2
Underlying Funds	4.3	2.1
Materials	3.2	1.9
Real Estate	1.1	—
Telecommunication Services	1.0	2.5
Cash/Other	1.9	1.0
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	99.9	100.0
Total	99.9	100.0

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P 500 Total Return Index (CAD)	+ or - 0.9	+ or - 0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	200 291	—	—	200 291
Underlying funds	9 200	—	—	9 200
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	3 900	—	3 900
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	209 491	3 900	—	213 391
% of total portfolio	98.2	1.8	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	198 562	—	—	198 562
Underlying funds	12 908	—	—	12 908
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	211 470	—	—	211 470
% of total portfolio	100.0	—	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2018

**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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.07%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	44	44
Advisor Series	163	163
Series F	91	91
Series O	96	96
Value of all units	6	6

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

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Financial Select Sector				
SPDR Fund	–	–	2.0	–
iShares Dow Jones US Real				
Estate Index Fund	2.1	0.1	3.0	0.1
SPDR KBW Regional				
Banking Fund	–	–	1.0	–
Utilities Select Sector				
SPDR Fund	2.2	–	–	–

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	851	941
Issued number of units	46	85
Reinvested number of units	–	–
Redeemed number of units	(100)	(111)
Ending number of units	797	915
Advisor Series		
Opening units	797	806
Issued number of units	78	67
Reinvested number of units	–	–
Redeemed number of units	(84)	(71)
Ending number of units	791	802
Series D		
Opening units	5 693	5 544
Issued number of units	266	398
Reinvested number of units	–	–
Redeemed number of units	(305)	(339)
Ending number of units	5 654	5 603
Series F		
Opening units	906	708
Issued number of units	90	184
Reinvested number of units	–	–
Redeemed number of units	(109)	(95)
Ending number of units	887	797
Series O		
Opening units	5 476	6 167
Issued number of units	122	227
Reinvested number of units	–	–
Redeemed number of units	(361)	(524)
Ending number of units	5 237	5 870

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	121	100	53	100
Related-party brokerage commissions*	10	8	2	4
Commission arrangements†	25	21	11	21

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

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

June 30, 2018

Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	16 838	—
Fair value of collateral received	17 175	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	8	100	—	—
RBC IS (paid)	(2)	(25)	—	—
Tax withheld	—	(4)	—	—
Fund revenue	6	71	—	—

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

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets	Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES					Consumer Discretionary (cont.)				
Consumer Discretionary					10 793	Lululemon Athletica Inc.	\$ 1 494	\$ 1 771	
53 398	Amazon.com, Inc.	\$ 61 881	\$ 119 283		114 455	Macy's Inc.	3 411	5 632	
1 073	Autozone Inc.	884	947		72 080	Malibu Boats Inc.	1 679	3 974	
41 638	Bed Bath & Beyond Inc.	1 232	1 091		49 621	Marriott International Inc., Class A	7 372	8 259	
100 874	Best Buy Co. Inc.	5 936	9 892		31 990	McDonald's Corp.	5 999	6 592	
52 193	Big Lots Inc.	2 870	2 867		31 951	MGM Mirage	1 324	1 219	
3 800	Booking Holdings Inc.	7 019	10 129		184 964	Michael Kors Holdings Ltd.	15 089	16 195	
37 931	Bright Horizons Family Solutions Inc.	3 818	5 112		28 480	Mohawk Industries Inc.	7 895	8 023	
73 450	Brinker International Inc.	3 422	4 596		114 420	Motorcar Parts of America Inc.	4 371	2 814	
83 840	Brunswick Corp.	5 596	7 105		40 373	Netflix Inc.	9 616	20 771	
14 114	Burlington Stores Inc.	1 993	2 794		52 500	New Media Investment Group Inc.	1 196	1 275	
149 964	Carnival Corp.	12 724	11 299		131 749	Newell Brands Inc.	7 404	4 467	
107 660	Carriage Services Inc.	3 255	3 475		106 002	Nexstar Media Group Inc.	9 602	10 229	
5 890	Cavco Industries Inc.	634	1 608		87 100	Nike Inc.	6 308	9 127	
61 490	CBS Corp.	4 405	4 546		35 490	Nordstrom Inc.	2 207	2 417	
20 676	Charter Communications Inc.	7 506	7 971		22 941	NutriSystem Inc.	1 537	1 161	
35 393	Choice Hotels International Inc.	3 615	3 518		748	NVR Inc.	2 868	2 922	
1 044	Churchill Downs Inc.	416	407		10 764	O'Reilly Automotive Inc.	3 187	3 871	
244 753	Comcast Corp., Class A	11 748	10 562		10 529	PetMed Express Inc.	557	610	
31 770	Dana Inc.	798	843		202 800	Pulte Corp.	7 922	7 669	
56 455	Darden Restaurants Inc.	6 782	7 946		16 454	Qurate Retail Inc.	492	459	
32 680	Dave & Buster's Entertainment Inc.	2 016	2 045		17 380	Red Robin Gourmet Burgers Inc.	1 287	1 065	
279 746	Destination XL Group Inc.	1 228	827		5 175	RH	568	950	
33 390	Dick's Sporting Goods Inc.	1 689	1 547		225 838	Ross Stores Inc.	17 238	25 162	
22 205	Dillard's Inc.	1 554	2 758		17 670	Royal Caribbean Cruises Ltd.	2 674	2 407	
38 120	Dollar Tree Inc.	3 499	4 260		1 486	Scientific Games Corp., Class A	99	96	
13 484	Domino's Pizza Inc.	2 883	5 002		54 676	ServiceMaster Global Holdings Inc.	3 647	4 275	
148 157	Foot Locker Inc.	9 504	10 258		152 756	Signet Jewelers Ltd.	8 593	11 196	
116 197	Ford Motor Company	1 682	1 691		11 368	Six Flags Entertainment Corp.	940	1 047	
38 776	Fox Factory Holding Corp.	711	2 369		107 621	Starbucks Corp.	7 457	6 911	
12 655	GameStop Corp., Class A	262	242		87 006	Steven Madden Ltd.	3 717	6 074	
20 515	Gannett Co. Inc.	279	289		74 840	Stoneridge Inc.	2 360	3 460	
10 169	Gap Inc.	392	433		33 331	Tailored Brands Inc.	1 161	1 118	
148 964	General Motors Co.	7 051	7 721		75 968	Tandy Leather Factory Inc.	816	779	
25 160	G-III Apparel Group Ltd.	1 194	1 469		342 703	Target Corporation	30 204	34 295	
90 799	Grand Canyon Education Inc.	7 490	13 326		79 410	Taylor Morrison Home Corp.	1 845	2 169	
387 729	Gray Television Inc.	6 728	8 054		29 700	TEGNA Inc.	483	424	
760 144	H&R Block, Inc.	24 962	22 765		12 654	The Cheesecake Factory	698	916	
71 092	Hilton Grand Vacations Inc.	3 706	3 243		71 099	The Walt Disney Company	9 693	9 806	
46 474	Hilton Worldwide Holdings Inc.	4 968	4 836		29 700	TJX Companies Inc.	2 695	3 716	
295 774	Home Depot Inc.	49 342	75 884		56 280	Tractor Supply Co.	4 528	5 659	
103 933	ILG Inc.	2 459	4 513		158 805	TRI Pointe Homes Inc.	2 661	3 416	
102 898	Kohl's Corp.	7 277	9 862		76 464	Twenty-First Century Fox Inc.	3 528	5 002	
236 013	Las Vegas Sands Corp.	21 680	23 693		5 600	Ulta Salon, Cosmetics & Fragrance, Inc.	1 992	1 719	
40 051	LCI Industries	2 829	4 747		37 538	Under Armour Inc.	58	1 040	
22 086	Lear Corp.	4 943	5 396		46 890	Under Armour Inc., Class A	2 019	1 386	
40 480	Lennar Corp.	2 505	2 794		43 037	Unifi Inc.	1 727	1 794	
33 824	Libbey Inc.	951	362		76 441	Universal Electronics Inc.	3 366	3 321	
17 403	Lithia Motors Inc.	2 073	2 164		12 215	Urban Outfitters Inc.	737	715	
34 557	Live Nation Inc.	1 675	2 207		78 747	V.F. Corporation	7 450	8 444	
62 130	LKQ Corp.	1 672	2 606		4 232	Viacom Inc.	150	168	
54 700	Lowe's Companies	5 401	6 875		19 000	Whirlpool Corp.	4 258	3 653	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Discretionary (cont.)				
9 458	Wynn Resorts Ltd.	\$ 2 004	\$ 2 081	
16 118	Yum! Brands, Inc.	1 718	1 658	
292 681	Zagg Inc.	4 124	6 657	
		569 164	732 265	13.2

Consumer Staples				
415 794	Altria Group Inc.	33 119	31 043	
18 563	Brown-Forman Corp., Class B	1 293	1 196	
16 020	Casey's General Stores Inc.	2 345	2 213	
43 560	Church & Dwight Co. Inc.	1 610	3 045	
108 528	Clorox Company	18 879	19 297	
379 480	Colgate-Palmolive Company	34 511	32 333	
200 897	Conagra Brands Inc.	9 474	9 437	
20 600	Constellation Brands Inc.	4 717	5 941	
44 401	Costco Wholesale Corp.	9 352	12 199	
80 719	CVS Health Corp.	8 054	6 829	
59 300	Dean Foods Co.	1 180	819	
68 639	Estée Lauder Companies Inc., Class A	11 846	12 876	
64 553	Flowers Foods Inc.	1 731	1 768	
39 520	Fresh Del Monte Produce Inc.	2 393	2 315	
76 269	Herbalife Nutrition Ltd.	3 602	5 389	
66 799	Hormel Foods Corp.	3 095	3 268	
387 433	Hostess Brands Inc., Class A	6 423	6 927	
56 780	Ingredion Inc.	8 167	8 263	
28 980	John B. Sanfilippo & Son Inc.	2 197	2 836	
145 810	Kimberly-Clark Corp.	21 795	20 193	
6 728	Lamb Weston Holdings Inc.	575	606	
46 237	Lanec Corp.	721	906	
21 650	McCormick & Co. Inc.	1 640	3 304	
5 017	Medifast Inc.	1 047	1 057	
22 815	Molson Coors Brewing Co., Class B	1 806	2 041	
173 393	Mondelez International Inc.	10 409	9 352	
108 705	PepsiCo Inc.	14 381	15 561	
383 043	Philip Morris International Inc.	51 736	40 658	
78 268	Pilgrim's Pride Corp.	2 926	2 071	
30 401	Sanderson Farms Inc.	4 665	4 202	
424 283	The Coca-Cola Co.	23 755	24 464	
57 038	The Hershey Co.	7 965	6 978	
51 064	The J.M. Smucker Company	7 270	7 215	
47 334	The Kraft Heinz Co.	5 334	3 909	
151 615	The Kroger Co.	5 383	5 671	
366 829	The Procter & Gamble Co.	40 596	37 645	
32 340	Treehouse Foods Inc.	2 408	2 233	
6 457	Tyson Foods Inc.	573	585	
86 656	Walgreens Boots Alliance Inc.	8 218	6 837	
394 841	Walmart Inc.	37 391	44 467	
		414 582	407 949	7.4

Energy				
46 422	Andeavor	5 493	8 011	
48 944	Antero Resources Corp.	1 248	1 374	
39 761	Baker Hughes a GE Co.	1 728	1 727	
341 834	Cabot Oil & Gas Corp.	11 185	10 702	
789 749	Callon Petroleum Co.	12 308	11 151	
236 013	Chevron Corp.	33 604	39 228	
13 020	Concho Resources Inc.	2 036	2 368	
248 108	ConocoPhillips	15 984	22 713	
17 494	Continental Resources Inc.	1 507	1 489	

Holdings	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
15 880	Core Laboratories N.V.	\$ 2 358	\$ 2 634	
55 020	Delek US Holdings Inc.	1 799	3 629	
35 240	Diamondback Energy Inc.	5 119	6 095	
59 421	EOG Resources Inc.	8 437	9 723	
199 251	EP Energy Corp.	1 497	786	
563 341	Exxon Mobil Corp.	60 774	61 344	
38 350	Gulfport Energy Corp.	1 251	634	
23 553	HollyFrontier Corp.	2 296	2 119	
146 521	Kinder Morgan Inc.	3 578	3 404	
351 268	Marathon Oil Corp.	8 770	9 633	
127 207	Marathon Petroleum Corp.	11 711	11 736	
64 521	Murphy Oil Corp.	2 405	2 864	
6 025	Occidental Petroleum Corp.	662	663	
35 340	Oceaneering International Inc.	1 853	1 183	
146 627	Parsley Energy Inc.	5 140	5 837	
59 782	Phillips 66 Company	7 811	8 827	
37 947	Pioneer Natural Resources Co.	8 420	9 441	
369 010	Ring Energy Inc.	5 933	6 122	
15 911	RPC Inc.	381	305	
111 620	RSP Permian Inc.	5 061	6 460	
109 004	Schlumberger Ltd.	10 635	9 608	
1 186	SEACOR Holdings Inc.	89	89	
201 718	Valero Energy Corp.	16 265	29 391	
		257 338	291 290	5.3

Financials				
13 200	Affiliated Managers Group Inc.	2 936	2 581	
36 135	Aflac Inc.	1 712	2 044	
30 614	Allstate Corp.	2 737	3 673	
258 339	Ally Financial Inc.	7 265	8 922	
85 021	American Express Company	10 968	10 954	
20 350	American Financial Group Inc.	2 396	2 871	
436 979	American International Group Inc.	35 226	30 459	
2 570	American National Insurance Co.	400	404	
89 966	Ameriprise Financial Inc.	18 464	16 544	
96 524	Amerisafe Inc.	4 884	7 328	
41 260	Aon Plc.	7 149	7 440	
117 689	Artisan Partners Asset Management Inc., Class A	5 316	4 665	
97 184	Assured Guaranty Ltd.	5 201	4 565	
14 840	Bancfirst Corp.	477	1 155	
1 524 565	Bank of America Corp.	35 916	56 530	
139 671	Bank of New York Mellon Corp.	10 042	9 903	
184 769	Berkshire Hathaway Inc., Class B	40 582	45 353	
12 231	BlackRock Inc.	5 914	8 030	
34 536	Brighthouse Financial Inc.	2 243	1 819	
109 970	Brown & Brown Inc.	2 069	4 009	
32 599	Capital One Financial Corp.	3 444	3 938	
230 409	Chemical Financial Corp.	13 900	16 863	
48 817	Chubb Ltd.	7 995	8 154	
123 089	CIT Group Inc.	7 520	8 157	
648 797	Citigroup Inc.	48 014	57 100	
275 268	Citizens Financial Group Inc.	11 275	14 077	
14 452	CME Group Inc., Class A	2 000	3 114	
17 259	CNA Financial Corp.	998	1 036	
33 857	CNO Financial Group Inc.	993	847	
88 960	CoBiz Financial Inc.	1 733	2 509	
32 610	Community Bank System Inc.	1 710	2 532	
615 915	Compass Diversified Holdings	12 492	14 008	
921	Evercore Inc., Class A	85	128	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
11 810	Factset Research Systems Inc.	\$ 1 931	\$ 3 075	
69 864	Fifth Third Bancorp	2 822	2 636	
64 980	First Busey Corp.	2 636	2 710	
31 403	Franklin Resources Inc.	1 625	1 323	
21 892	Hanmi Financial Corp.	759	816	
53 095	Hartford Financial Services Inc.	3 420	3 569	
90 640	Heritage Financial Corp.	2 610	4 132	
124 980	Invesco Ltd.	5 056	4 364	
67 370	James River Group Holdings Ltd.	3 428	3 480	
527 890	JPMorgan Chase & Co.	56 980	72 401	
63 770	Lazard Ltd.	4 250	4 104	
78 743	LegacyTexas Financial Group Inc.	3 945	4 039	
89 457	Legg Mason Inc.	4 447	4 084	
31 767	Lincoln National Corp.	2 666	2 600	
43 393	Marsh & McLennan Companies Inc.	4 196	4 676	
30 670	Mercantile Bank Corp.	1 026	1 489	
69 765	MetLife Inc.	4 158	3 999	
27 321	Moody's Corp.	5 237	6 127	
235 818	Morgan Stanley	12 666	14 695	
57 362	MSCI Inc.	9 277	12 483	
274 325	National General Holdings Corp.	7 087	9 496	
355 930	Navient Corp.	6 621	6 097	
359 564	New Residential Investment Corp.			
	Real Estate Investment Trust	7 608	8 268	
25 840	Northrim Bancorp Inc.	1 086	1 344	
150 302	Pacific Premier Bancorp Inc.	5 526	7 538	
99 030	PacWest Bancorp	6 964	6 434	
9 861	Pennymac Mortgage			
	Investment Trust	211	246	
90 880	Pinnacle Financial Partners Inc.	7 502	7 330	
34 976	PNC Bank Corp.	4 760	6 213	
116 450	Popular Inc.	7 193	6 921	
58 950	Prudential Financial Inc.	7 476	7 248	
39 920	Raymond James Financial Corp.	2 418	4 689	
348 021	Regions Financial Corp.	4 655	8 135	
13 769	Reinsurance Group of America Inc.	2 206	2 417	
33 420	RLI Corp.	2 550	2 909	
138 914	S&P Global Inc.	23 554	37 239	
23 126	Safeguard Scientifics Inc.	482	389	
59 638	Signature Bank	10 096	10 026	
83 613	State Street Corp.	10 375	10 235	
88 410	Sterling Bancorp	1 967	2 731	
29 135	Suntrust Banks Inc.	1 648	2 529	
12 423	SVB Financial Group	2 700	4 716	
245 590	Synchrony Financial	9 618	10 777	
56 760	Synovus Financial Corp.	2 675	3 941	
82 153	T. Rowe Price Group Inc.	10 256	12 538	
124 860	Texas Capital Bancshares Inc.	11 898	15 019	
100 400	The Charles Schwab Corporation	5 088	6 745	
75 128	The Goldman Sachs Group Inc.	19 684	21 789	
74 000	The Progressive Corp.	5 971	5 754	
113 321	U.S. Bancorp	7 738	7 452	
185 670	United Community Banks Inc.	5 674	7 483	
4 498	Unum Group	223	219	
116 279	Voya Financial Inc.	5 680	7 185	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
539 545	Wells Fargo & Company	\$ 36 108	\$ 39 353	
36 180	Wintrust Financial Corp.	3 509	4 140	
47 763	XL Group Ltd.	2 662	3 513	
		698 660	817 572	14.7
Health Care				
193 546	Abbott Laboratories	13 798	15 522	
232 321	AbbVie Inc.	25 042	28 311	
16 980	Abiomed Inc.	1 879	9 131	
1 700	Agilent Technologies Inc.	146	138	
18 900	Alexion Pharmaceuticals Inc.	3 013	3 085	
10 800	Align Technology Inc.	1 369	4 858	
55 959	Allergan plc	12 168	12 270	
35 320	AmerisourceBergen Corp.	4 111	3 959	
59 676	Amgen Inc.	13 764	14 482	
71 477	Anthem Inc.	16 939	22 371	
90 330	Baxter International Inc.	6 221	8 769	
31 779	Becton Dickinson & Co.	9 265	10 015	
80 449	Biogen Inc.	29 891	30 699	
218 784	Boston Scientific Corp.	7 459	9 405	
414 795	Bristol-Myers Squibb Co.	31 147	30 188	
121 435	Cardinal Health Inc.	8 399	7 795	
65 600	Celgene Corp.	8 922	6 849	
182 016	Centene Corp.	19 036	29 489	
8 054	Cerner Corp.	670	633	
42 361	Cigna Corp.	10 273	9 465	
13 110	Cooper Co. Inc.	2 531	4 061	
60 219	Danaher Corp.	6 776	7 812	
27 520	DaVita Inc.	2 466	2 512	
148 165	Eli Lilly & Co.	15 747	16 621	
114 390	Emergent Biosolutions Inc.	5 776	7 588	
9 769	Encompass Health Corp.	869	870	
6 616	Endo International Plc.	60	82	
147 073	Envision Healthcare Corp.	9 226	8 509	
232 746	Exelixis Inc.	7 709	6 585	
60 952	Express Scripts Holding Co.	5 581	6 187	
318 309	Gilead Sciences Inc.	32 334	29 650	
173 583	Globus Medical Inc., Class A	6 189	11 515	
26 191	HCA Healthcare Inc.	2 974	3 532	
46 100	HealthEquity Inc.	2 590	4 551	
37 660	Henry Schein Inc.	2 156	3 596	
7 500	Humana Inc.	2 081	2 935	
1 478	ICU Medical Inc.	572	571	
14 207	IDEXX Laboratories Inc.	1 798	4 071	
11 200	Illumina Inc.	4 203	4 112	
963	Incyte Corporation Ltd.	83	85	
28 238	Innoviva Inc.	503	512	
11 300	Intuitive Surgical Inc.	5 250	7 105	
201 460	Invacare Corp.	4 112	4 926	
55 215	Jazz Pharmaceuticals Plc.	10 054	12 507	
250 338	Johnson & Johnson	37 185	39 939	
37 550	Laboratory Corp. of America			
	Holdings	6 681	8 863	
1 600	LifePoint Health Inc.	116	103	
21 630	Masimo Corp.	1 941	2 777	
48 520	McKesson Corp.	9 172	8 515	
140 800	Medtronic Plc.	14 448	15 847	
430 770	Merck & Co. Inc.	34 393	34 375	
10 341	Mettler-Toledo International Inc.	5 998	7 873	
30 750	MiMedx Group Inc.	427	257	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care (cont.)				
34 758	Molina Healthcare Inc.	\$ 2 893	\$ 4 475	
7 023	Myriad Genetics Inc.	257	345	
51 871	Perrigo Company Plc.	5 472	4 973	
1 017 554	Pfizer Inc.	47 176	48 553	
27 960	STERIS Plc.	2 738	3 862	
25 100	Stryker Corp.	5 556	5 572	
5 350	Teleflex Inc.	1 189	1 885	
44 534	Tenet Healthcare Corp.	2 095	1 965	
62 919	Thermo Fisher Scientific Inc.	12 924	17 138	
27 991	United Therapeutics Corp.	4 847	4 164	
160 314	UnitedHealth Group Incorporated	37 913	51 731	
16 285	Universal Health Services Inc., Class B	2 522	2 386	
77 085	Varian Medical Systems Inc.	9 545	11 524	
17 035	Veeva Systems Inc.	912	1 722	
38 090	Vertex Pharmaceuticals Inc.	7 297	8 511	
24 528	Waters Corp.	5 146	6 243	
39 140	WellCare Health Plans Inc.	6 889	12 670	
70 302	West Pharmaceutical Services Inc.	5 962	9 177	
146 834	Zoetis Inc.	16 032	16 452	
		642 878	739 826	13.3

Industrials				
39 500	3M Co.	11 014	10 217	
601 570	ACCO Brands Corp.	7 003	10 953	
13 820	Acuity Brands Inc.	3 884	2 106	
48 826	ADT Inc.	480	555	
10 111	Aerojet Rocketdyne Holdings Inc.	381	392	
77 276	Alaska Airgroup Inc.	7 748	6 135	
15 730	Allison Transmission Holdings Inc.	749	837	
38 197	Ametek Inc.	2 043	3 625	
87 984	Astronics Corp.	3 414	4 158	
18 520	AZZ Inc.	629	1 058	
86 010	BMC Stock Holdings Inc.	2 543	2 358	
158 172	Boeing Co.	34 856	69 779	
23 044	BWV Technologies Inc.	1 778	1 888	
48 015	Carlisle Cos. Inc.	6 684	6 838	
85 140	Casella Waste Systems Inc., Class A	1 359	2 867	
55 131	Caterpillar Inc.	8 403	9 836	
33 460	Clean Harbors Inc.	1 976	2 444	
264 946	Columbus McKinnon Corp.	7 362	15 103	
25 684	Copa Holdings S.A., Class A	3 773	3 195	
61 690	Copart Inc.	1 343	4 541	
54 400	CSX Corp.	2 518	4 561	
27 894	Cummins Engine Inc.	5 336	4 877	
93 091	Delta Air Lines Inc.	6 481	6 063	
134 110	Ducommun Inc.	4 398	5 834	
68 950	Dycom Industries Inc.	9 235	8 569	
90 330	Eaton Corp Plc.	8 090	8 877	
60 585	Emerson Electric Co.	5 095	5 507	
66 140	EnerSys	4 798	6 486	
30 440	Ennis Inc.	734	814	
46 750	Expeditors International of Washington, Inc.	4 538	4 494	
23 800	FedEx Corporation	5 809	7 106	
151 182	Gardner Denver Holdings Inc.	4 886	5 838	
13 200	General Dynamics Corp.	3 016	3 235	

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
659 143	General Electric Company	\$ 17 686	\$ 11 794	
45 774	Graco Inc.	2 384	2 722	
6 250	Grainger (W.W.) Inc.	1 404	2 535	
110 665	HD Supply Holdings Inc.	5 388	6 240	
55 810	Honeywell International Inc.	9 251	10 570	
61 835	IHS Markit Ltd.	2 714	4 195	
19 300	Illinois Tool Works Inc.	2 884	3 516	
21 600	Inspire Inc.	2 726	2 705	
78 917	Insteel Industries Inc.	1 768	3 465	
21 010	J.B. Hunt Transport Services Inc.	1 862	3 357	
38 294	JetBlue Airways Corp.	1 049	956	
14 335	Kansas City Southern Industries Inc.	2 073	1 997	
243 540	Kennametal Inc.	11 700	11 494	
12 710	Kirby Corp.	1 263	1 397	
24 380	Landstar System Inc.	1 675	3 500	
23 633	Lennox International Inc.	6 099	6 217	
83 638	Lockheed Martin Corporation	30 456	32 506	
67 889	Lydall Inc.	3 464	3 896	
2 921	Manpower Inc.	294	330	
70 026	Marten Transport Ltd.	1 467	2 159	
15 040	Middleby Corp.	1 807	2 065	
18 820	Miller (Herman) Inc.	749	839	
28 290	MSC Industrial Direct Co.	2 693	3 155	
66 440	NCI Building Systems Inc.	1 449	1 834	
271 959	NN Inc.	7 875	6 757	
14 900	Northrop Grumman Corp.	4 072	6 028	
30 936	nVent Electric Plc.	924	1 021	
38 263	Old Dominion Freight Line Inc.	6 588	7 493	
70 881	Oshkosh Truck Corp.	7 177	6 553	
255 234	Patrick Industries Inc.	13 245	19 076	
70 806	Pentair Plc.	5 624	3 917	
17 774	Raytheon Company	3 624	4 515	
164 742	Republic Services Inc.	13 582	14 805	
46 633	Robert Half International Inc.	3 254	3 991	
107 001	Rollins Inc.	6 325	7 396	
12 880	Roper Technologies Inc.	2 202	4 672	
38 917	Ryder System Inc.	3 765	3 677	
122 119	Southwest Airlines	7 433	8 168	
57 595	Spirit Aerosystems Holdings Inc., Class A	4 548	6 505	
37 600	Spirit Airlines Inc.	2 323	1 797	
24 590	Stericycle Inc.	2 836	2 111	
12 610	Teledyne Technologies Inc.	2 910	3 297	
13 475	Terex Corp.	688	748	
129 612	The Greenbrier Co. Inc.	6 322	8 988	
53 497	Toro Co.	4 078	4 237	
14 650	Trex Co. Inc.	1 019	1 205	
52 300	Union Pacific Corp.	7 750	9 743	
30 121	United Continental Holdings Inc.	2 717	2 761	
30 400	United Parcel Service Inc.	4 147	4 246	
79 655	United Technologies Corp.	12 295	13 095	
24 150	Verisk Analytics Inc.	1 856	3 417	
18 590	WABCO Holdings Inc.	3 274	2 860	
32 480	Wabtec Corp.	3 581	4 209	
46 570	Waste Connections Inc.	2 253	4 610	
174 269	Waste Management Inc.	17 163	18 635	
43 660	Woodward Inc.	2 901	4 412	
16 983	Xylem Inc.	1 546	1 504	

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

456 558 551 039 9.9

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology				
216 591	Accenture Plc., Class A	\$ 31 823	\$ 46 591	
72 700	Activision Blizzard Inc.	4 477	7 294	
44 400	Adobe Systems Inc.	7 286	14 218	
34 570	Akamai Technologies Inc.	3 005	3 328	
9 460	Alliance Data Systems Corp.	3 234	2 900	
33 225	Alphabet Inc., Class A	28 578	49 322	
46 400	Alphabet Inc., Class C	47 635	68 054	
17 210	Ambarella Inc.	1 386	874	
101 016	Amdocs Ltd.	8 602	8 790	
19 590	Ansys Inc.	1 703	4 486	
701 133	Apple Inc.	110 557	168 601	
269 940	Applied Materials Inc.	10 483	16 392	
22 567	Arista Networks Inc.	4 982	7 642	
48 910	Aspen Technology Inc.	3 246	5 963	
36 240	Autodesk Inc.	2 341	6 246	
121 840	AXT Inc.	1 047	1 129	
44 273	Broadcom Inc.	11 082	14 128	
25 083	Broadridge Financial Solutions Inc.	3 604	3 796	
25 526	CA Inc.	1 217	1 196	
292 572	Cadence Design Systems Inc.	15 725	16 658	
39 710	CDW Corp.	3 393	4 218	
18 114	Ceridian HCM Holding Inc.	513	790	
816 247	Cisco Systems Inc.	32 317	46 175	
52 191	Citrix Systems Inc.	7 362	7 193	
49 251	Cognizant Technology Solutions Corp., Class A	4 629	5 114	
44 970	Coherent Inc.	12 243	9 248	
92 820	Cohu Inc.	2 807	2 991	
315 851	Cypress Semiconductor Corp.	5 644	6 469	
64 949	eBay Inc.	2 992	3 096	
51 814	Electronic Arts Inc.	7 299	9 606	
60 160	Euronet Worldwide Inc.	6 123	6 625	
33 759	F5 Networks Inc.	6 191	7 654	
396 477	Facebook Inc., Class A	70 577	101 285	
33 460	Fidelity National Information Services Inc.	3 240	4 664	
142 122	Fortinet Inc.	9 472	11 664	
23 400	Global Payments Inc.	2 513	3 430	
125 759	Hewlett Packard Enterprise Co.	2 944	2 415	
371 219	HP Inc.	8 507	11 073	
114 551	Integrated Device Technology Inc.	4 029	4 801	
501 713	Intel Corp.	24 288	32 797	
48 074	InterDigital Inc.	3 533	5 113	
204 439	International Business Machines	40 672	37 553	
185 373	Intuit Inc.	33 333	49 789	
12 082	IPG Photonics Corp.	1 022	3 504	
65 861	Jabil Inc.	2 084	2 395	
10 733	Jack Henry & Associates Inc.	1 621	1 839	
268 959	Juniper Networks Inc.	9 537	9 695	
93 794	KLA-Tencor Corp.	12 386	12 643	
30 436	Lam Research Corp.	6 849	6 916	
243 536	Mastercard Inc.	40 624	62 935	
40 210	Maxim Integrated Products	2 869	3 101	
11 410	MercadoLibre Inc.	1 460	4 485	
12 722	Micro Focus International Plc. ADR	604	289	
9 421	Microchip Technology Inc.	1 073	1 126	
376 475	Micron Technology Inc.	20 453	25 954	

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
1 314 029	Microsoft Corp.	\$ 102 642	\$ 170 348	
51 410	MKS Instruments Inc.	4 241	6 468	
6 029	NetApp Inc.	615	622	
38 230	Novanta Inc.	1 107	3 131	
111 656	Nvidia Corp.	27 466	34 774	
183 789	ON Semiconductor Corporation	3 611	5 372	
501 343	Oracle Corporation	29 825	29 040	
11 879	Palo Alto Networks Inc.	2 138	3 209	
310 925	Paychex Inc.	25 151	27 939	
104 170	PayPal Holdings Inc.	7 932	11 406	
104 150	PC Connection Inc.	3 823	4 546	
8 411	PTC Inc.	917	1 037	
109 282	QUALCOMM Inc.	7 585	8 065	
94 883	Red Hat Inc.	15 163	16 764	
64 800	Salesforce.com Inc.	6 672	11 627	
87 566	Sapiens International Corp. N.V.	1 258	1 125	
29 764	Seagate Technology	2 269	2 210	
9 350	ServiceNow Inc.	2 004	2 121	
35 797	SolarEdge Technologies Inc.	2 470	2 252	
8 155	Stamps.com Inc.	1 679	2 713	
49 730	Synaptics Inc.	3 747	3 291	
110 707	Synchronoss Technologies Inc.	4 085	898	
119 591	SynOpsys Inc.	10 213	13 453	
9 480	Take-Two Interactive Software Inc.	642	1 475	
44 239	Tessco Technologies Inc.	952	1 006	
106 917	Texas Instruments Inc.	11 520	15 497	
8 358	Twitter Inc.	337	480	
18 438	Tyler Technologies Inc.	2 792	5 384	
61 257	Verisign Inc.	7 039	11 067	
144 101	Visa Inc., Class A	14 965	25 136	
21 123	Vishay Precision Group Inc.	533	1 059	
206 861	Western Digital Corp.	21 817	21 052	
38 268	WEX Inc.	5 279	9 581	
51 159	Zebra Technologies Corp.	6 190	9 634	
		1 035 895	1 420 035	25.6

Materials				
17 145	Air Products & Chemicals Inc.	3 412	3 510	
125 549	Alcoa Corp.	7 571	7 754	
36 230	Aptargroup Inc.	2 776	4 447	
33 237	Avery Dennison Corp.	4 304	4 461	
7 065	Celanese Corp.	1 046	1 032	
59 346	Crown Holdings Inc.	4 005	3 492	
14 062	Domtar Corp.	724	883	
201 665	DowDuPont Inc.	17 087	17 486	
13 469	Eastman Chemical Company	1 855	1 770	
24 600	Ecolab Inc.	3 995	4 539	
94 730	Ferro Corp.	1 809	2 597	
198 137	Freeport-McMoRan Inc.	4 504	4 500	
55 340	Fuller (H.B.) Co.	3 631	3 905	
48 135	FutureFuel Corp.	696	887	
237 975	Huntsman Corp.	9 569	9 135	
22 130	Kaiser Aluminum Corp.	2 633	3 029	
89 518	Koppers Holdings Inc.	2 873	4 513	
119 364	Louisiana-Pacific Corp.	4 105	4 271	
202 155	LyondellBasell Industries N.V.	27 121	29 194	
102 262	Newmont Mining Corporation	4 780	5 072	
523 358	Omnova Solutions Inc.	5 159	7 156	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
15 469	PPG Industries Inc.	\$ 2 165	\$ 2 109	
28 320	Reliance Steel & Aluminum Co.	2 669	3 259	
10 700	Sherwin-Williams Co.	3 863	5 734	
19 991	Southern Copper Corp.	1 244	1 232	
165 888	Steel Dynamics Inc.	6 920	10 021	
33 844	The Chemours Co.	1 900	1 974	
75 582	Universal Stainless & Alloy	2 284	2 352	
72 133	Valvoline Inc.	1 956	2 045	
18 669	W.R. Grace & Company	1 731	1 799	
35 661	Westlake Chemical Corporation	4 656	5 046	
52 629	WestRock Co.	3 501	3 945	
		146 544	163 149	2.9
Real Estate				
16 890	Alexandria Real Estate Equities Inc.	2 391	2 802	
23 200	American Tower Corp. Real Estate Investment Trust	3 855	4 397	
32 420	Apartment Investment & Management Co.	1 828	1 803	
74 031	Apple Hospitality Inc. Real Estate Investment Trust	1 810	1 740	
15 480	Boston Properties Inc.	2 437	2 552	
162 026	Brixmor Property Group Inc. Real Estate Investment Trust	3 697	3 713	
243 130	CBL & Associates Properties Inc.	3 568	1 780	
119 150	Columbia Property Trust Inc. Real Estate Investment Trust	3 432	3 557	
54 700	Community Healthcare Trust Inc. Real Estate Investment Trust	1 770	2 149	
80 451	Cousins Properties Inc. Real Estate Investment Trust	935	1 026	
63 050	Crown Castle International Corp. Real Estate Investment Trust	7 940	8 942	
53 630	CubeSmart Real Estate Investment Trust	1 979	2 272	
514 050	DiamondRock Hospitality Co. Real Estate Investment Trust	7 423	8 309	
32 008	Digital Realty Trust Inc.	4 938	4 698	
10 390	EastGroup Properties Inc. Real Estate Investment Trust	1 015	1 305	
9 950	Equinix Inc. Real Estate Investment Trust	5 608	5 623	
34 105	Extra Space Storage Inc. Real Estate Investment Trust	3 634	4 478	
116 131	First Industrial Realty Trust Inc. Real Estate Investment Trust	4 476	5 088	
118 247	Gaming and Leisure Properties Inc. Real Estate Investment Trust	5 125	5 565	
60 260	Gramercy Property Trust Real Estate Investment Trust	2 124	2 164	
79 298	HCP Inc. Real Estate Investment Trust	2 763	2 692	
181 481	Healthcare Trust of America Inc. Real Estate Investment Trust	7 311	6 432	
38 580	Highwoods Properties Inc.	2 525	2 573	
209 665	Hospitality Properties Trust	7 757	7 886	
41 665	Host Marriott Corp.	954	1 154	

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate (cont.)				
97 612	Invitation Homes Inc. Real Estate Investment Trust	\$ 2 844	\$ 2 962	
24 780	Lexington Real Estate Investment Trust	275	284	
44 510	National Storage Affiliates Trust Real Estate Investment Trust	1 435	1 803	
180 485	Park Hotels & Resorts Inc. Real Estate Investment Trust	6 953	7 268	
82 760	Physicians Realty Trust Real Estate Investment Trust	2 110	1 734	
52 102	Piedmont Office Realty Trust Inc., Class A Real Estate Investment Trust	1 355	1 365	
36 233	ProLogis Inc. Trust	3 009	3 129	
59 116	Senior Housing Properties Trust Real Estate Investment Trust	1 455	1 406	
4 500	SL Green Realty Corp. Real Estate Investment Trust	559	595	
13 671	Spirit MTA Real Estate Investment Trust	161	185	
136 711	Spirit Realty Capital Inc. Real Estate Investment Trust	1 818	1 443	
29 080	STAG Industrial Inc. Real Estate Investment Trust	857	1 041	
20 492	Taubman Centers Inc.	1 419	1 583	
23 990	Terreno Realty Corp. Real Estate Investment Trust	863	1 188	
92 010	UMH Properties Inc. Real Estate Investment Trust	1 759	1 857	
104 861	Ventas Inc. Real Estate Investment Trust	7 548	7 851	
547 643	VEREIT Inc. Real Estate Investment Trust	5 928	5 367	
61 835	Washington Prime Group Inc. Real Estate Investment Trust	665	659	
45 993	Welltower Inc. Real Estate Investment Trust	3 791	3 791	
47 080	Weyerhaeuser Company Ltd.	2 030	2 257	
6 579	WP Carey Inc. Real Estate Investment Trust	508	574	
		138 637	143 042	2.6
Telecommunication Services				
740 081	AT&T Inc.	37 774	31 241	
166 589	Sprint Corp.	1 677	1 191	
9 562	Telephone & Data Systems Inc.	348	345	
31 800	T-Mobile US Inc.	2 199	2 498	
796 011	Verizon Communications Inc.	50 110	52 674	
174 080	Vonage Holdings Corp.	1 609	2 950	
13 501	Zayo Group Holdings Inc.	655	648	
		94 372	91 547	1.7
Utilities				
124 348	AES Corp.	1 843	2 192	
46 300	Ameren Corporation	3 348	3 704	
239 689	Centerpoint Energy Inc.	8 634	8 736	
124 271	CMS Energy Corp.	7 217	7 724	
82 621	Consolidated Edison Inc.	8 125	8 470	
48 211	Dominion Energy Inc.	4 858	4 321	

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
44 383	DTE Energy Company	\$ 5 593	\$ 6 047	
50 886	Duke Energy Corp.	5 258	5 290	
137 972	Edison International	12 992	11 476	
61 040	Eversource Inc.	4 239	4 506	
33 401	NextEra Energy Inc.	5 195	7 335	
22 050	NorthWestern Corp.	1 513	1 659	
297 981	NRG Energy Inc.	11 721	12 026	
164 879	PG&E Corporation	13 524	9 228	
70 550	Portland General Electric Co.	3 668	3 966	
70 879	Southern Co.	4 131	4 315	
112 850	Spire Inc.	9 224	10 482	
271 446	Vistra Energy Corp.	6 977	8 449	
28 216	Xcel Energy Inc.	1 579	1 694	
		119 639	121 620	2.2
TOTAL UNITED STATES EQUITIES		4 574 267	5 479 334	98.8
UNDERLYING FUNDS				
16 600	iShares Russell 2000 Fund	3 069	3 572	
TOTAL UNDERLYING FUNDS		3 069	3 572	0.1
SHORT-TERM INVESTMENTS*		41 678	41 442	0.7
TOTAL INVESTMENTS		\$4 619 014	5 524 348	99.6
OTHER NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				
				24 096
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				\$5 548 444
				100.0

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.90% to 2.41% and mature between July 3, 2018 and July 30, 2018.

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND****Statements of Financial Position (unaudited)**

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 5 524 348	\$ 5 319 304
Cash	24 154	14 120
Due from investment dealers	3 467	3 860
Subscriptions receivable	278	206
Dividends receivable, interest accrued and other assets	4 245	4 730
TOTAL ASSETS	5 556 492	5 342 220
LIABILITIES		
Due to investment dealers	7 744	4 932
Redemptions payable	5	48
Accounts payable and accrued expenses	299	293
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	8 048	5 273
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 5 548 444	\$ 5 336 947
Investments at cost	\$ 4 619 014	\$ 4 550 255
NAV		
SERIES A	\$ 3 724	\$ 3 479
ADVISOR SERIES	\$ 918	\$ 760
SERIES D	\$ 38 811	\$ 36 102
SERIES F	\$ 7 440	\$ 3 877
SERIES O	\$ 5 497 551	\$ 5 292 729
NAV PER UNIT		
SERIES A	\$ 18.28	\$ 17.07
ADVISOR SERIES	\$ 18.31	\$ 17.10
SERIES D	\$ 19.19	\$ 17.85
SERIES F	\$ 19.21	\$ 17.84
SERIES O	\$ 18.86	\$ 17.46

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 51 293	\$ 53 067
Interest for distribution purposes	406	117
Derivative income	(1 200)	331
Net realized gain (loss) on investments	256 063	248 051
Change in unrealized gain (loss) on investments	136 285	(68 684)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	442 847	232 882
Securities lending revenue (see note 7 in the generic notes)	231	175
Net gain (loss) on foreign cash balances	1 547	(1 186)
TOTAL OTHER INCOME (LOSS)	1 778	(1 011)
TOTAL INCOME (LOSS)	444 625	231 871
EXPENSES (see notes – Fund Specific Information)		
Management fees	210	176
Administration fees	1 367	1 233
Independent Review Committee costs	1	1
GST/HST	193	138
Transaction costs	705	1 696
Withholding tax	8 317	6 858
TOTAL EXPENSES	10 793	10 102
INCREASE (DECREASE) IN NAV	\$ 433 832	\$ 221 769
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 244	\$ 96
ADVISOR SERIES	\$ 58	\$ 27
SERIES D	\$ 2 684	\$ 1 334
SERIES F	\$ 420	\$ 15
SERIES O	\$ 430 426	\$ 220 297
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.24	\$ 0.53
ADVISOR SERIES	\$ 1.21	\$ 0.58
SERIES D	\$ 1.33	\$ 0.71
SERIES F	\$ 1.29	\$ 0.18
SERIES O	\$ 1.44	\$ 0.79

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND****Statements of Cash Flow** (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 433 832	\$ 221 769
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(255 337)	(246 244)
Change in unrealized loss (gain) on investments	(136 285)	68 684
(Increase) decrease in accrued receivables	485	1 715
Increase (decrease) in accrued payables	6	18
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(2 348 273)	(3 422 609)
Proceeds from sale and maturity of investments	2 538 056	3 340 856
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	232 484	(35 811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	116 771	122 756
Cash paid on redemption of redeemable units	(339 221)	(87 894)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (222 450)	\$ 34 862
Net increase (decrease) in cash for the period	10 034	(949)
Cash (bank overdraft), beginning of period	14 120	19 442
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 24 154	\$ 18 493
Interest received (paid)	\$ 412	\$ 115
Dividends received, net of withholding taxes	\$ 43 455	\$ 47 926

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**
Statements of Changes in NAV (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 3 479	\$ 2 427	\$ 760	\$ 858	\$ 36 102	\$ 31 493	\$ 3 877	\$ 641
INCREASE (DECREASE) IN NAV	244	96	58	27	2 684	1 334	420	15
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	439	953	115	81	3 708	3 906	4 025	1 866
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(438)	(187)	(15)	(147)	(3 683)	(3 047)	(882)	(51)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1	766	100	(66)	25	859	3 143	1 815
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	245	862	158	(39)	2 709	2 193	3 563	1 830
NAV AT END OF PERIOD	\$ 3 724	\$ 3 289	\$ 918	\$ 819	\$ 38 811	\$ 33 686	\$ 7 440	\$ 2 471

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 5 292 729	\$ 4 663 326	\$ 5 336 947	\$ 4 698 745
INCREASE (DECREASE) IN NAV	430 426	220 297	433 832	221 769
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	108 985	117 979	117 272	124 785
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(334 589)	(84 099)	(339 607)	(87 531)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(225 604)	33 880	(222 335)	37 254
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	204 822	254 177	211 497	259 023
NAV AT END OF PERIOD	\$ 5 497 551	\$ 4 917 503	\$ 5 548 444	\$ 4 957 768

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

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing in shares of high-quality U.S. companies.

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

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

	June 30 2018	December 31 2017
Investment mix		
Information Technology	25.6	25.6
Financials	14.7	14.8
Health Care	13.3	13.5
Consumer Discretionary	13.2	12.5
Industrials	9.9	11.5
Consumer Staples	7.4	8.2
Energy	5.3	4.6
Materials	2.9	2.5
Real Estate	2.6	2.7
Utilities	2.2	2.2
Telecommunication Services	1.7	1.3
Underlying Funds	0.1	—
Cash/Other	1.1	0.6
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

	June 30 2018	December 31 2017
Currency		
United States dollar	100.0	100.0
Total	100.0	100.0

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
Russell 3000 Total Return Index (CAD)	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	5 479 334	—	—	5 479 334
Underlying funds	3 572	—	—	3 572
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	41 442	—	41 442
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	5 482 906	41 442	—	5 524 348
% of total portfolio	99.2	0.8	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	5 298 132	—	—	5 298 132
Underlying funds	3 181	—	—	3 181
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	17 991	—	17 991
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	5 301 313	17 991	—	5 319 304
% of total portfolio	99.7	0.3	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

**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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	50	50
Advisor Series	153	153
Series D	147	147
Series F	150	150
Series O	163	163
Value of all units	13	12

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

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
iShares Russell 2000 Fund	0.1	–	0.1	–

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	204	147
Issued number of units	25	57
Reinvested number of units	–	–
Redeemed number of units	(25)	(11)
Ending number of units	204	193

Advisor Series

Opening units	44	52
Issued number of units	7	5
Reinvested number of units	–	–
Redeemed number of units	(1)	(9)
Ending number of units	50	48

Series D

Opening units	2 022	1 834
Issued number of units	200	219
Reinvested number of units	–	–
Redeemed number of units	(200)	(170)
Ending number of units	2 022	1 883

Series F

Opening units	217	37
Issued number of units	218	104
Reinvested number of units	–	–
Redeemed number of units	(48)	(3)
Ending number of units	387	138

Series O

Opening units	303 211	277 653
Issued number of units	6 095	6 789
Reinvested number of units	–	–
Redeemed number of units	(17 784)	(4 749)
Ending number of units	291 522	279 693

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	705	100	1 696	100
Related-party brokerage commissions*	–	–	70	4
Commission arrangements†	269	38	405	24

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

**PHILLIPS, HAGER & NORTH U.S. MULTI-STYLE
ALL-CAP EQUITY FUND**

June 30, 2018

**Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	554 919	550 290
Fair value of collateral received	566 018	561 296

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	341	100	276	100
RBC IS (paid)	(84)	(25)	(83)	(30)
Tax withheld	(26)	(7)	(18)	(6)
Fund revenue	231	68	175	64

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

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

	June 30 2018	December 31 2017
Phillips, Hager & North U.S. Multi-Style		
All-Cap Equity Class	0.7	0.7
RBC Managed Payout Solution	2.1	2.5
RBC Managed Payout Solution – Enhanced	2.7	3.0
RBC Managed Payout Solution – Enhanced Plus	3.0	3.3
RBC Retirement 2020 Portfolio	–	–
RBC Retirement 2025 Portfolio	–	–
RBC Retirement 2030 Portfolio	–	–
RBC Retirement 2035 Portfolio	–	–
RBC Retirement 2040 Portfolio	–	–
RBC Retirement 2045 Portfolio	–	–
RBC Retirement 2050 Portfolio	–	–
RBC Select Aggressive Growth Portfolio	3.7	3.4
RBC Select Balanced Portfolio	33.2	31.6
RBC Select Choices Aggressive Growth Portfolio	0.3	0.3
RBC Select Choices Balanced Portfolio	0.2	0.2
RBC Select Choices Conservative Portfolio	0.1	0.1
RBC Select Choices Growth Portfolio	0.5	0.5
RBC Select Conservative Portfolio	26.3	26.6
RBC Select Growth Portfolio	11.8	11.4

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

	June 30 2018	December 31 2017
RBC Select Very Conservative Portfolio	12.9	14.0
RBC Target 2020 Education Fund	0.1	0.2
RBC Target 2025 Education Fund	0.6	0.7
RBC Target 2030 Education Fund	0.6	0.5
RBC Target 2035 Education Fund	–	–
Total	98.8	99.0

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

PHILLIPS, HAGER & NORTH U.S. EQUITY FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
12 535	Amazon.com, Inc.	\$ 9 745	\$ 28 001	
10 598	Charter Communications Inc.	4 430	4 086	
150 139	Comcast Corp., Class A	7 304	6 479	
30 436	Dollar Tree Inc.	3 172	3 401	
37 814	Home Depot Inc.	7 422	9 702	
36 000	Kohl's Corp.	3 497	3 450	
30 912	Marriott International Inc., Class A	3 441	5 145	
12 364	Mohawk Industries Inc.	3 462	3 483	
26 237	Nike Inc.	1 986	2 749	
20 291	PVH Corp.	2 915	3 994	
38 921	Ross Stores Inc.	3 795	4 336	
55 179	Tapestry Inc.	3 376	3 388	
13 186	The Walt Disney Company	1 862	1 819	
21 677	V.F. Corporation	2 088	2 324	
		58 495	82 357	13.4
Consumer Staples				
28 897	Church & Dwight Co. Inc.	1 859	2 020	
18 600	Colgate-Palmolive Company	1 897	1 585	
31 390	Conagra Brands Inc.	1 581	1 474	
8 503	Costco Wholesale Corp.	1 736	2 336	
16 997	Coty Inc.	415	315	
17 039	CVS Health Corp.	1 913	1 441	
12 078	McCormick & Co. Inc.	1 517	1 843	
84 005	Mondelez International Inc.	4 995	4 531	
28 274	PepsiCo Inc.	2 162	4 047	
30 818	Philip Morris International Inc.	4 272	3 271	
77 536	The Coca-Cola Co.	4 520	4 471	
11 593	The Kraft Heinz Co.	1 358	957	
27 161	The Procter & Gamble Co.	3 001	2 787	
19 558	Tyson Foods Inc.	1 661	1 771	
13 271	Walgreens Boots Alliance Inc.	1 478	1 047	
44 401	Walmart Inc.	4 459	5 000	
		38 824	38 896	6.3
Energy				
56 524	Chevron Corp.	8 267	9 395	
10 543	Concho Resources Inc.	2 025	1 918	
65 032	ConocoPhillips	4 569	5 953	
30 912	EOG Resources Inc.	4 083	5 058	
59 257	Exxon Mobil Corp.	6 339	6 453	
65 032	Halliburton Co.	4 024	3 852	
30 545	Marathon Petroleum Corp.	2 977	2 818	
16 989	Pioneer Natural Resources Co.	3 515	4 227	
22 170	Valero Energy Corp.	2 950	3 230	
		38 749	42 904	7.0
Financials				
14 997	American Express Company	1 914	1 932	
62 150	American International Group Inc.	4 927	4 332	
13 539	Aon Plc.	2 380	2 441	
280 034	Bank of America Corp.	6 300	10 384	
39 221	Berkshire Hathaway Inc., Class B	8 545	9 627	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
4 718	BlackRock Inc.	\$ 2 755	\$ 3 098	
12 570	Capital One Financial Corp.	1 389	1 519	
9 589	Chubb Ltd.	1 560	1 602	
35 682	Citigroup Inc.	2 567	3 140	
6 599	CME Group Inc., Class A	1 023	1 422	
17 726	Comerica Inc.	2 289	2 119	
24 902	Discover Financial Services	1 955	2 306	
22 732	E*TRADE Financial Corp.	1 589	1 828	
92 206	JPMorgan Chase & Co.	10 702	12 646	
22 667	MetLife Inc.	1 497	1 299	
27 807	Morgan Stanley	1 806	1 733	
8 548	PNC Bank Corp.	1 430	1 518	
8 331	Prudential Financial Inc.	945	1 024	
18 872	State Street Corp.	2 322	2 310	
34 899	Suntrust Banks Inc.	2 121	3 029	
23 581	The Charles Schwab Corporation	1 366	1 584	
7 061	The Goldman Sachs Group Inc.	2 238	2 048	
17 364	The Nasdaq Stock Market Inc.	1 664	2 083	
20 115	The Progressive Corp.	1 076	1 564	
21 922	U.S. Bancorp	1 504	1 442	
90 492	Wells Fargo & Company	6 498	6 600	
		74 362	84 630	13.8
Health Care				
81 254	Abbott Laboratories	4 354	6 517	
17 664	Anthem Inc.	3 533	5 528	
42 000	Baxter International Inc.	4 105	4 077	
15 273	Becton Dickinson & Co.	4 487	4 813	
41 100	Bristol-Myers Squibb Co.	3 471	2 991	
35 326	Danaher Corp.	3 850	4 583	
21 677	Edwards Lifesciences Corp.	3 456	4 149	
45 926	Eli Lilly & Co.	4 584	5 152	
63 295	Johnson & Johnson	6 450	10 098	
16 751	Laboratory Corp. of America Holdings	3 548	3 954	
55 733	Medtronic Plc.	2 642	6 273	
43 957	Pfizer Inc.	1 857	2 097	
20 216	Thermo Fisher Scientific Inc.	3 361	5 506	
31 391	UnitedHealth Group Incorporated	8 986	10 129	
14 418	Vertex Pharmaceuticals Inc.	2 841	3 222	
46 808	Zoetis Inc.	3 326	5 245	
		64 851	84 334	13.7
Industrials				
18 129	Boeing Co.	6 725	7 998	
36 210	Eaton Corp Plc.	3 322	3 559	
45 325	Emerson Electric Co.	4 047	4 120	
37 000	Fortive Corp.	3 760	3 751	
175 390	General Electric Company	3 041	3 138	
29 919	Honeywell International Inc.	3 998	5 667	
10 149	Northrop Grumman Corp.	4 349	4 106	
15 897	Rockwell Automation Inc.	3 064	3 474	
17 523	Stanley Black & Decker Inc.	3 130	3 060	
41 178	Union Pacific Corp.	4 794	7 671	
27 175	United Technologies Corp.	4 435	4 467	
		44 665	51 011	8.3

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

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

PHILLIPS, HAGER & NORTH U.S. EQUITY FUND

PHILLIPS, HAGER & NORTH

Investment Management®

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology				
12 349	Accenture Plc., Class A	\$ 2 144	\$ 2 656	
32 500	Activision Blizzard Inc.	3 085	3 261	
16 288	Adobe Systems Inc.	3 035	5 216	
14 247	Alphabet Inc., Class C	10 503	20 896	
102 188	Apple Inc.	12 595	24 573	
22 523	Applied Materials Inc.	1 315	1 368	
13 105	Autodesk Inc.	2 313	2 258	
8 011	Broadcom Inc.	1 796	2 556	
137 543	Cisco Systems Inc.	5 489	7 781	
11 865	Cognizant Technology Solutions Corp., Class A	932	1 232	
19 608	DXC Technology Co.	2 493	2 079	
47 497	eBay Inc.	2 197	2 264	
17 342	Electronic Arts Inc.	2 766	3 215	
48 205	Facebook Inc., Class A	7 241	12 315	
13 302	Gartner Inc.	2 105	2 325	
104 000	HP Inc.	3 112	3 102	
91 568	Intel Corp.	4 531	5 986	
14 157	International Business Machines	2 712	2 600	
3 150	Lam Research Corp.	305	716	
18 697	Mastercard Inc.	3 868	4 832	
27 501	Micron Technology Inc.	1 512	1 896	
181 195	Microsoft Corp.	9 915	23 490	
5 580	Nvidia Corp.	1 213	1 738	
60 798	Oracle Corporation	3 396	3 522	
15 423	PayPal Holdings Inc.	1 477	1 689	
9 950	Perspecta Inc.	321	269	
20 463	QUALCOMM Inc.	1 438	1 510	
23 931	Salesforce.com Inc.	2 575	4 294	
29 634	Texas Instruments Inc.	2 946	4 295	
48 303	Visa Inc., Class A	4 679	8 426	
		104 009	162 360	26.4
Materials				
10 007	Air Products & Chemicals Inc.	1 819	2 049	
78 799	DowDuPont Inc.	6 796	6 832	
17 484	LyondellBasell Industries N.V.	2 471	2 525	
43 227	Newmont Mining Corporation	2 209	2 144	
		13 295	13 550	2.2
Real Estate				
49 607	CBRE Group Inc.	2 646	3 113	
11 688	Crown Castle International Corp. Real Estate Investment Trust	1 613	1 658	
2 970	Equinix Inc. Real Estate Investment Trust	1 603	1 679	
16 534	Extra Space Storage Inc. Real Estate Investment Trust	1 858	2 171	
20 150	Federal Realty Investment Trust	3 299	3 352	
11 125	ProLogis Inc. Trust	878	961	
7 705	Simon Property Group Inc.	1 547	1 724	
14 189	SL Green Realty Corp. Real Estate Investment Trust	1 760	1 875	
		15 204	16 533	2.7

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
60 857	AT&T Inc.	\$ 3 357	\$ 2 569	
		3 357	2 569	0.4
Utilities				
13 741	Dominion Energy Inc.	1 322	1 232	
23 136	DTE Energy Company	3 103	3 152	
14 918	Duke Energy Corp.	1 717	1 551	
7 394	Edison International	667	615	
71 536	FirstEnergy Corporation	2 907	3 377	
16 428	NextEra Energy Inc.	2 618	3 608	
9 460	Public Service Enterprise Group	638	673	
10 350	Xcel Energy Inc.	610	622	
		13 582	14 830	2.4
TOTAL UNITED STATES EQUITIES		469 393	593 974	96.6
UNDERLYING FUNDS				
21 648	SPDR S&P 500 ETF Trust	7 262	7 723	
TOTAL UNDERLYING FUNDS		7 262	7 723	1.3
SHORT-TERM INVESTMENTS*		24 018	24 019	3.9
TOTAL INVESTMENTS		\$ 500 673	625 716	101.8
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			(10 863)	(1.8)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 614 853	100.0

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.90% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 625 716	\$ 574 906
Cash	1	–
Due from investment dealers	–	6 357
Subscriptions receivable	173	540
Dividends receivable, interest accrued and other assets	304	304
TOTAL ASSETS	626 194	582 107
LIABILITIES		
Bank overdraft	–	1
Due to investment dealers	10 815	1 467
Redemptions payable	386	212
Accounts payable and accrued expenses	140	143
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	11 341	1 823
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 614 853	\$ 580 284
Investments at cost	\$ 500 673	\$ 465 932
NAV		
SERIES A	\$ 4 014	\$ 3 973
ADVISOR SERIES	\$ 1 178	\$ 1 157
SERIES D	\$ 147 571	\$ 140 275
SERIES F	\$ 5 421	\$ 4 969
SERIES O	\$ 456 669	\$ 429 910
NAV PER UNIT		
SERIES A	\$ 70.71	\$ 66.55
ADVISOR SERIES	\$ 70.72	\$ 66.56
SERIES D	\$ 71.15	\$ 66.69
SERIES F	\$ 71.56	\$ 66.97
SERIES O	\$ 72.58	\$ 67.69

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 5 426	\$ 4 965
Interest for distribution purposes	137	25
Derivative income	(46)	(5)
Net realized gain (loss) on investments	19 482	31 233
Change in unrealized gain (loss) on investments	16 069	5 439
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	41 068	41 657
Securities lending revenue (see note 7 in the generic notes)	9	–
Net gain (loss) on foreign cash balances	1 781	(388)
TOTAL OTHER INCOME (LOSS)	1 790	(388)
TOTAL INCOME (LOSS)	42 858	41 269
EXPENSES (see notes – Fund Specific Information)		
Management fees	665	640
Administration fees	120	120
Independent Review Committee costs	1	1
GST/HST	62	59
Transaction costs	111	319
Withholding tax	681	784
TOTAL EXPENSES	1 640	1 923
INCREASE (DECREASE) IN NAV	\$ 41 218	\$ 39 346
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 254	\$ 242
ADVISOR SERIES	\$ 71	\$ 77
SERIES D	\$ 9 301	\$ 8 593
SERIES F	\$ 355	\$ 263
SERIES O	\$ 31 237	\$ 30 171
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 4.25	\$ 3.59
ADVISOR SERIES	\$ 4.19	\$ 3.50
SERIES D	\$ 4.44	\$ 3.84
SERIES F	\$ 4.63	\$ 3.55
SERIES O	\$ 4.88	\$ 4.19

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 41 218	\$ 39 346
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(19 124)	(30 959)
Change in unrealized loss (gain) on investments	(16 069)	(5 439)
(Increase) decrease in accrued receivables	—	448
Increase (decrease) in accrued payables	(3)	2
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(2 356 465)	(1 256 435)
Proceeds from sale and maturity of investments	2 356 553	1 286 749
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6 110	33 712
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	43 273	15 631
Cash paid on redemption of redeemable units	(49 381)	(49 591)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (6 108)	\$ (33 960)
Net increase (decrease) in cash for the period	2	(248)
Cash (bank overdraft), beginning of period	(1)	249
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 1	\$ 1
Interest received (paid)	\$ 134	\$ 25
Dividends received, net of withholding taxes	\$ 4 746	\$ 4 628

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 3 973	\$ 4 076	\$ 1 157	\$ 1 284	\$ 140 275	\$ 135 852	\$ 4 969	\$ 3 777
INCREASE (DECREASE) IN NAV	254	242	71	77	9 301	8 593	355	263
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	444	581	58	84	7 065	3 856	1 083	1 797
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(657)	(865)	(108)	(159)	(9 070)	(14 406)	(986)	(1 157)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(213)	(284)	(50)	(75)	(2 005)	(10 550)	97	640
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	41	(42)	21	2	7 296	(1 957)	452	903
NAV AT END OF PERIOD	\$ 4 014	\$ 4 034	\$ 1 178	\$ 1 286	\$ 147 571	\$ 133 895	\$ 5 421	\$ 4 680

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 429 910	\$ 437 136	\$ 580 284	\$ 582 125
INCREASE (DECREASE) IN NAV	31 237	30 171	41 218	39 346
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	35 700	12 788	44 350	19 106
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(40 178)	(35 612)	(50 999)	(52 199)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 478)	(22 824)	(6 649)	(33 093)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	26 759	7 347	34 569	6 253
NAV AT END OF PERIOD	\$ 456 669	\$ 444 483	\$ 614 853	\$ 588 378

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in shares of large-capitalization, high-quality U.S. companies.

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

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

Investment mix	June 30 2018	December 31 2017
Information Technology	26.4	23.2
Financials	13.8	15.3
Health Care	13.7	13.4
Consumer Discretionary	13.4	13.8
Industrials	8.3	11.1
Energy	7.0	6.6
Consumer Staples	6.3	7.9
Real Estate	2.7	1.4
Utilities	2.4	2.0
Materials	2.2	2.3
Underlying Funds	1.3	—
Telecommunication Services	0.4	1.6
Cash/Other	2.1	1.4
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	100.0	99.9
Total	100.0	99.9

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P 500 Total Return Index (CAD)	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	593 974	—	—	593 974
Underlying funds	7 723	—	—	7 723
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	24 019	—	24 019
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	601 697	24 019	—	625 716
% of total portfolio	96.2	3.8	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	570 898	—	—	570 898
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	4 008	—	4 008
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	570 898	4 008	—	574 906
% of total portfolio	99.3	0.7	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2018

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.02%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	19	19
Advisor Series	36	36
Series D	20	20
Series F	20	20
Value of all units	7	6

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

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
SPDR S&P 500 ETF Trust	1.3	—	—	—

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

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

Capital losses	371 360
Non-capital losses	—

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	60	70
Issued number of units	6	9
Reinvested number of units	—	—
Redeemed number of units	(9)	(14)
Ending number of units	57	65

Advisor Series

Opening units	17	22
Issued number of units	2	2
Reinvested number of units	—	—
Redeemed number of units	(2)	(3)
Ending number of units	17	21

Series D

Opening units	2 104	2 330
Issued number of units	101	63
Reinvested number of units	—	—
Redeemed number of units	(131)	(234)
Ending number of units	2 074	2 159

Series F

Opening units	74	65
Issued number of units	16	29
Reinvested number of units	—	—
Redeemed number of units	(14)	(19)
Ending number of units	76	75

Series O

Opening units	6 351	7 386
Issued number of units	507	205
Reinvested number of units	—	—
Redeemed number of units	(566)	(566)
Ending number of units	6 292	7 025

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	111	100	319	100
Related-party brokerage commissions*	7	6	39	12
Commission arrangements†	22	20	19	6

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

June 30, 2018

Securities lending revenue (\$000s except %)**(see note 7 in the generic notes)**

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

	June 30 2018	June 30 2017
Fair value of securities loaned	44 274	—
Fair value of collateral received	45 159	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	13	100	—	—
RBC IS (paid)	(4)	(25)	—	—
Tax withheld	—	(2)	—	—
Fund revenue	9	73	—	—

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

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

	June 30 2018	December 31 2017
BonaVista Balanced Fund	0.4	0.5
BonaVista Private Balanced Fund	0.4	0.4
Phillips, Hager & North Currency-Hedged U.S. Equity Fund	7.2	7.6
Total	8.0	8.5

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
607 123	Phillips, Hager & North U.S. Equity Fund*	\$ 27 476	\$ 44 068	
TOTAL UNDERLYING FUNDS		27 476	44 068	101.7
UNREALIZED GAIN ON FOREIGN				
EXCHANGE CONTRACTS (SCHEDULE A)		—	3	—
UNREALIZED LOSS ON FOREIGN				
EXCHANGE CONTRACTS (SCHEDULE A)		—	(801)	(1.8)
TOTAL PORTFOLIO		<u>\$ 27 476</u>	43 270	99.9
OTHER NET ASSETS ATTRIBUTABLE				
TO HOLDERS OF REDEEMABLE UNITS			65	0.1
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS			<u>\$ 43 335</u>	100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought USD 75 Sold CAD 96 @ 0.7828	06-Jul-2018	\$ 3
		<u>\$ 3</u>
Contracts	Maturity Date	Unrealized Loss
Bought CAD 13 120 Sold USD 10 187 @ 1.2880	06-Jul-2018	\$ (272)
Bought CAD 10 610 Sold USD 8 255 @ 1.2853	25-Jul-2018	(238)
Bought CAD 10 790 Sold USD 8 333 @ 1.2949	30-Aug-2018	(153)
Bought CAD 9 703 Sold USD 7 496 @ 1.2944	18-Sep-2018	(138)
		<u>\$ (801)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ (798)</u>

All counterparties have a credit rating of at least A.

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

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 44 068	\$ 44 158
Cash	104	118
Subscriptions receivable	11	12
Unrealized gain on foreign exchange contracts	3	605
TOTAL ASSETS	44 186	44 893
LIABILITIES		
Redemptions payable	38	2
Unrealized loss on foreign exchange contracts	801	31
Accounts payable and accrued expenses	12	13
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	851	46
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 43 335	\$ 44 847
Investments at cost	\$ 27 476	\$ 29 405
NAV		
SERIES A	\$ 954	\$ 1 004
ADVISOR SERIES	\$ 221	\$ 331
SERIES D	\$ 8 158	\$ 8 239
SERIES F	\$ 1 368	\$ 1 538
SERIES O	\$ 32 634	\$ 33 735
NAV PER UNIT		
SERIES A	\$ 11.98	\$ 11.84
ADVISOR SERIES	\$ 11.98	\$ 11.84
SERIES D	\$ 12.03	\$ 11.84
SERIES F	\$ 12.15	\$ 11.94
SERIES O	\$ 12.22	\$ 11.97

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Derivative income	\$ (778)	\$ (304)
Net realized gain (loss) on investments	1 285	1 846
Change in unrealized gain (loss) on investments	467	3 124
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	974	4 666
TOTAL INCOME (LOSS)	974	4 666
EXPENSES (see notes – Fund Specific Information)		
Management fees	49	55
Administration fees	23	25
Independent Review Committee costs	1	1
GST/HST	5	5
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	78	85
INCREASE (DECREASE) IN NAV	\$ 896	\$ 4 581
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 12	\$ 82
ADVISOR SERIES	\$ 10	\$ 34
SERIES D	\$ 132	\$ 881
SERIES F	\$ 28	\$ 134
SERIES O	\$ 714	\$ 3 450
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.16	\$ 0.98
ADVISOR SERIES	\$ 0.50	\$ 1.04
SERIES D	\$ 0.19	\$ 1.03
SERIES F	\$ 0.22	\$ 1.07
SERIES O	\$ 0.26	\$ 1.10

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND****Statements of Cash Flow** *(unaudited) (in \$000s)*For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 896	\$ 4 581
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(1 285)	(1 846)
Change in unrealized loss (gain) on investments	(467)	(3 124)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(1)	1
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(330)	(450)
Proceeds from sale and maturity of investments	3 544	6 020
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2 357	5 182
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 617	901
Cash paid on redemption of redeemable units	(3 988)	(6 069)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (2 371)	\$ (5 168)
Net increase (decrease) in cash for the period	(14)	14
Cash (bank overdraft), beginning of period	118	136
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 104	\$ 150
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ —	\$ —

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**
Statements of Changes in NAV *(unaudited) (in \$000s)*

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 004	\$ 888	\$ 331	\$ 398	\$ 8 239	\$ 9 258	\$ 1 538	\$ 1 400
INCREASE (DECREASE) IN NAV	12	82	10	34	132	881	28	134
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	69	24	4	1	820	526	182	110
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(131)	(44)	(124)	(120)	(1 033)	(1 378)	(380)	(347)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(62)	(20)	(120)	(119)	(213)	(852)	(198)	(237)
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(50)	62	(110)	(85)	(81)	29	(170)	(103)
NAV AT END OF PERIOD	\$ 954	\$ 950	\$ 221	\$ 313	\$ 8 158	\$ 9 287	\$ 1 368	\$ 1 297

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 33 735	\$ 34 469	\$ 44 847	\$ 46 413
INCREASE (DECREASE) IN NAV	714	3 450	896	4 581
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	541	340	1 616	1 001
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(2 356)	(4 277)	(4 024)	(6 166)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 815)	(3 937)	(2 408)	(5 165)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 101)	(487)	(1 512)	(584)
NAV AT END OF PERIOD	\$ 32 634	\$ 33 982	\$ 43 335	\$ 45 829

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**

Investment Management®

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with significant long-term capital growth primarily through exposure to a well-diversified portfolio of large-capitalization, high-quality U.S. companies, while minimizing currency risk.

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

The Fund invests in the Phillips, Hager & North U.S. Equity Fund. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying fund.

Concentration risk (%)

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

	June 30 2018	December 31 2017
Investment mix		
Information Technology	26.8	22.8
Financials	14.0	15.1
Health Care	13.9	13.2
Consumer Discretionary	13.6	13.6
Industrials	8.4	10.9
Energy	7.1	6.5
Consumer Staples	6.4	7.8
Real Estate	2.7	1.4
Utilities	2.4	2.0
Materials	2.2	2.2
Underlying Funds	1.3	—
Telecommunication Services	0.4	1.6
Cash/Other	0.4	2.9
Total	100.0	100.0

Currency risk (% of NAV)

Since the currency risk of the Fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P 500 Total Return Index (hedged to CAD)	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	44 068	—	—	44 068
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	3	—	3
Derivatives – liabilities	—	(801)	—	(801)
Total financial instruments	44 068	(798)	—	43 270
% of total portfolio	101.8	(1.8)	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	44 158	—	—	44 158
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	605	—	605
Derivatives – liabilities	—	(31)	—	(31)
Total financial instruments	44 158	574	—	44 732
% of total portfolio	98.7	1.3	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.10%

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
U.S. EQUITY FUND**

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	85	85
Advisor Series	164	164
Series D	123	123
Series F	91	91
Series O	96	96
Value of all units	7	7

**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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
U.S. Equity Fund	101.7	7.2	98.5	7.6

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series A		
Opening units	85	87
Issued number of units	6	2
Reinvested number of units	—	—
Redeemed number of units	(11)	(4)
Ending number of units	80	85
Advisor Series		
Opening units	28	39
Issued number of units	—	—
Reinvested number of units	—	—
Redeemed number of units	(10)	(11)
Ending number of units	18	28

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
Series D		
Opening units	696	912
Issued number of units	67	48
Reinvested number of units	—	—
Redeemed number of units	(85)	(129)
Ending number of units	678	831
Series F		
Opening units	129	137
Issued number of units	15	9
Reinvested number of units	—	—
Redeemed number of units	(31)	(31)
Ending number of units	113	115
Series O		
Opening units	2 818	3 354
Issued number of units	44	32
Reinvested number of units	—	—
Redeemed number of units	(192)	(394)
Ending number of units	2 670	2 992

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

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

PHILLIPS, HAGER & NORTH U.S. GROWTH FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Consumer Discretionary				
2 406	Amazon.com, Inc.	\$ 1 770	\$ 5 375	
2 026	Charter Communications Inc.	847	781	
29 410	Comcast Corp., Class A	1 454	1 269	
5 910	Dollar Tree Inc.	616	660	
7 268	Home Depot Inc.	1 427	1 865	
6 800	Kohl's Corp.	661	652	
5 977	Marriott International Inc., Class A	665	995	
2 385	Mohawk Industries Inc.	668	672	
5 038	Nike Inc.	381	528	
3 876	PVH Corp.	557	763	
7 265	Ross Stores Inc.	708	809	
10 380	Tapestry Inc.	635	637	
2 452	The Walt Disney Company	346	338	
4 048	V.F. Corporation	390	434	
		11 125	15 778	13.7
Consumer Staples				
5 438	Church & Dwight Co. Inc.	350	380	
3 663	Colgate-Palmolive Company	374	312	
5 910	Conagra Brands Inc.	298	278	
1 652	Costco Wholesale Corp.	337	454	
3 313	Coty Inc.	81	61	
3 221	CVS Health Corp.	362	272	
2 413	McCormick & Co. Inc.	303	368	
16 375	Mondelez International Inc.	980	883	
5 494	PepsiCo Inc.	350	786	
6 004	Philip Morris International Inc.	832	637	
14 352	The Coca-Cola Co.	837	828	
2 252	The Kraft Heinz Co.	264	186	
5 196	The Procter & Gamble Co.	572	533	
3 665	Tyson Foods Inc.	311	332	
2 497	Walgreens Boots Alliance Inc.	278	197	
8 268	Walmart Inc.	828	931	
		7 357	7 438	6.5
Energy				
11 030	Chevron Corp.	1 613	1 834	
1 975	Concho Resources Inc.	379	360	
12 640	ConocoPhillips	888	1 157	
6 071	EOG Resources Inc.	802	993	
11 256	Exxon Mobil Corp.	1 189	1 226	
12 540	Halliburton Co.	776	743	
5 437	Marathon Petroleum Corp.	530	502	
3 370	Pioneer Natural Resources Co.	678	838	
4 152	Valero Energy Corp.	552	605	
		7 407	8 258	7.2
Financials				
2 817	American Express Company	360	363	
11 684	American International Group Inc.	928	814	
2 560	Aon Plc.	450	462	
54 396	Bank of America Corp.	1 183	2 017	
7 429	Berkshire Hathaway Inc., Class B	1 619	1 824	
900	BlackRock Inc.	524	591	

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
2 451	Capital One Financial Corp.	\$ 271	\$ 296	
1 869	Chubb Ltd.	302	312	
6 695	Citigroup Inc.	476	589	
1 301	CME Group Inc., Class A	203	280	
3 324	Comerica Inc.	429	397	
4 845	Discover Financial Services	380	449	
4 300	E*TRADE Financial Corp.	301	346	
17 354	JPMorgan Chase & Co.	2 013	2 380	
4 273	MetLife Inc.	282	245	
5 222	Morgan Stanley	339	325	
1 686	PNC Bank Corp.	282	300	
1 578	Prudential Financial Inc.	174	194	
3 563	State Street Corp.	437	436	
6 550	Suntrust Banks Inc.	380	568	
4 515	The Charles Schwab Corporation	262	303	
1 333	The Goldman Sachs Group Inc.	421	387	
3 353	The Nasdaq Stock Market Inc.	321	402	
3 815	The Progressive Corp.	204	297	
4 137	U.S. Bancorp	284	272	
16 935	Wells Fargo & Company	1 216	1 235	
		14 041	16 084	13.9
Health Care				
15 642	Abbott Laboratories	838	1 254	
3 488	Anthem Inc.	698	1 092	
7 900	Baxter International Inc.	772	767	
2 966	Becton Dickinson & Co.	871	935	
8 153	Bristol-Myers Squibb Co.	700	593	
6 901	Danaher Corp.	752	895	
4 152	Edwards Lifesciences Corp.	662	795	
9 003	Eli Lilly & Co.	899	1 010	
12 304	Johnson & Johnson	1 106	1 963	
3 159	Laboratory Corp. of America Holdings	669	746	
10 817	Medtronic Plc.	981	1 217	
8 763	Pfizer Inc.	370	418	
3 899	Thermo Fisher Scientific Inc.	631	1 062	
5 910	UnitedHealth Group Incorporated	1 692	1 907	
2 774	Vertex Pharmaceuticals Inc.	546	620	
9 097	Zoetis Inc.	646	1 019	
		12 833	16 293	14.1
Industrials				
3 428	Boeing Co.	1 266	1 512	
7 081	Eaton Corp Plc.	650	696	
8 788	Emerson Electric Co.	785	799	
6 900	Fortive Corp.	701	699	
32 620	General Electric Company	566	584	
5 822	Honeywell International Inc.	760	1 103	
1 977	Northrop Grumman Corp.	847	800	
3 130	Rockwell Automation Inc.	603	684	
3 392	Stanley Black & Decker Inc.	606	592	
8 080	Union Pacific Corp.	917	1 505	
5 135	United Technologies Corp.	838	844	
		8 539	9 818	8.5

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

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)
PHILLIPS, HAGER & NORTH U.S. GROWTH FUND

PHILLIPS, HAGER & NORTH
Investment Management®

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology				
2 404	Accenture Plc., Class A	\$ 417	\$ 517	
6 100	Activision Blizzard Inc.	579	612	
3 052	Adobe Systems Inc.	560	977	
2 743	Alphabet Inc., Class C	1 777	4 023	
19 658	Apple Inc.	2 374	4 727	
4 390	Applied Materials Inc.	256	267	
2 471	Autodesk Inc.	436	426	
1 531	Broadcom Inc.	335	489	
26 691	Cisco Systems Inc.	1 061	1 510	
2 313	Cognizant Technology Solutions Corp., Class A	182	240	
3 756	DXC Technology Co.	478	398	
9 213	eBay Inc.	426	439	
3 262	Electronic Arts Inc.	520	605	
9 047	Facebook Inc., Class A	1 314	2 311	
2 471	Gartner Inc.	391	432	
19 600	HP Inc.	586	585	
17 615	Intel Corp.	869	1 152	
2 752	International Business Machines	527	506	
609	Lam Research Corp.	55	138	
3 493	Mastercard Inc.	716	903	
5 279	Micron Technology Inc.	290	364	
34 440	Microsoft Corp.	1 599	4 465	
1 085	Nvidia Corp.	236	338	
11 451	Oracle Corporation	640	663	
2 927	PayPal Holdings Inc.	280	320	
1 878	Perspecta Inc.	61	51	
3 983	QUALCOMM Inc.	280	294	
4 661	Salesforce.com Inc.	501	836	
5 687	Texas Instruments Inc.	565	824	
9 366	Visa Inc., Class A	891	1 634	
		19 202	31 046	26.9
Materials				
1 938	Air Products & Chemicals Inc.	352	397	
15 173	DowDuPont Inc.	1 308	1 316	
3 301	LyondellBasell Industries N.V.	467	477	
8 165	Newmont Mining Corporation	417	405	
		2 544	2 595	2.2
Real Estate				
9 395	CBRE Group Inc.	501	590	
2 201	Crown Castle International Corp. Real Estate Investment Trust	304	312	
560	Equinix Inc. Real Estate Investment Trust	302	316	
3 124	Extra Space Storage Inc. Real Estate Investment Trust	351	410	
3 790	Federal Realty Investment Trust	620	631	
2 079	ProLogis Inc. Trust	164	180	
1 443	Simon Property Group Inc.	290	323	
2 699	SL Green Realty Corp. Real Estate Investment Trust	335	357	
		2 867	3 119	2.7

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
11 826	AT&T Inc.	\$ 652	\$ 499	
		652	499	0.4
Utilities				
2 680	Dominion Energy Inc.	258	240	
4 340	DTE Energy Company	582	591	
2 809	Duke Energy Corp.	323	292	
1 284	Edison International	116	107	
13 563	FirstEnergy Corporation	551	640	
3 281	NextEra Energy Inc.	523	721	
1 780	Public Service Enterprise Group	120	127	
1 938	Xcel Energy Inc.	114	116	
		2 587	2 834	2.5
TOTAL UNITED STATES EQUITIES		89 154	113 762	98.6
UNDERLYING FUNDS				
816	SPDR S&P 500 ETF Trust	274	291	
TOTAL UNDERLYING FUNDS		274	291	0.3
SHORT-TERM INVESTMENTS*		3 264	3 264	2.8
TOTAL INVESTMENTS		\$ 92 692	117 317	101.7
OTHER NET ASSETS (LIABILITIES)				
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
				(1 945) (1.7)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				\$ 115 372 100.0

SCHEDULE A

Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 35 Sold USD 26 @ 1.3252	03-Jul-2018	\$ —
TOTAL FOREIGN EXCHANGE		\$ —

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.90% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 117 317	\$ 110 590
Cash	89	—
Due from investment dealers	—	1 297
Subscriptions receivable	26	22
Dividends receivable, interest accrued and other assets	54	59
TOTAL ASSETS	117 486	111 968
LIABILITIES		
Bank overdraft	—	91
Due to investment dealers	2 010	282
Redemptions payable	60	123
Accounts payable and accrued expenses	44	45
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 114	541
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 115 372	\$ 111 427
Investments at cost	\$ 92 692	\$ 88 816
NAV		
SERIES A	\$ 2 328	\$ 2 064
ADVISOR SERIES	\$ 318	\$ 277
SERIES D	\$ 42 766	\$ 41 137
SERIES F	\$ 2 815	\$ 2 622
SERIES O	\$ 67 145	\$ 65 327
NAV PER UNIT		
SERIES A	\$ 26.90	\$ 25.35
ADVISOR SERIES	\$ 26.90	\$ 25.35
SERIES D	\$ 27.87	\$ 26.16
SERIES F	\$ 28.22	\$ 26.45
SERIES O	\$ 28.62	\$ 26.73

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 1 037	\$ 929
Interest for distribution purposes	10	3
Derivative income	2	—
Net realized gain (loss) on investments	3 851	7 042
Change in unrealized gain (loss) on investments	2 851	(218)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	7 751	7 756
Securities lending revenue		
(see note 7 in the generic notes)	2	—
Net gain (loss) on foreign cash balances	213	(93)
TOTAL OTHER INCOME (LOSS)	215	(93)
TOTAL INCOME (LOSS)	7 966	7 663
EXPENSES (see notes – Fund Specific Information)		
Management fees	206	194
Administration fees	48	44
Independent Review Committee costs	1	1
GST/HST	18	17
Transaction costs	22	60
Withholding tax	137	135
TOTAL EXPENSES	432	451
INCREASE (DECREASE) IN NAV	\$ 7 534	\$ 7 212
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 125	\$ 82
ADVISOR SERIES	\$ 18	\$ 11
SERIES D	\$ 2 687	\$ 2 489
SERIES F	\$ 179	\$ 135
SERIES O	\$ 4 525	\$ 4 495
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.51	\$ 1.09
ADVISOR SERIES	\$ 1.45	\$ 1.20
SERIES D	\$ 1.72	\$ 1.48
SERIES F	\$ 1.75	\$ 1.42
SERIES O	\$ 1.90	\$ 1.66

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 7 534	\$ 7 212
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(3 827)	(6 991)
Change in unrealized loss (gain) on investments	(2 851)	218
(Increase) decrease in accrued receivables	5	85
Increase (decrease) in accrued payables	(1)	2
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(207 915)	(200 018)
Proceeds from sale and maturity of investments	210 891	207 115
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3 836	7 623
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	2 882	2 642
Cash paid on redemption of redeemable units	(6 538)	(10 270)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (3 656)	\$ (7 628)
Net increase (decrease) in cash for the period	180	(5)
Cash (bank overdraft), beginning of period	(91)	81
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 89	\$ 76
Interest received (paid)	\$ 10	\$ 3
Dividends received, net of withholding taxes	\$ 905	\$ 879

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 2 064	\$ 1 532	\$ 277	\$ 190	\$ 41 137	\$ 39 450	\$ 2 622	\$ 2 268
INCREASE (DECREASE) IN NAV	125	82	18	11	2 687	2 489	179	135
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	275	530	61	24	2 038	1 860	246	370
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(136)	(122)	(38)	(18)	(3 096)	(4 039)	(232)	(314)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	139	408	23	6	(1 058)	(2 179)	14	56
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	264	490	41	17	1 629	310	193	191
NAV AT END OF PERIOD	\$ 2 328	\$ 2 022	\$ 318	\$ 207	\$ 42 766	\$ 39 760	\$ 2 815	\$ 2 459

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 65 327	\$ 66 230	\$ 111 427	\$ 109 670
INCREASE (DECREASE) IN NAV	4 525	4 495	7 534	7 212
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	524	323	3 144	3 107
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(3 231)	(6 246)	(6 733)	(10 739)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(2 707)	(5 923)	(3 589)	(7 632)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	1 818	(1 428)	3 945	(420)
NAV AT END OF PERIOD	\$ 67 145	\$ 64 802	\$ 115 372	\$ 109 250

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in a well-diversified portfolio of shares of large-capitalization, high-quality North American companies, with an emphasis on U.S. stocks.

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

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

	June 30 2018	December 31 2017
Investment mix		
Information Technology	26.9	23.2
Health Care	14.1	13.5
Financials	13.9	15.3
Consumer Discretionary	13.7	13.8
Industrials	8.5	11.2
Energy	7.2	6.7
Consumer Staples	6.5	8.3
Real Estate	2.7	1.4
Utilities	2.5	2.0
Materials	2.2	2.3
Telecommunication Services	0.4	1.6
Underlying Funds	0.3	–
Cash/Other	1.1	0.7
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

	June 30 2018	December 31 2017
Currency		
United States dollar	99.9	100.0
Total	99.9	100.0

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P 500 Total Return Index (CAD)	+ or - 1.0	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	113 762	–	–	113 762
Underlying funds	291	–	–	291
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	3 264	–	3 264
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	114 053	3 264	–	117 317
% of total portfolio	97.2	2.8	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	110 590	–	–	110 590
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	110 590	–	–	110 590
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2018

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	1.60%	0.10%
Advisor Series	1.60%	0.10%
Series D	0.85%	0.10%
Series F	0.60%	0.10%
Series O	n/a*	0.07%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	50	50
Advisor Series	95	95
Series F	52	52
Series O	54	54
Value of all units	7	6

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

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
SPDR S&P 500 ETF Trust	0.3	—	—	—

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

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

Capital losses	23 672
Non-capital losses	—

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	81	69
Issued number of units	11	22
Reinvested number of units	—	—
Redeemed number of units	(5)	(5)
Ending number of units	87	86

Advisor Series

Opening units	11	9
Issued number of units	2	1
Reinvested number of units	—	—
Redeemed number of units	(1)	(1)
Ending number of units	12	9

Series D

Opening units	1 573	1 726
Issued number of units	75	78
Reinvested number of units	—	—
Redeemed number of units	(114)	(168)
Ending number of units	1 534	1 636

Series F

Opening units	99	98
Issued number of units	9	15
Reinvested number of units	—	—
Redeemed number of units	(8)	(13)
Ending number of units	100	100

Series O

Opening units	2 444	2 836
Issued number of units	18	13
Reinvested number of units	—	—
Redeemed number of units	(116)	(252)
Ending number of units	2 346	2 597

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	22	100	60	100
Related-party brokerage commissions*	1	5	8	13
Commission arrangements†	4	18	4	7

* See note 8 in the generic notes.

† Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

June 30, 2018

Securities lending revenue (\$000s except %)
(see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	7 358	—
Fair value of collateral received	7 506	—

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	2	100	—	—
RBC IS (paid)	—	(25)	—	—
Tax withheld	—	(3)	—	—
Fund revenue	2	72	—	—

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

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

PHILLIPS, HAGER & NORTH OVERSEAS EQUITY FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Australia				
4 368 287	Oil Search Ltd.	\$ 34 565	\$ 37 730	
		34 565	37 730	3.0
Belgium				
444 972	Anheuser-Busch InBev S.A./N.V.	60 033	59 004	
		60 033	59 004	4.6
China				
24 667	Netease.com ADR	9 879	8 197	
		9 879	8 197	0.6
Denmark				
469 720	Novo Nordisk A/S	31 495	28 572	
257 976	Orsted A/S	19 835	20 518	
		51 330	49 090	3.8
France				
167 994	Safran S.A.	12 832	26 746	
		12 832	26 746	2.1
Germany				
1 106 223	Deutsche Post AG	39 919	47 251	
109 401	Linde AG	29 083	34 170	
		69 002	81 421	6.4
Hong Kong				
5 071 960	AIA Group Ltd.	33 821	58 086	
		33 821	58 086	4.6
India				
849 371	HDFC Bank Ltd.	21 179	34 909	
211 181	HDFC Bank Ltd. ADR	12 276	29 157	
		33 455	64 066	5.0
Ireland				
594 122	CRH Plc.	27 373	27 528	
212 362	Paddy Power Betfair Plc.	36 967	30 510	
148 703	Ryanair Holdings Plc. ADR	17 903	22 331	
		82 243	80 369	6.3
Japan				
2 783 510	Astellas Pharma Inc.	45 886	55 690	
893 765	Komatsu Ltd.	30 379	33 450	
551 134	MISUMI Group Inc.	19 292	21 081	
282 011	Nidec Corp.	25 303	55 460	
93 024	Oriental Land Co. Ltd.	13 136	12 822	
247 369	Shin-Etsu Chemical Co. Ltd.	33 063	28 900	
240 253	Sysmex Corp.	18 141	29 429	
332 371	Tokyo Gas Co. Ltd.	9 713	11 602	
		194 913	248 434	19.4
Netherlands				
50 420	ASML Holding N.V.	6 397	13 117	
1 901 028	ING Groep N.V.	38 354	35 875	
		44 751	48 992	3.8

Holdings	Security	Cost	Fair Value	% of Net Assets
South Africa				
114 033	Naspers Ltd.	\$ 18 216	\$ 37 800	
		18 216	37 800	3.0
Switzerland				
36 695	Partners Group Holding AG	16 458	35 266	
212 331	Roche Holdings AG Genusscheine	60 879	61 930	
1 438 438	UBS Group AG	28 345	28 990	
		105 682	126 186	9.9
Taiwan				
827 514	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	22 913	39 773	
		22 913	39 773	3.1
Thailand				
1 468 442	Kasikornbank PCL	9 905	11 635	
		9 905	11 635	0.9
United Kingdom				
415 885	Croda International Plc.	32 437	34 542	
664 178	InterContinental Hotels Group Plc.	42 953	54 280	
12 331 348	Lloyds TSB Group Plc.	15 617	13 451	
627 652	Rio Tinto Plc.	35 622	45 481	
675 661	Royal Dutch Shell Plc., B Shares	28 089	31 811	
2 312 072	St. James's Place Plc.	37 530	45 861	
892 568	Unilever Plc.	63 091	64 820	
		255 339	290 246	22.7
TOTAL INTERNATIONAL EQUITIES		1 038 879	1 267 775	99.2
SHORT-TERM INVESTMENTS*		7 748	7 748	0.6
TOTAL INVESTMENTS		\$1 046 627	1 275 523	99.8
OTHER NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS			2 307	0.2
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS			\$1 277 830	100.0

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.20% to 1.53% and mature between July 3, 2018 and July 27, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 1 275 523	\$ 1 213 293
Cash	932	799
Due from investment dealers	–	1 413
Subscriptions receivable	1 150	716
Unrealized gain on foreign exchange contracts	–	16
Dividends receivable, interest accrued and other assets	1 407	100
TOTAL ASSETS	1 279 012	1 216 337
LIABILITIES		
Due to investment dealers	–	441
Redemptions payable	919	508
Accounts payable and accrued expenses	263	264
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1 182	1 213
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 1 277 830	\$ 1 215 124
Investments at cost	\$ 1 046 627	\$ 945 190
NAV		
SERIES A	\$ 4 599	\$ 3 758
ADVISOR SERIES	\$ 2 739	\$ 1 817
SERIES D	\$ 213 378	\$ 212 598
SERIES F	\$ 25 265	\$ 15 288
SERIES O	\$ 1 031 849	\$ 981 663
NAV PER UNIT		
SERIES A	\$ 15.98	\$ 15.71
ADVISOR SERIES	\$ 15.98	\$ 15.71
SERIES D	\$ 15.94	\$ 15.61
SERIES F	\$ 15.22	\$ 14.89
SERIES O	\$ 16.36	\$ 15.92

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 22 401	\$ 19 153
Interest for distribution purposes	91	31
Derivative income	(47)	79
Net realized gain (loss) on investments	53 152	23 757
Change in unrealized gain (loss) on investments	(39 223)	100 565
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	36 374	143 585
Securities lending revenue (see note 7 in the generic notes)	38	114
Net gain (loss) on foreign cash balances	(62)	(779)
TOTAL OTHER INCOME (LOSS)	(24)	(665)
TOTAL INCOME (LOSS)	36 350	142 920
EXPENSES (see notes – Fund Specific Information)		
Management fees	1 196	963
Administration fees	279	499
Independent Review Committee costs	1	1
GST/HST	119	112
Transaction costs	567	1 313
Withholding tax	2 370	1 742
TOTAL EXPENSES	4 532	4 630
INCREASE (DECREASE) IN NAV	\$ 31 818	\$ 138 290
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 58	\$ 360
ADVISOR SERIES	\$ 29	\$ 110
SERIES D	\$ 4 910	\$ 21 754
SERIES F	\$ 266	\$ 1 159
SERIES O	\$ 26 555	\$ 114 907
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.21	\$ 1.61
ADVISOR SERIES	\$ 0.21	\$ 1.42
SERIES D	\$ 0.36	\$ 1.64
SERIES F	\$ 0.20	\$ 1.51
SERIES O	\$ 0.42	\$ 1.77

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 31 818	\$ 138 290
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(52 856)	(22 758)
Change in unrealized loss (gain) on investments	39 223	(100 565)
(Increase) decrease in accrued receivables	(1 307)	(1 492)
Increase (decrease) in accrued payables	(1)	33
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(336 638)	(431 477)
Proceeds from sale and maturity of investments	289 029	447 314
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(30 732)	29 345
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	116 889	60 223
Cash paid on redemption of redeemable units	(86 024)	(82 358)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 30 865	\$ (22 135)
Net increase (decrease) in cash for the period	133	7 210
Cash (bank overdraft), beginning of period	799	124
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 932	\$ 7 334
Interest received (paid)	\$ 91	\$ 33
Dividends received, net of withholding taxes	\$ 18 724	\$ 15 917

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 3 758	\$ 2 888	\$ 1 817	\$ 1 013	\$ 212 598	\$ 165 905	\$ 15 288	\$ 9 150
INCREASE (DECREASE) IN NAV	58	360	29	110	4 910	21 754	266	1 159
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	1 557	520	1 377	463	18 273	7 362	12 096	2 065
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(774)	(601)	(484)	(403)	(22 403)	(8 360)	(2 385)	(1 602)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	783	(81)	893	60	(4 130)	(998)	9 711	463
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	841	279	922	170	780	20 756	9 977	1 622
NAV AT END OF PERIOD	\$ 4 599	\$ 3 167	\$ 2 739	\$ 1 183	\$ 213 378	\$ 186 661	\$ 25 265	\$ 10 772

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 981 663	\$ 835 297	\$ 1 215 124	\$ 1 014 253
INCREASE (DECREASE) IN NAV	26 555	114 907	31 818	138 290
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	98 623	49 855	131 926	60 265
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(74 992)	(73 028)	(101 038)	(83 994)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	23 631	(23 173)	30 888	(23 729)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	50 186	91 734	62 706	114 561
NAV AT END OF PERIOD	\$ 1 031 849	\$ 927 031	\$ 1 277 830	\$ 1 128 814

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing in common stocks in companies located in countries outside North America, including countries in Europe, the Far East (including Japan), and Australia.

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

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

	June 30 2018	December 31 2017
Investment mix		
Europe ex-United Kingdom Equities	36.9	36.9
United Kingdom Equities	22.7	19.4
Japan Equities	19.4	18.0
Pacific Rim ex-Japan Equities	17.2	19.9
Middle East and Africa Equities	3.0	4.6
Cash/Other	0.8	1.2
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

	June 30 2018	December 31 2017
Currency		
Pound sterling	25.1	21.9
Japanese yen	19.5	18.0
Euro	19.1	21.1
Swiss franc	9.9	9.2
United States dollar	7.8	8.2
Hong Kong dollar	4.6	4.3
Danish krone	3.8	2.5
Australian dollar	3.0	3.7
South African rand	3.0	4.6
Indian rupee	2.7	2.4
Thailand baht	0.9	1.6
South Korean won	—	1.2
Total	99.4	98.7

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 4.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
MSCI EAFE Total Return Net Index (CAD)	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	99 458	1 168 317	—	1 267 775
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	7 748	—	7 748
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	99 458	1 176 065	—	1 275 523
% of total portfolio	7.8	92.2	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	99 836	1 101 041	—	1 200 877
Underlying funds	—	—	—	—
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	12 416	—	12 416
Derivatives – assets	—	16	—	16
Derivatives – liabilities	—	—	—	—
Total financial instruments	99 836	1 113 473	—	1 213 309
% of total portfolio	8.2	91.8	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2018

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	1.75%	0.15%
Advisor Series	1.75%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	n/a [†]	0.02%

* Effective October 2, 2017, the administration fees for Series O units were reduced to 0.02% from 0.08%.

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	53	53
Advisor Series	103	103
Series D	56	56
Series F	61	61
Value of all units	4	4

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

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

Capital losses	222 750
Non-capital losses	—

Redeemable units (000s)

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

	2018	2017
For the periods ended June 30 (see note 2 in the generic notes)		
Series A		
Opening units	239	230
Issued number of units	97	38
Reinvested number of units	—	—
Redeemed number of units	(48)	(44)
Ending number of units	288	224

	2018	2017
For the periods ended June 30 (see note 2 in the generic notes)		
Advisor Series		
Opening units	116	81
Issued number of units	85	33
Reinvested number of units	—	—
Redeemed number of units	(30)	(30)
Ending number of units	171	84

Series D		
Opening units	13 618	13 316
Issued number of units	1 148	547
Reinvested number of units	—	—
Redeemed number of units	(1 381)	(624)
Ending number of units	13 385	13 239

Series F		
Opening units	1 027	770
Issued number of units	792	155
Reinvested number of units	—	—
Redeemed number of units	(159)	(125)
Ending number of units	1 660	800

Series O		
Opening units	61 661	65 680
Issued number of units	6 022	3 624
Reinvested number of units	—	—
Redeemed number of units	(4 598)	(5 252)
Ending number of units	63 085	64 052

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018	%	June 30 2017	%
Total transaction costs	567	100	1 313	100
Related-party brokerage commissions*	14	2	33	3
Commission arrangements [†]	207	37	645	49

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

Securities lending revenue (\$000s except %) (see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	25 252	100 130
Fair value of collateral received	25 757	102 132

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

June 30, 2018

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	51	100	168	100
RBC IS (paid)	(13)	(25)	(52)	(31)
Tax withheld	–	–	(2)	(1)
Fund revenue	38	75	114	68

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

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

	June 30 2018	December 31 2017
BonaVista Balanced Fund	0.2	0.3
Phillips, Hager & North Currency-Hedged Overseas Equity Fund	14.6	15.9
Phillips, Hager & North Overseas Equity Class	5.2	5.0
RBC Total Return Growth Fund	–	–
Total	20.0	21.2

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
11 426 155	Phillips, Hager & North Overseas Equity Fund*	\$ 132 408	\$ 186 891	
TOTAL UNDERLYING FUNDS		132 408	186 891	100.0
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		–	1 207	0.6
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				
		–	(1 328)	(0.7)
TOTAL PORTFOLIO		\$ 132 408	186 770	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			175	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
		\$ 186 945	100.0	

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CAD 1 556 Sold AUD 1 595 @ 0.9754	12-Jul-2018	\$ 4
Bought CAD 146 Sold AUD 150 @ 0.9712	12-Jul-2018	–
Bought CAD 97 Sold AUD 100 @ 0.9726	12-Jul-2018	–
Bought CAD 8 786 Sold EUR 5 635 @ 1.5592	17-Jul-2018	128
Bought CAD 18 380 Sold GBP 10 388 @ 1.7694	17-Jul-2018	349
Bought CAD 201 Sold EUR 130 @ 1.5447	17-Jul-2018	1
Bought CAD 264 Sold GBP 150 @ 1.7588	17-Jul-2018	3
Bought CAD 870 Sold GBP 500 @ 1.7406	17-Jul-2018	2
Bought CAD 274 Sold GBP 157 @ 1.7443	17-Jul-2018	1
Bought CAD 342 Sold ZAR 3 495 @ 0.0979	20-Jul-2018	8
Bought CAD 2 435 Sold ZAR 24 808 @ 0.0981	20-Jul-2018	64
Bought CAD 143 Sold ZAR 1 500 @ 0.0955	20-Jul-2018	–
Bought CAD 2 771 Sold ZAR 27 118 @ 0.1022	26-Jul-2018	182
Bought CAD 7 367 Sold GBP 4 225 @ 1.7437	26-Jul-2018	31
Bought CAD 123 Sold ZAR 1 200 @ 0.1026	26-Jul-2018	8
Bought CAD 121 Sold ZAR 1 200 @ 0.1011	26-Jul-2018	7
Bought EUR 400 Sold CAD 614 @ 0.6519	26-Jul-2018	1
Bought CAD 4 471 Sold AUD 4 576 @ 0.9771	31-Jul-2018	21
Bought CAD 87 Sold INR 4 600 @ 0.0190	03-Aug-2018	–
Bought CAD 230 Sold INR 12 000 @ 0.0192	03-Aug-2018	1
Bought INR 8 000 Sold CAD 149 @ 53.6143	03-Aug-2018	4
Bought CAD 39 Sold AUD 40 @ 0.9856	08-Aug-2018	1
Bought CAD 97 Sold AUD 100 @ 0.9743	08-Aug-2018	–
Bought CAD 1 755 Sold THB 43 200 @ 0.0406	11-Sep-2018	42
Bought CAD 5 934 Sold CHF 4 415 @ 1.3439	17-Sep-2018	40
Bought CAD 9 469 Sold EUR 6 111 @ 1.5495	18-Sep-2018	42
Bought CAD 1 432 Sold DKK 6 885 @ 0.2079	18-Sep-2018	6
Bought CAD 427 Sold CHF 316 @ 1.3500	19-Sep-2018	5
Bought DKK 200 Sold CAD 41 @ 4.8415	19-Sep-2018	–

SCHEDULE A (cont.)**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought HKD 1 000 Sold CAD 168 @ 5.9511	19-Sep-2018	\$ –
Bought CAD 304 Sold AUD 310 @ 0.9800	20-Sep-2018	3
Bought CAD 15 279 Sold GBP 8 639 @ 1.7686	28-Sep-2018	253
		\$ 1 207

Contracts	Maturity Date	Unrealized Loss
Bought CAD 4 124 Sold USD 3 202 @ 1.2880	06-Jul-2018	\$ (85)
Bought CAD 5 629 Sold JPY 476 970 @ 0.0118	11-Jul-2018	(37)
Bought CAD 235 Sold JPY 20 000 @ 0.0117	11-Jul-2018	(3)
Bought CAD 193 Sold AUD 200 @ 0.9634	12-Jul-2018	(2)
Bought CAD 686 Sold GBP 400 @ 1.7161	17-Jul-2018	(8)
Bought CAD 201 Sold EUR 131 @ 1.5327	17-Jul-2018	(1)
Bought CAD 1 209 Sold GBP 700 @ 1.7272	23-Jul-2018	(6)
Bought GBP 350 Sold CAD 616 @ 0.5679	23-Jul-2018	(9)
Bought CAD 9 293 Sold JPY 784 361 @ 0.0118	25-Jul-2018	(32)
Bought CAD 3 308 Sold USD 2 574 @ 1.2853	25-Jul-2018	(75)
Bought CAD 760 Sold JPY 65 000 @ 0.0117	25-Jul-2018	(13)
Bought CAD 1 995 Sold USD 1 555 @ 1.2829	26-Jul-2018	(48)
Bought CAD 10 821 Sold EUR 7 079 @ 1.5286	26-Jul-2018	(63)
Bought CAD 258 Sold USD 200 @ 1.2914	26-Jul-2018	(5)
Bought EUR 400 Sold CAD 621 @ 0.6445	26-Jul-2018	(6)
Bought ZAR 750 Sold CAD 76 @ 9.8294	26-Jul-2018	(5)
Bought ZAR 600 Sold CAD 61 @ 9.8263	26-Jul-2018	(4)
Bought ZAR 500 Sold CAD 51 @ 9.8020	26-Jul-2018	(3)
Bought ZAR 1 300 Sold CAD 127 @ 10.2677	26-Jul-2018	(2)
Bought ZAR 1 750 Sold CAD 168 @ 10.4249	26-Jul-2018	(1)
Bought CAD 4 579 Sold INR 240 545 @ 0.0190	03-Aug-2018	(15)
Bought CAD 94 Sold INR 5 000 @ 0.0188	03-Aug-2018	(1)
Bought CAD 140 Sold INR 7 500 @ 0.0187	03-Aug-2018	(3)
Bought CAD 84 Sold INR 4 500 @ 0.0186	03-Aug-2018	(2)
Bought CAD 62 Sold INR 3 300 @ 0.0189	03-Aug-2018	(1)
Bought INR 9 000 Sold CAD 173 @ 51.9911	03-Aug-2018	(1)
Bought CAD 1 890 Sold HKD 11 492 @ 0.1645	07-Aug-2018	(35)
Bought HKD 1 200 Sold CAD 202 @ 5.9340	07-Aug-2018	(1)
Bought AUD 1 770 Sold CAD 1 738 @ 1.0187	08-Aug-2018	(16)
Bought CAD 286 Sold AUD 297 @ 0.9626	08-Aug-2018	(3)
Bought CAD 15 533 Sold JPY 1 321 174 @ 0.0118	10-Aug-2018	(189)
Bought CAD 218 Sold JPY 18 500 @ 0.0118	10-Aug-2018	(2)
Bought JPY 114 000 Sold CAD 1 364 @ 83.5910	10-Aug-2018	(7)
Bought JPY 70 000 Sold CAD 848 @ 82.5410	10-Aug-2018	(15)
Bought CAD 7 998 Sold EUR 5 268 @ 1.5182	14-Aug-2018	(111)
Bought CAD 7 098 Sold CHF 5 517 @ 1.2865	14-Aug-2018	(249)
Bought CHF 300 Sold CAD 402 @ 0.7458	14-Aug-2018	(3)
Bought CAD 3 816 Sold GBP 2 204 @ 1.7316	22-Aug-2018	(13)
Bought CAD 1 207 Sold GBP 700 @ 1.7242	22-Aug-2018	(9)
Bought GBP 500 Sold CAD 876 @ 0.5705	22-Aug-2018	(8)
Bought CAD 139 Sold DKK 680 @ 0.2042	27-Aug-2018	(2)
Bought CAD 1 545 Sold HKD 9 408 @ 0.1643	29-Aug-2018	(31)

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

June 30, 2018

SCHEDULE A (cont.)**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Loss
Bought HKD 1 500 Sold CAD 254 @ 5.9110	29-Aug-2018	\$ (2)
Bought CAD 4 971 Sold USD 3 839 @ 1.2949	30-Aug-2018	(70)
Bought CAD 4 705 Sold CHF 3 544 @ 1.3277	06-Sep-2018	(22)
Bought CAD 104 Sold CHF 78 @ 1.3275	06-Sep-2018	(1)
Bought CAD 2 811 Sold HKD 16 965 @ 0.1657	07-Sep-2018	(32)
Bought CAD 948 Sold DKK 4 598 @ 0.2063	14-Sep-2018	(4)
Bought CAD 2 707 Sold HKD 16 409 @ 0.1650	19-Sep-2018	(43)
Bought CAD 3 011 Sold DKK 14 569 @ 0.2066	19-Sep-2018	(7)
Bought CAD 1 512 Sold DKK 7 310 @ 0.2068	19-Sep-2018	(2)
Bought CAD 7 039 Sold JPY 591 899 @ 0.0119	20-Sep-2018	(20)
		<u>\$ (1 328)</u>
TOTAL FOREIGN EXCHANGE		<u>\$ (121)</u>

All counterparties have a credit rating of at least A.

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**
Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 186 891	\$ 192 650
Cash	182	196
Subscriptions receivable	47	51
Unrealized gain on foreign exchange contracts	1 207	1 408
TOTAL ASSETS	188 327	194 305
LIABILITIES		
Redemptions payable	24	10
Unrealized loss on foreign exchange contracts	1 328	2 575
Accounts payable and accrued expenses	30	31
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1 382	2 616
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 186 945	\$ 191 689
Investments at cost	\$ 132 408	\$ 138 356
NAV		
SERIES A	\$ 1 647	\$ 818
ADVISOR SERIES	\$ 1 970	\$ 1 491
SERIES D	\$ 11 007	\$ 14 618
SERIES F	\$ 12 178	\$ 9 589
SERIES O	\$ 160 143	\$ 165 173
NAV PER UNIT		
SERIES A	\$ 11.58	\$ 11.69
ADVISOR SERIES	\$ 11.58	\$ 11.69
SERIES D	\$ 11.33	\$ 11.38
SERIES F	\$ 11.45	\$ 11.49
SERIES O	\$ 11.55	\$ 11.53

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ (1)	\$ –
Derivative income	(6 107)	(3 259)
Net realized gain (loss) on investments	5 052	3 013
Change in unrealized gain (loss) on investments	1 235	20 369
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	179	20 123
TOTAL INCOME (LOSS)	179	20 123
EXPENSES (see notes – Fund Specific Information)		
Management fees	134	100
Administration fees	38	124
Independent Review Committee costs	1	1
GST/HST	16	19
TOTAL EXPENSES	189	244
INCREASE (DECREASE) IN NAV	\$ (10)	\$ 19 879
INCREASE (DECREASE) IN NAV		
SERIES A	\$ (38)	\$ 63
ADVISOR SERIES	\$ (19)	\$ 163
SERIES D	\$ (68)	\$ 1 563
SERIES F	\$ (41)	\$ 290
SERIES O	\$ 156	\$ 17 800
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ (0.28)	\$ 1.07
ADVISOR SERIES	\$ (0.12)	\$ 1.05
SERIES D	\$ (0.06)	\$ 1.06
SERIES F	\$ (0.04)	\$ 1.12
SERIES O	\$ 0.01	\$ 1.13

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND****Statements of Cash Flow** (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (10)	\$ 19 879
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(5 052)	(3 013)
Change in unrealized loss (gain) on investments	(1 235)	(20 369)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(1)	5
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(6 090)	(4 350)
Proceeds from sale and maturity of investments	17 090	13 711
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4 702	5 863
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	10 919	10 098
Cash paid on redemption of redeemable units	(15 635)	(15 928)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (4 716)	\$ (5 830)
Net increase (decrease) in cash for the period	(14)	33
Cash (bank overdraft), beginning of period	196	452
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 182	\$ 485
Interest received (paid)	\$ (1)	\$ —
Dividends received, net of withholding taxes	\$ —	\$ —

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**
Statements of Changes in NAV (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 818	\$ 570	\$ 1 491	\$ 1 675	\$ 14 618	\$ 13 610	\$ 9 589	\$ 2 956
INCREASE (DECREASE) IN NAV	(38)	63	(19)	163	(68)	1 563	(41)	290
Early redemption fees	—	—	—	—	—	—	—	—
Proceeds from redeemable units issued	893	46	654	106	820	505	3 199	494
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(26)	(101)	(156)	(540)	(4 363)	(559)	(569)	(1 244)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	867	(55)	498	(434)	(3 543)	(54)	2 630	(750)
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	829	8	479	(271)	(3 611)	1 509	2 589	(460)
NAV AT END OF PERIOD	\$ 1 647	\$ 578	\$ 1 970	\$ 1 404	\$ 11 007	\$ 15 119	\$ 12 178	\$ 2 496

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 165 173	\$ 146 277	\$ 191 689	\$ 165 088
INCREASE (DECREASE) IN NAV	156	17 800	(10)	19 879
Early redemption fees	—	—	—	—
Proceeds from redeemable units issued	5 492	9 335	11 058	10 486
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(10 678)	(13 984)	(15 792)	(16 428)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(5 186)	(4 649)	(4 734)	(5 942)
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(5 030)	13 151	(4 744)	13 937
NAV AT END OF PERIOD	\$ 160 143	\$ 159 428	\$ 186 945	\$ 179 025

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

Investment Management®

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth primarily through exposure to a diversified portfolio of companies located in countries outside North America, including countries in Europe, the Far East (including Japan), and Australia, while minimizing fluctuations in the value of foreign currencies relative to the Canadian dollar.

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

The Fund invests in the Phillips, Hager & North Overseas Equity Fund. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying fund.

Concentration risk (%)

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

	June 30 2018	December 31 2017
Investment mix		
Europe ex-United Kingdom Equities	36.9	37.1
Japan Equities	22.7	18.1
United Kingdom Equities	19.4	19.5
Pacific Rim ex-Japan Equities	17.2	20.0
Middle East and Africa Equities	3.0	4.6
Cash/Other	0.8	0.7
Total	100.0	100.0

Currency risk (% of NAV)

Since the currency risk of the Fund has been hedged using foreign exchange contracts, the Fund has minimal sensitivity to changes in foreign exchange rates.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
MSCI EAFE Total Return Net Index (hedged to CAD)	+ or - 0.9	+ or - 0.9

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	186 891	—	—	186 891
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	1 207	—	1 207
Derivatives – liabilities	—	(1 328)	—	(1 328)
Total financial instruments	186 891	(121)	—	186 770
% of total portfolio	100.1	(0.1)	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	192 650	—	—	192 650
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	1 408	—	1 408
Derivatives – liabilities	—	(2 575)	—	(2 575)
Total financial instruments	192 650	(1 167)	—	191 483
% of total portfolio	100.6	(0.6)	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

**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	1.75%	0.15%
Advisor Series	1.75%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	n/a [†]	0.02%

* Effective October 2, 2017, the administration fees for Series O units were reduced to 0.02% from 0.14%.

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

**PHILLIPS, HAGER & NORTH CURRENCY-HEDGED
OVERSEAS EQUITY FUND**

Investment Management®

June 30, 2018

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

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

	June 30 2018	December 31 2017
Units held		
Series A	66	66
Advisor Series	130	130
Series D	72	72
Series F	73	73
Series O	78	78
Value of all units	5	5

**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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North Overseas Equity Fund	100.0	14.6	100.5	15.9

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

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

Capital losses	3 635
Non-capital losses	—

Redeemable units (000s)

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

	2018	2017
For the periods ended June 30 (see note 2 in the generic notes)		
Series A		
Opening units	70	61
Issued number of units	74	4
Reinvested number of units	—	—
Redeemed number of units	(2)	(10)
Ending number of units	142	55

	2018	2017
For the periods ended June 30 (see note 2 in the generic notes)		
Advisor Series		
Opening units	128	178
Issued number of units	56	11
Reinvested number of units	—	—
Redeemed number of units	(14)	(54)
Ending number of units	170	135
Series D		
Opening units	1 285	1 490
Issued number of units	72	51
Reinvested number of units	—	—
Redeemed number of units	(385)	(58)
Ending number of units	972	1 483
Series F		
Opening units	835	321
Issued number of units	279	48
Reinvested number of units	—	—
Redeemed number of units	(50)	(127)
Ending number of units	1 064	242
Series O		
Opening units	14 326	15 799
Issued number of units	473	964
Reinvested number of units	—	—
Redeemed number of units	(929)	(1 417)
Ending number of units	13 870	15 346

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

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

PHILLIPS, HAGER & NORTH GLOBAL EQUITY FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
GLOBAL EQUITIES				
Belgium				
95 174	Anheuser-Busch InBev S.A./N.V.	\$ 12 895	\$ 12 620	
		12 895	12 620	3.2
Germany				
216 594	Deutsche Post AG	9 721	9 251	
		9 721	9 251	2.3
Hong Kong				
890 035	AIA Group Ltd.	8 436	10 193	
		8 436	10 193	2.6
India				
122 924	HDFC Bank Ltd. ADR	11 412	16 971	
		11 412	16 971	4.3
Ireland				
56 482	Paddy Power Betfair Plc.	8 418	8 115	
		8 418	8 115	2.0
Japan				
216 559	MISUMI Group Inc.	7 627	8 283	
57 362	Nidec Corp.	8 716	11 281	
		16 343	19 564	4.9
Netherlands				
190 865	Unilever N.V.	13 812	13 981	
		13 812	13 981	3.5
South Africa				
29 689	Naspers Ltd.	6 745	9 841	
		6 745	9 841	2.5
Switzerland				
58 783	Roche Holdings AG Genusscheine	18 501	17 145	
		18 501	17 145	4.3
Taiwan				
226 786	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9 103	10 900	
		9 103	10 900	2.7
United Kingdom				
100 906	Croda International Plc.	7 789	8 381	
138 251	InterContinental Hotels Group Plc.	9 555	11 299	
105 984	Rio Tinto Plc.	6 946	7 680	
325 229	St. James's Place Plc.	5 631	6 451	
		29 921	33 811	8.5
United States				
8 836	Alphabet Inc., Class A	9 928	13 117	
6 848	Amazon.com, Inc.	7 839	15 298	
281 524	Blackstone Group LP	11 088	11 906	
59 178	Citigroup Inc.	4 793	5 208	
102 529	Danaher Corp.	10 629	13 301	
128 288	EOG Resources Inc.	16 231	20 991	
89 918	Estée Lauder Companies Inc., Class A	11 787	16 867	
132 799	First Republic Bank	13 307	16 901	

Holdings	Security	Cost	Fair Value	% of Net Assets
United States (cont.)				
173 552	Fortive Corp.	\$ 13 886	\$ 17 594	
78 265	Gartner Inc.	11 803	13 679	
54 500	Incyte Corporation Ltd.	5 672	4 802	
28 400	MarketAxess Holdings Inc.	6 908	7 387	
94 800	Microsoft Corp.	10 292	12 290	
31 600	Mohawk Industries Inc.	10 254	8 902	
35 700	SVB Financial Group	9 563	13 553	
140 716	TJX Companies Inc.	13 130	17 608	
66 350	UnitedHealth Group Incorporated	14 319	21 410	
		181 429	230 814	58.0
TOTAL GLOBAL EQUITIES				326 736
SHORT-TERM INVESTMENTS*				3 341
TOTAL INVESTMENTS				330 077
UNREALIZED LOSS ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				(1)
TOTAL PORTFOLIO				\$ 330 077
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				1 553
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				\$ 398 099
				100.0

SCHEDULE A**Foreign Exchange Contracts**

Contracts	Maturity Date	Unrealized Gain
Bought CHF 110 Sold CAD 146 @ 0.7522	03-Jul-2018	\$ —
Bought HKD 521 Sold CAD 87 @ 5.9636	03-Jul-2018	—
Bought JPY 14 168 Sold CAD 168 @ 84.2200	03-Jul-2018	—
		\$ —
Contracts	Maturity Date	Unrealized Loss
Bought ZAR 787 Sold CAD 76 @ 10.3977	03-Jul-2018	\$ (1)
		\$ (1)
TOTAL FOREIGN EXCHANGE		(1)

All counterparties have a credit rating of at least A.

* Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at rates ranging from 1.51% to 1.52% and mature between July 23, 2018 and July 27, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 396 547	\$ 250 781
Cash	3 217	260
Subscriptions receivable	2 003	687
Dividends receivable, interest accrued and other assets	443	60
TOTAL ASSETS	402 210	251 788
LIABILITIES		
Due to investment dealers	3 359	100
Redemptions payable	520	94
Unrealized loss on foreign exchange contracts	1	—
Accounts payable and accrued expenses	231	126
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	4 111	320
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 398 099	\$ 251 468
Investments at cost	\$ 330 077	\$ 200 116
NAV		
SERIES A	\$ 19 089	\$ 10 179
ADVISOR SERIES	\$ 37 060	\$ 6 386
SERIES D	\$ 108 342	\$ 82 019
SERIES F	\$ 60 938	\$ 16 903
SERIES O	\$ 172 670	\$ 135 981
NAV PER UNIT		
SERIES A	\$ 19.37	\$ 17.85
ADVISOR SERIES	\$ 19.37	\$ 17.84
SERIES D	\$ 20.00	\$ 18.35
SERIES F	\$ 20.28	\$ 18.59
SERIES O	\$ 20.64	\$ 18.83

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 3 148	\$ 2 158
Interest for distribution purposes	45	8
Derivative income	51	56
Net realized gain (loss) on investments	8 843	2 911
Change in unrealized gain (loss) on investments	15 804	16 667
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	27 891	21 800
Securities lending revenue (see note 7 in the generic notes)	5	12
Net gain (loss) on foreign cash balances	(81)	(78)
TOTAL OTHER INCOME (LOSS)	(76)	(66)
TOTAL INCOME (LOSS)	27 815	21 734
EXPENSES (see notes – Fund Specific Information)		
Management fees	874	424
Administration fees	96	72
Independent Review Committee costs	1	1
GST/HST	90	44
Transaction costs	203	172
Withholding tax	358	207
TOTAL EXPENSES	1 622	920
INCREASE (DECREASE) IN NAV	\$ 26 193	\$ 20 814
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 1 038	\$ 792
ADVISOR SERIES	\$ 1 224	\$ 358
SERIES D	\$ 8 087	\$ 6 468
SERIES F	\$ 2 503	\$ 882
SERIES O	\$ 13 341	\$ 12 314
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 1.42	\$ 1.64
ADVISOR SERIES	\$ 1.25	\$ 1.53
SERIES D	\$ 1.61	\$ 1.73
SERIES F	\$ 1.56	\$ 1.63
SERIES O	\$ 1.77	\$ 1.88

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 26 193	\$ 20 814
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	—	—
Net realized loss (gain) on investments	(8 779)	(2 770)
Change in unrealized loss (gain) on investments	(15 804)	(16 667)
(Increase) decrease in accrued receivables	(383)	(184)
Increase (decrease) in accrued payables	105	20
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(267 315)	(99 557)
Proceeds from sale and maturity of investments	149 392	75 128
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(116 591)	(23 216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	149 110	32 711
Cash paid on redemption of redeemable units	(29 562)	(7 979)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 119 548	\$ 24 732
Net increase (decrease) in cash for the period	2 957	1 516
Cash (bank overdraft), beginning of period	260	323
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 3 217	\$ 1 839
Interest received (paid)	\$ 46	\$ 8
Dividends received, net of withholding taxes	\$ 2 405	\$ 1 767

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Advisor Series		Series D		Series F	
	2018	2017	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 10 179	\$ 6 953	\$ 6 386	\$ 3 353	\$ 82 019	\$ 52 931	\$ 16 903	\$ 7 292
INCREASE (DECREASE) IN NAV	1 038	792	1 224	358	8 087	6 468	2 503	882
Early redemption fees	—	—	—	—	1	—	—	—
Proceeds from redeemable units issued	8 832	1 125	30 879	884	26 665	6 852	49 419	4 279
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
Redemption of redeemable units	(960)	(1 027)	(1 429)	(453)	(8 430)	(3 025)	(7 887)	(1 193)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	7 872	98	29 450	431	18 236	3 827	41 532	3 086
Distributions from net income	—	—	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	8 910	890	30 674	789	26 323	10 295	44 035	3 968
NAV AT END OF PERIOD	\$ 19 089	\$ 7 843	\$ 37 060	\$ 4 142	\$ 108 342	\$ 63 226	\$ 60 938	\$ 11 260

For the periods ended June 30 (see note 2 in the generic notes)	Series O		Total	
	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 135 981	\$ 89 103	\$ 251 468	\$ 159 632
INCREASE (DECREASE) IN NAV	13 341	12 314	26 193	20 814
Early redemption fees	—	—	1	—
Proceeds from redeemable units issued	35 821	20 471	151 616	33 611
Reinvestments of distributions to holders of redeemable units	—	—	—	—
Redemption of redeemable units	(12 473)	(2 625)	(31 179)	(8 323)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	23 348	17 846	120 438	25 288
Distributions from net income	—	—	—	—
Distributions from net gains	—	—	—	—
Distributions from capital	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—
NET INCREASE (DECREASE) IN NAV	36 689	30 160	146 631	46 102
NAV AT END OF PERIOD	\$ 172 670	\$ 119 263	\$ 398 099	\$ 205 734

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with long-term capital growth by investing primarily in common stocks of companies in the world's largest industrialized countries outside Canada, including the United States and countries in Europe, the Far East (including Japan), and Australia.

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

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

	June 30 2018	December 31 2017
Investment mix		
United States Equities	58.0	56.6
Europe ex-United Kingdom Equities	15.3	17.0
Pacific Rim ex-Japan Equities	9.6	9.8
United Kingdom Equities	8.5	6.7
Japan Equities	4.9	4.3
Middle East and Africa Equities	2.5	3.0
Cash/Other	1.2	2.6
Total	100.0	100.0

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

	June 30 2018	December 31 2017
Currency		
United States dollar	65.2	63.9
Pound sterling	10.6	9.6
Euro	9.0	9.6
Japanese yen	4.9	4.3
Swiss franc	4.3	4.6
Hong Kong dollar	2.6	2.5
South African rand	2.5	3.0
Total	99.1	97.5

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 4.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
MSCI World Total Return Net Index (CAD)	+ or - 1.1	+ or - 1.1

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	258 685	134 521	–	393 206
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	3 341	–	3 341
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	(1)	–	(1)
Total financial instruments	258 685	137 861	–	396 546
% of total portfolio	65.2	34.8	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	160 376	84 385	–	244 761
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	6 020	–	6 020
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	160 376	90 405	–	250 781
% of total portfolio	64.0	36.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

June 30, 2018

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	1.75%	0.10%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	n/a [†]	0.02%

* Effective October 2, 2017, the administration fees for Series O units were reduced to 0.02% from 0.06%.

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

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

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

	June 30 2018	December 31 2017
Units held		
Series A	67	67
Advisor Series	130	130
Series D	69	69
Series F	70	70
Series O	74	74
Value of all units	8	7

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

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

Capital losses	58 085
Non-capital losses	—

Redeemable units (000s)

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

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

	2018	2017
Series A		
Opening units	570	484
Issued number of units	467	73
Reinvested number of units	—	—
Redeemed number of units	(51)	(67)
Ending number of units	986	490

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

	2018	2017
Advisor Series		
Opening units	358	233
Issued number of units	1 632	56
Reinvested number of units	—	—
Redeemed number of units	(77)	(30)
Ending number of units	1 913	259

Series D		
Opening units	4 470	3 609
Issued number of units	1 381	431
Reinvested number of units	—	—
Redeemed number of units	(433)	(192)
Ending number of units	5 418	3 848

Series F		
Opening units	909	491
Issued number of units	2 496	260
Reinvested number of units	—	—
Redeemed number of units	(401)	(75)
Ending number of units	3 004	676

Series O		
Opening units	7 220	5 917
Issued number of units	1 782	1 275
Reinvested number of units	—	—
Redeemed number of units	(638)	(162)
Ending number of units	8 364	7 030

Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	203	100	172	100
Related-party brokerage commissions*	—	—	—	—
Commission arrangements [†]	—	—	—	—

* See note 8 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The Fund uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

Securities lending revenue (\$000s except %) (see note 7 in the generic notes)

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

	June 30 2018	June 30 2017
Fair value of securities loaned	25 999	9 733
Fair value of collateral received	26 519	9 928

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

June 30, 2018

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	9	100	18	100
RBC IS (paid)	(3)	(25)	(5)	(29)
Tax withheld	(1)	(16)	(1)	(5)
Fund revenue	5	59	12	66

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2015 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
250 637	Phillips, Hager & North Bond Fund*	\$ 2 618	\$ 2 534	
38 698	Phillips, Hager & North Canadian Equity Underlying Fund*	424	476	
4 185	Phillips, Hager & North Canadian Money Market Fund*	42	42	
37 447	Phillips, Hager & North Conservative Equity Income Fund*	401	468	
243 781	Phillips, Hager & North Inflation-Linked Bond Fund*	2 243	2 257	
75 920	RBC QUBE Low Volatility Global Equity Fund*	1 261	1 444	
2 049	Vanguard Real Estate Fund	178	219	
TOTAL UNDERLYING FUNDS		\$ 7 167	7 440	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			39	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 7 479	100.0

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

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 7 440	\$ 7 991
Cash	37	–
Due from investment dealers	48	76
Subscriptions receivable	1	2
TOTAL ASSETS	7 526	8 069
LIABILITIES		
Bank overdraft	–	20
Redemptions payable	44	–
Distributions payable	–	7
Accounts payable and accrued expenses	3	5
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	47	32
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 7 479	\$ 8 037
Investments at cost	\$ 7 167	\$ 8 252
NAV		
SERIES D	\$ 3 987	\$ 4 504
SERIES O	\$ 3 492	\$ 3 533
NAV PER UNIT		
SERIES D	\$ 10.49	\$ 10.28
SERIES O	\$ 10.48	\$ 10.23

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 4	\$ 6
Income from investment trusts	(421)	216
Net realized gain (loss) on investments	57	78
Change in unrealized gain (loss) on investments	534	(83)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	174	217
Net gain (loss) on foreign cash balances	1	–
TOTAL OTHER INCOME (LOSS)	1	–
TOTAL INCOME (LOSS)	175	217
EXPENSES (see notes – Fund Specific Information)		
Management fees	15	21
Administration fees	1	3
Independent Review Committee costs	1	1
GST/HST	1	2
Expenses reimbursed by manager	(1)	(1)
TOTAL EXPENSES	17	26
INCREASE (DECREASE) IN NAV	\$ 158	\$ 191
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 74	\$ 111
SERIES O	\$ 84	\$ 80
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.18	\$ 0.23
SERIES O	\$ 0.25	\$ 0.26

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 158	\$ 191
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	421	(216)
Net realized loss (gain) on investments	(57)	(78)
Change in unrealized loss (gain) on investments	(534)	83
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(2)	(1)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(1 431)	(1 235)
Proceeds from sale and maturity of investments	2 180	2 487
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	735	1 231
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	754	839
Cash paid on redemption of redeemable units	(1 425)	(2 144)
Distributions paid to holders of redeemable units	(7)	(5)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (678)	\$ (1 310)
Net increase (decrease) in cash for the period	57	(79)
Cash (bank overdraft), beginning of period	(20)	87
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 37	\$ 8
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 4	\$ 6

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 4 504	\$ 6 306	\$ 3 533	\$ 3 381	\$ 8 037	\$ 9 687
INCREASE (DECREASE) IN NAV	74	111	84	80	158	191
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	170	276	583	562	753	838
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(761)	(1 767)	(708)	(376)	(1 469)	(2 143)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(591)	(1 491)	(125)	186	(716)	(1 305)
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(517)	(1 380)	(41)	266	(558)	(1 114)
NAV AT END OF PERIOD	\$ 3 987	\$ 4 926	\$ 3 492	\$ 3 647	\$ 7 479	\$ 8 573

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2015.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 64.1% (December 31, 2017 – 62.9%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	58.7	62.8
AA	25.6	24.3
A	9.5	7.8
BBB	5.6	4.6
BB	0.3	0.2
Unrated	0.3	0.3
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	62.0	61.7
Global Equities	19.3	12.3
Canadian Equities	12.5	19.5
United States Equities	2.9	3.9
Cash/Other	3.3	2.6
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 64.1% (December 31, 2017 – 62.9%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	June 30 2018	December 31 2017
Term to maturity		
Less than 1 year	2.8	1.4
1 – 5 years	27.0	30.6
5 – 10 years	18.5	15.5
> 10 years	51.7	52.5
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.9% (December 31, 2017 – 7.1%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	13.9	14.6
Japanese yen	2.7	2.7
Euro	1.4	1.6
Swiss franc	1.0	1.0
Hong Kong dollar	0.7	0.7
Other currencies	1.2	1.2
Total	20.9	21.8

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.0% (December 31, 2017 – 1.1%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.2	+ or - 0.2

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	7 440	–	–	7 440
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	7 440	–	–	7 440
% of total portfolio	100.0	–	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	7 991	–	–	7 991
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	7 991	–	–	7 991
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	0.75%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	73	73
Series O	66	66
Value of all units	1	1

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 2018 NAV	June 30 2018 Ownership	December 31 2017 NAV	December 31 2017 Ownership
Phillips, Hager & North Bond Fund	33.9	–	30.9	–
Phillips, Hager & North Canadian Equity Underlying Fund	6.4	–	6.3	–
Phillips, Hager & North Canadian Money Market Fund	0.6	–	0.5	–
Phillips, Hager & North Conservative Equity Income Fund	6.3	–	6.3	–
Phillips, Hager & North Inflation-Linked Bond Fund	30.2	2.3	32.0	2.8
RBC QUBE Low Volatility Global Equity Fund	19.3	0.1	19.5	0.2

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018 NAV	June 30 2018 Ownership	December 31 2017 NAV	December 31 2017 Ownership
Vanguard Real Estate Investment Trust Fund	2.9	–	3.8	–

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

The Fund had no capital or non-capital losses as at December 31, 2017.

June 30, 2018

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	438	565
Issued number of units	17	25
Reinvested number of units	—	—
Redeemed number of units	(75)	(157)
Ending number of units	380	433
Series O		
Opening units	345	304
Issued number of units	57	51
Reinvested number of units	—	—
Redeemed number of units	(69)	(34)
Ending number of units	333	321

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2020 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
196 671	Phillips, Hager & North Bond Fund*	\$ 1 994	\$ 1 988	
148 283	Phillips, Hager & North Canadian Equity Underlying Fund*	1 637	1 825	
15 140	Phillips, Hager & North Canadian Money Market Fund*	151	151	
140 089	Phillips, Hager & North Conservative Equity Income Fund*	1 515	1 749	
74 354	Phillips, Hager & North High Yield Bond Fund*	846	838	
1 443 263	Phillips, Hager & North Inflation-Linked Bond Fund*	13 300	13 364	
15 572	RBC Emerging Markets Equity Fund*	221	276	
37 601	RBC Global Equity Focus Fund*	475	671	
18 190	RBC QUBE Global Equity Fund*	225	220	
276 703	RBC QUBE Low Volatility Global Equity Fund*	4 636	5 263	
15 100	RBC U.S. Mid-Cap Value Equity Fund*	198	208	
4 607	RBC U.S. Small-Cap Value Equity Fund*	54	66	
10 453	Vanguard Real Estate Fund	946	1 119	
TOTAL UNDERLYING FUNDS		26 198	27 738	99.5
SHORT-TERM INVESTMENTS†		120	120	0.4
TOTAL INVESTMENTS		<u>\$ 26 318</u>	27 858	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			30	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 27 888</u>		100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 27 858	\$ 29 261
Cash	10	–
Due from investment dealers	–	200
Subscriptions receivable	32	16
TOTAL ASSETS	27 900	29 477
LIABILITIES		
Bank overdraft	–	66
Redemptions payable	–	19
Accounts payable and accrued expenses	12	15
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	12	100
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 27 888	\$ 29 377
Investments at cost	\$ 26 318	\$ 31 063
NAV		
SERIES D	\$ 14 525	\$ 15 940
SERIES O	\$ 13 363	\$ 13 437
NAV PER UNIT		
SERIES D	\$ 11.63	\$ 11.30
SERIES O	\$ 11.56	\$ 11.19

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 21	\$ 19
Income from investment trusts	(2 762)	1 004
Derivative income	–	1
Net realized gain (loss) on investments	309	334
Change in unrealized gain (loss) on investments	3 342	(565)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	910	793
Net gain (loss) on foreign cash balances	–	(1)
TOTAL OTHER INCOME (LOSS)	–	(1)
TOTAL INCOME (LOSS)	910	792
EXPENSES (see notes – Fund Specific Information)		
Management fees	60	77
Administration fees	6	8
Independent Review Committee costs	1	1
GST/HST	7	8
Withholding tax	1	–
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	75	93
INCREASE (DECREASE) IN NAV	\$ 835	\$ 699
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 409	\$ 406
SERIES O	\$ 426	\$ 293
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.30	\$ 0.26
SERIES O	\$ 0.37	\$ 0.30

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 835	\$ 699
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	2 762	(1 004)
Net realized loss (gain) on investments	(309)	(334)
Change in unrealized loss (gain) on investments	(3 342)	565
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(3)	(1)
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(16 566)	(23 367)
Proceeds from sale and maturity of investments	19 058	25 786
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2 435	2 344
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 989	4 199
Cash paid on redemption of redeemable units	(4 348)	(6 561)
Distributions paid to holders of redeemable units	—	(19)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (2 359)	\$ (2 381)
Net increase (decrease) in cash for the period	76	(37)
Cash (bank overdraft), beginning of period	(66)	58
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 10	\$ 21
Interest received (paid)	\$ —	\$ —
Dividends received, net of withholding taxes	\$ 20	\$ 19

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 15 940	\$ 21 368	\$ 13 437	\$ 11 406	\$ 29 377	\$ 32 774
INCREASE (DECREASE) IN NAV	409	406	426	293	835	699
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	839	2 363	1 166	1 962	2 005	4 325
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(2 663)	(5 666)	(1 666)	(921)	(4 329)	(6 587)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(1 824)	(3 303)	(500)	1 041	(2 324)	(2 262)
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(1 415)	(2 897)	(74)	1 334	(1 489)	(1 563)
NAV AT END OF PERIOD	\$ 14 525	\$ 18 471	\$ 13 363	\$ 12 740	\$ 27 888	\$ 31 211

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2020.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 58.1% (December 31, 2017 – 56.0%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	76.2	76.0
AA	17.9	18.8
BBB	0.4	0.5
BB	2.5	2.2
B	2.1	1.8
CCC	0.9	0.7
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	57.5	55.6
Global Equities	22.8	24.7
Canadian Equities	12.7	12.6
United States Equities	5.0	5.4
Cash/Other	2.0	1.7
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 10.1% (December 31, 2017 – 56.2%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	4.6	0.1
1 – 5 years	48.1	25.8
5 – 10 years	20.1	4.2
> 10 years	27.2	69.9
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.2% (December 31, 2017 – 8.1%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	18.0	18.5
Japanese yen	2.7	2.7
Euro	1.7	2.0
Swiss franc	1.1	1.1
Hong Kong dollar	1.0	1.1
Pound sterling	0.6	0.8
Other currencies	1.6	2.5
Total	26.7	28.7

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.3% (December 31, 2017 – 1.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.3	+ or - 0.3

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	27 738	–	–	27 738
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	120	–	120
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	27 738	120	–	27 858
% of total portfolio	99.6	0.4	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	29 261	–	–	29 261
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	29 261	–	–	29 261
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	0.80%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	70	70
Series O	63	63
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North Bond Fund	7.1	–	–	–
Phillips, Hager & North Canadian Equity Underlying Fund	6.5	0.1	6.5	0.1
Phillips, Hager & North Canadian Equity Value Fund	–	–	0.5	–
Phillips, Hager & North Canadian Money Market Fund	0.5	–	0.5	–
Phillips, Hager & North Conservative Equity Income Fund	6.3	0.1	5.8	0.1
Phillips, Hager & North High Yield Bond Fund	3.0	–	3.0	–
Phillips, Hager & North Inflation-Linked Bond Fund	47.9	13.6	53.0	16.7
RBC Emerging Markets Equity Fund	1.0	–	2.1	–
RBC Global Equity Focus Fund	2.4	–	3.6	–
RBC QUBE Global Equity Fund	0.8	0.1	1.2	0.1
RBC QUBE Low Volatility Global Equity Fund	18.9	0.5	18.0	0.5
RBC U.S. Mid-Cap Value Equity Fund	0.7	–	1.1	0.1
RBC U.S. Small-Cap Value Equity Fund	0.2	0.1	0.4	0.2

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	4.0	—	3.9	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	1 410	1 720
Issued number of units	74	190
Reinvested number of units	—	—
Redeemed number of units	(235)	(453)
Ending number of units	1 249	1 457
Series O		
Opening units	1 201	925
Issued number of units	104	157
Reinvested number of units	—	—
Redeemed number of units	(149)	(74)
Ending number of units	1 156	1 008

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2025 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
214 554	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 384	\$ 2 641	
68 496	Phillips, Hager & North Canadian Equity Value Fund*	900	1 016	
18 525	Phillips, Hager & North Canadian Money Market Fund*	185	185	
137 816	Phillips, Hager & North Conservative Equity Income Fund*	1 555	1 721	
104 397	Phillips, Hager & North High Yield Bond Fund*	1 191	1 177	
1 258 765	Phillips, Hager & North Inflation-Linked Bond Fund*	11 572	11 656	
670 587	Phillips, Hager & North Long Inflation-linked Bond Fund*	7 796	8 152	
78 914	RBC Emerging Markets Equity Fund*	1 170	1 399	
162 816	RBC Global Equity Focus Fund*	2 105	2 903	
79 644	RBC QUBE Global Equity Fund*	988	963	
278 348	RBC QUBE Low Volatility Global Equity Fund*	4 708	5 294	
48 588	RBC U.S. Mid-Cap Value Equity Fund*	638	668	
16 364	RBC U.S. Small-Cap Value Equity Fund*	188	234	
18 935	Vanguard Real Estate Fund	1 746	2 027	
TOTAL UNDERLYING FUNDS		37 126	40 036	99.4
SHORT-TERM INVESTMENTS†		161	161	0.4
TOTAL INVESTMENTS		<u>\$ 37 287</u>	40 197	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			68	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$ 40 265</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 40 197	\$ 36 649
Cash	62	28
Subscriptions receivable	17	24
TOTAL ASSETS	40 276	36 701
LIABILITIES		
Accounts payable and accrued expenses	11	12
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	11	12
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS ("NAV")	\$ 40 265	\$ 36 689
Investments at cost	\$ 37 287	\$ 36 396
NAV		
SERIES D	\$ 12 998	\$ 12 511
SERIES O	\$ 27 267	\$ 24 178
NAV PER UNIT		
SERIES D	\$ 12.72	\$ 12.28
SERIES O	\$ 12.68	\$ 12.19

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 36	\$ 26
Interest for distribution purposes	1	—
Income from investment trusts	(1 434)	513
Net realized gain (loss) on investments	291	187
Change in unrealized gain (loss) on investments	2 657	201
TOTAL NET GAIN (LOSS) ON		
INVESTMENTS AND DERIVATIVES	1 551	927
Net gain (loss) on foreign cash balances	1	(2)
TOTAL OTHER INCOME (LOSS)	1	(2)
TOTAL INCOME (LOSS)	1 552	925
EXPENSES (see notes – Fund Specific Information)		
Management fees	52	55
Administration fees	10	5
Independent Review Committee costs	1	1
GST/HST	6	6
Withholding tax	2	—
Expenses reimbursed by manager	—	(1)
TOTAL EXPENSES	71	66
INCREASE (DECREASE) IN NAV	\$ 1 481	\$ 859
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 437	\$ 304
SERIES O	\$ 1 044	\$ 555
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.43	\$ 0.30
SERIES O	\$ 0.51	\$ 0.35

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 481	\$ 859
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	1 434	(513)
Net realized loss (gain) on investments	(291)	(187)
Change in unrealized loss (gain) on investments	(2 657)	(201)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(1)	—
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(25 118)	(18 012)
Proceeds from sale and maturity of investments	23 084	16 780
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2 068)	(1 274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	3 815	3 920
Cash paid on redemption of redeemable units	(1 713)	(2 678)
Distributions paid to holders of redeemable units	—	(3)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 2 102	\$ 1 239
Net increase (decrease) in cash for the period	34	(35)
Cash (bank overdraft), beginning of period	28	62
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 62	\$ 27
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 34	\$ 26

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 12 511	\$ 13 440	\$ 24 178	\$ 18 663	\$ 36 689	\$ 32 103
INCREASE (DECREASE) IN NAV	437	304	1 044	555	1 481	859
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	715	841	3 093	3 029	3 808	3 870
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(665)	(1 762)	(1 048)	(865)	(1 713)	(2 627)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	50	(921)	2 045	2 164	2 095	1 243
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	487	(617)	3 089	2 719	3 576	2 102
NAV AT END OF PERIOD	\$ 12 998	\$ 12 823	\$ 27 267	\$ 21 382	\$ 40 265	\$ 34 205

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2025.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 52.1% (December 31, 2017 – 51.0%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	83.8	85.2
AA	10.6	9.2
BBB	0.4	0.5
BB	2.4	2.4
B	2.0	1.9
CCC	0.8	0.8
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	52.0	50.6
Global Equities	25.6	27.1
Canadian Equities	13.1	13.1
United States Equities	7.2	7.3
Cash/Other	2.1	1.9
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 52.1% (December 31, 2017 – 51.0%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	June 30 2018	December 31 2017
Term to maturity		
Less than 1 year	0.2	0.2
1 – 5 years	11.7	14.1
5 – 10 years	8.9	3.3
> 10 years	79.2	82.4
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.5% (December 31, 2017 – 11.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	21.7	21.4
Japanese yen	2.3	2.2
Euro	1.8	2.1
Hong Kong dollar	1.3	1.3
Pound sterling	1.2	1.3
Swiss franc	1.0	1.1
South African rand	0.7	0.8
Indian rupee	0.5	0.5
Other currencies	2.1	2.7
Total	32.6	33.4

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.6% (December 31, 2017 – 1.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.4	+ or - 0.4

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	40 036	–	–	40 036
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	161	–	161
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	40 036	161	–	40 197
% of total portfolio	99.6	0.4	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	36 452	–	–	36 452
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	197	–	197
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	36 452	197	–	36 649
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	0.85%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	66	66
Series O	60	60
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	6.6	0.1	7.1	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	2.5	0.1	3.0	0.1
Phillips, Hager & North				
Canadian Money				
Market Fund	0.5	–	0.4	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	4.3	0.1	3.3	0.1
Phillips, Hager & North				
High Yield Bond Fund	2.9	–	2.9	–
Phillips, Hager & North				
Inflation-Linked Bond Fund	28.9	11.9	23.7	9.3
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	20.2	7.7	24.4	9.9
RBC Emerging Markets				
Equity Fund	3.5	–	4.1	–
RBC Global Equity				
Focus Fund	7.2	0.1	8.2	0.1
RBC QUBE Global				
Equity Fund	2.4	0.3	2.8	0.3
RBC QUBE Low Volatility				
Global Equity Fund	13.1	0.5	12.2	0.4
RBC U.S. Mid-Cap Value				
Equity Fund	1.7	0.1	1.8	0.1
RBC U.S. Small-Cap Value				
Equity Fund	0.6	0.3	0.6	0.3

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.0	—	4.9	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	1 019	1 073
Issued number of units	58	67
Reinvested number of units	—	—
Redeemed number of units	(55)	(140)
Ending number of units	1 022	1 000

Series O		
Opening units	1 983	1 501
Issued number of units	252	239
Reinvested number of units	—	—
Redeemed number of units	(85)	(68)
Ending number of units	2 150	1 672

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2030 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
245 573	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 2 749	\$ 3 022	
145 875	Phillips, Hager & North Canadian Equity Value Fund*	1 940	2 165	
19 810	Phillips, Hager & North Canadian Money Market Fund*	198	198	
43 345	Phillips, Hager & North Conservative Equity Income Fund*	529	541	
156 927	Phillips, Hager & North High Yield Bond Fund*	1 793	1 770	
220 040	Phillips, Hager & North Inflation-Linked Bond Fund*	1 995	2 038	
1 451 742	Phillips, Hager & North Long Inflation-linked Bond Fund*	16 902	17 649	
108 198	RBC Emerging Markets Equity Fund*	1 608	1 917	
277 405	RBC Global Equity Focus Fund*	3 717	4 945	
135 833	RBC QUBE Global Equity Fund*	1 682	1 643	
173 570	RBC QUBE Low Volatility Global Equity Fund*	3 007	3 301	
69 151	RBC U.S. Mid-Cap Value Equity Fund*	912	951	
22 293	RBC U.S. Small-Cap Value Equity Fund*	265	319	
20 399	Vanguard Real Estate Fund	1 955	2 184	
TOTAL UNDERLYING FUNDS		\$ 39 252	42 643	99.4
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			237	0.6
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		\$ 42 880		100.0

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

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 42 643	\$ 38 960
Cash	–	27
Due from investment dealers	285	–
Subscriptions receivable	15	25
TOTAL ASSETS	42 943	39 012
LIABILITIES		
Bank overdraft	56	–
Accounts payable and accrued expenses	7	8
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	63	8
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS ("NAV")	\$ 42 880	\$ 39 004
Investments at cost	\$ 39 252	\$ 37 053
NAV		
SERIES D	\$ 7 068	\$ 7 146
SERIES O	\$ 35 812	\$ 31 858
NAV PER UNIT		
SERIES D	\$ 13.27	\$ 12.75
SERIES O	\$ 13.23	\$ 12.65

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 39	\$ 26
Interest for distribution purposes	1	–
Income from investment trusts	17	76
Net realized gain (loss) on investments	340	193
Change in unrealized gain (loss) on investments	1 484	698
TOTAL NET GAIN (LOSS) ON		
INVESTMENTS AND DERIVATIVES	1 881	993
Net gain (loss) on foreign cash balances	(1)	–
TOTAL OTHER INCOME (LOSS)	(1)	–
TOTAL INCOME (LOSS)	1 880	993
EXPENSES (see notes – Fund Specific Information)		
Management fees	30	33
Administration fees	9	10
Independent Review Committee costs	1	1
GST/HST	4	4
Withholding tax	3	–
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	47	47
INCREASE (DECREASE) IN NAV	\$ 1 833	\$ 946
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 273	\$ 183
SERIES O	\$ 1 560	\$ 763
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.52	\$ 0.31
SERIES O	\$ 0.59	\$ 0.37

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

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 833	\$ 946
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(13)	(76)
Net realized loss (gain) on investments	(340)	(193)
Change in unrealized loss (gain) on investments	(1 484)	(698)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	(1)	—
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(27 409)	(21 365)
Proceeds from sale and maturity of investments	25 278	19 457
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2 136)	(1 929)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4 929	4 547
Cash paid on redemption of redeemable units	(2 876)	(2 633)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 2 053	\$ 1 914
Net increase (decrease) in cash for the period	(83)	(15)
Cash (bank overdraft), beginning of period	27	29
CASH (BANK OVERDRAFT), END OF PERIOD	\$ (56)	\$ 14
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 40	\$ 26

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 7 146	\$ 7 614	\$ 31 858	\$ 24 169	\$ 39 004	\$ 31 783
INCREASE (DECREASE) IN NAV	273	183	1 560	763	1 833	946
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	595	836	4 324	3 694	4 919	4 530
Reinvestments of distributions to holders of redeemable units	—	—	—	1	—	1
Redemption of redeemable units	(946)	(1 412)	(1 930)	(1 195)	(2 876)	(2 607)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(351)	(576)	2 394	2 500	2 043	1 924
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	(78)	(393)	3 954	3 263	3 876	2 870
NAV AT END OF PERIOD	\$ 7 068	\$ 7 221	\$ 35 812	\$ 27 432	\$ 42 880	\$ 34 653

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2030.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 50.0% (December 31, 2017 – 50.0%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	86.0	88.9
AA	3.1	0.6
A	1.6	0.3
BBB	1.6	1.1
BB	3.6	4.2
B	2.9	3.4
CCC	1.2	1.4
Unrated	–	0.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	49.9	49.5
Global Equities	26.6	27.3
Canadian Equities	13.1	13.1
United States Equities	8.0	7.9
Cash/Other	2.4	2.2
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 50.1% (December 31, 2017 – 50.0%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	June 30 2018	December 31 2017
Term to maturity		
Less than 1 year	0.2	0.3
1 – 5 years	7.2	5.4
5 – 10 years	2.6	4.0
> 10 years	90.0	90.3
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.7% (December 31, 2017 – 13.5%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	23.0	22.4
Euro	1.9	2.2
Japanese yen	1.9	1.7
Pound sterling	1.7	1.7
Hong Kong dollar	1.5	1.3
Swiss franc	1.0	1.1
South African rand	0.9	1.0
Indian rupee	0.7	0.7
New Taiwan dollar	0.5	–
South Korean won	–	0.5
Other currencies	1.8	2.4
Total	34.9	35.0

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.7% (December 31, 2017 – 1.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.4	+ or - 0.4

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	42 643	–	–	42 643
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	42 643	–	–	42 643
% of total portfolio	100.0	–	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	38 737	–	–	38 737
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	223	–	223
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	38 737	223	–	38 960
% of total portfolio	99.4	0.6	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	0.90%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	65	65
Series O	58	58
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.0	0.1	7.3	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	5.0	0.2	5.6	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.5	–	0.4	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	1.3	–	0.5	–
Phillips, Hager & North				
High Yield Bond Fund	4.1	–	5.0	–
Phillips, Hager & North				
Inflation-Linked Bond Fund	4.8	2.1	1.0	0.4
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	41.2	16.8	44.0	19.1
RBC Emerging Markets				
Equity Fund	4.5	–	4.6	–
RBC Global Equity				
Focus Fund	11.5	0.1	12.6	0.2
RBC QUBE Global				
Equity Fund	3.8	0.6	4.2	0.6
RBC QUBE Low Volatility				
Global Equity Fund	7.7	0.3	6.2	0.2
RBC U.S. Mid-Cap Value				
Equity Fund	2.2	0.1	2.4	0.1
RBC U.S. Small-Cap Value				
Equity Fund	0.7	0.5	0.8	0.5

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.1	–	4.7	–

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	561	618
Issued number of units	46	68
Reinvested number of units	–	–
Redeemed number of units	(74)	(114)
Ending number of units	533	572

Series O		
Opening units	2 518	1 976
Issued number of units	340	297
Reinvested number of units	–	–
Redeemed number of units	(152)	(96)
Ending number of units	2 706	2 177

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2035 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
319 766	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 3 572	\$ 3 935	
210 280	Phillips, Hager & North Canadian Equity Value Fund*	2 791	3 120	
24 113	Phillips, Hager & North Canadian Money Market Fund*	241	241	
10 825	Phillips, Hager & North Conservative Equity Income Fund*	136	135	
233 751	Phillips, Hager & North High Yield Bond Fund*	2 677	2 636	
1 910 710	Phillips, Hager & North Long Inflation-linked Bond Fund*	22 188	23 229	
165 515	RBC Emerging Markets Equity Fund*	2 468	2 932	
473 749	RBC Global Equity Focus Fund*	6 237	8 447	
231 815	RBC QUBE Global Equity Fund*	2 872	2 805	
61 967	RBC QUBE Low Volatility Global Equity Fund*	1 081	1 178	
108 311	RBC U.S. Mid-Cap Value Equity Fund*	1 423	1 490	
35 678	RBC U.S. Small-Cap Value Equity Fund*	407	511	
25 572	Vanguard Real Estate Fund	2 371	2 737	
TOTAL UNDERLYING FUNDS		48 464	53 396	99.5
SHORT-TERM INVESTMENTS†		156	156	0.3
TOTAL INVESTMENTS		<u>\$ 48 620</u>	53 552	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			96	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$ 53 648</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 53 552	\$ 47 570
Cash	77	31
Subscriptions receivable	33	195
TOTAL ASSETS	53 662	47 796
LIABILITIES		
Due to investment dealers	–	191
Redemptions payable	5	1
Accounts payable and accrued expenses	9	9
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	14	201
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 53 648	\$ 47 595
Investments at cost	\$ 48 620	\$ 44 475
NAV		
SERIES D	\$ 7 715	\$ 6 996
SERIES O	\$ 45 933	\$ 40 599
NAV PER UNIT		
SERIES D	\$ 13.71	\$ 13.13
SERIES O	\$ 13.68	\$ 13.04

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 48	\$ 31
Interest for distribution purposes	1	–
Income from investment trusts	103	65
Net realized gain (loss) on investments	481	120
Change in unrealized gain (loss) on investments	1 837	1 177
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	2 470	1 393
Net gain (loss) on foreign cash balances	2	–
TOTAL OTHER INCOME (LOSS)	2	–
TOTAL INCOME (LOSS)	2 472	1 393
EXPENSES (see notes – Fund Specific Information)		
Management fees	33	31
Administration fees	11	10
Independent Review Committee costs	1	1
GST/HST	5	4
Withholding tax	3	–
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	53	45
INCREASE (DECREASE) IN NAV	\$ 2 419	\$ 1 348
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 314	\$ 197
SERIES O	\$ 2 105	\$ 1 151
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.59	\$ 0.38
SERIES O	\$ 0.65	\$ 0.45

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 2 419	\$ 1 348
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(79)	(65)
Net realized loss (gain) on investments	(481)	(120)
Change in unrealized loss (gain) on investments	(1 837)	(1 177)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	—	1
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(30 926)	(25 904)
Proceeds from sale and maturity of investments	27 150	22 770
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3 754)	(3 147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	6 030	5 241
Cash paid on redemption of redeemable units	(2 230)	(2 115)
Distributions paid to holders of redeemable units	—	(9)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 3 800	\$ 3 117
Net increase (decrease) in cash for the period	46	(30)
Cash (bank overdraft), beginning of period	31	45
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 77	\$ 15
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 69	\$ 31

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 6 996	\$ 6 356	\$ 40 599	\$ 30 818	\$ 47 595	\$ 37 174
INCREASE (DECREASE) IN NAV	314	197	2 105	1 151	2 419	1 348
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	950	572	4 918	4 611	5 868	5 183
Reinvestments of distributions to holders of redeemable units	—	—	—	1	—	1
Redemption of redeemable units	(545)	(410)	(1 689)	(1 721)	(2 234)	(2 131)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	405	162	3 229	2 891	3 634	3 053
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	719	359	5 334	4 042	6 053	4 401
NAV AT END OF PERIOD	\$ 7 715	\$ 6 715	\$ 45 933	\$ 34 860	\$ 53 648	\$ 41 575

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2035.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 48.2% (December 31, 2017 – 45.9%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	90.0	89.1
A	–	0.1
BBB	0.7	1.0
BB	4.3	4.5
B	3.5	3.7
CCC	1.5	1.5
Unrated	–	0.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	48.1	45.4
Global Equities	27.4	30.3
Canadian Equities	13.1	13.3
United States Equities	8.8	9.0
Cash/Other	2.6	2.0
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 48.2% (December 31, 2017 – 45.9%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	0.3	0.3
1 – 5 years	7.2	5.4
5 – 10 years	1.6	4.3
> 10 years	90.9	90.0
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.8% (December 31, 2017 – 12.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	24.8	24.3
Pound sterling	2.2	2.2
Euro	2.0	2.3
Hong Kong dollar	1.6	1.5
Japanese yen	1.4	1.3
South African rand	1.1	1.4
Swiss franc	1.0	1.1
Indian rupee	0.9	0.9
New Taiwan dollar	0.6	0.6
South Korean won	–	0.7
Other currencies	1.9	2.6
Total	37.5	38.9

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.9% (December 31, 2017 – 1.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.5	+ or - 0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	53 396	–	–	53 396
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	156	–	156
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	53 396	156	–	53 552
% of total portfolio	99.7	0.3	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	47 383	–	–	47 383
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	187	–	187
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	47 383	187	–	47 570
% of total portfolio	99.6	0.4	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	0.95%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	65	65
Series O	58	58
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.3	0.1	7.3	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	5.8	0.2	6.3	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.4	–
Phillips, Hager & North				
Conservative Equity				
Income Fund	0.3	–	–	–
Phillips, Hager & North				
High Yield Bond Fund	4.9	0.1	5.0	0.1
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	43.3	22.1	40.9	21.6
RBC Emerging Markets				
Equity Fund	5.5	0.1	6.8	0.1
RBC Global Equity				
Focus Fund	15.7	0.2	16.4	0.3
RBC QUBE Global				
Equity Fund	5.2	1.0	5.5	0.9
RBC QUBE Low Volatility				
Global Equity Fund	2.2	0.1	1.9	0.1
RBC U.S. Mid-Cap Value				
Equity Fund	2.8	0.2	3.0	0.2
RBC U.S. Small-Cap Value				
Equity Fund	1.0	0.7	1.1	0.7

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.1	—	4.9	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	533	508
Issued number of units	71	44
Reinvested number of units	—	—
Redeemed number of units	(41)	(32)
Ending number of units	563	520
Series O		
Opening units	3 114	2 480
Issued number of units	373	363
Reinvested number of units	—	—
Redeemed number of units	(129)	(137)
Ending number of units	3 358	2 706

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2040 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
323 582	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 3 641	\$ 3 982	
250 051	Phillips, Hager & North Canadian Equity Value Fund*	3 344	3 711	
24 291	Phillips, Hager & North Canadian Money Market Fund*	243	243	
237 249	Phillips, Hager & North High Yield Bond Fund*	2 718	2 675	
1 620 742	Phillips, Hager & North Long Inflation-linked Bond Fund*	18 773	19 704	
241 773	RBC Emerging Markets Equity Fund*	3 633	4 283	
578 386	RBC Global Equity Focus Fund*	7 618	10 313	
283 141	RBC QUBE Global Equity Fund*	3 514	3 424	
156 202	RBC U.S. Mid-Cap Value Equity Fund*	2 061	2 148	
51 551	RBC U.S. Small-Cap Value Equity Fund*	604	738	
25 940	Vanguard Real Estate Fund	2 447	2 777	
TOTAL UNDERLYING FUNDS		48 596	53 998	99.5
SHORT-TERM INVESTMENTS†		210	210	0.4
TOTAL INVESTMENTS		<u>\$ 48 806</u>	54 208	99.9
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			78	0.1
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$</u>	<u>54 286</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 54 208	\$ 47 571
Cash	77	31
Subscriptions receivable	33	45
TOTAL ASSETS	54 318	47 647
LIABILITIES		
Redemptions payable	25	3
Accounts payable and accrued expenses	7	7
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	32	10
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS ("NAV")	\$ 54 286	\$ 47 637
Investments at cost	\$ 48 806	\$ 44 222
NAV		
SERIES D	\$ 5 111	\$ 4 702
SERIES O	\$ 49 175	\$ 42 935
NAV PER UNIT		
SERIES D	\$ 13.79	\$ 13.22
SERIES O	\$ 13.75	\$ 13.11

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 49	\$ 30
Interest for distribution purposes	1	–
Income from investment trusts	99	63
Derivative income	–	(1)
Net realized gain (loss) on investments	275	94
Change in unrealized gain (loss) on investments	2 053	1 361
TOTAL NET GAIN (LOSS) ON		
INVESTMENTS AND DERIVATIVES	2 477	1 547
Net gain (loss) on foreign cash balances	1	–
TOTAL OTHER INCOME (LOSS)	1	–
TOTAL INCOME (LOSS)	2 478	1 547
EXPENSES (see notes – Fund Specific Information)		
Management fees	24	20
Administration fees	12	8
Independent Review Committee costs	1	1
GST/HST	3	3
Withholding tax	3	–
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	43	31
INCREASE (DECREASE) IN NAV	\$ 2 435	\$ 1 516
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 208	\$ 146
SERIES O	\$ 2 227	\$ 1 370
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.57	\$ 0.45
SERIES O	\$ 0.65	\$ 0.52

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 2 435	\$ 1 516
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(78)	(63)
Net realized loss (gain) on investments	(275)	(94)
Change in unrealized loss (gain) on investments	(2 053)	(1 361)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	—	—
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(31 458)	(26 333)
Proceeds from sale and maturity of investments	27 227	22 801
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4 202)	(3 534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	6 351	5 678
Cash paid on redemption of redeemable units	(2 103)	(2 173)
Distributions paid to holders of redeemable units	—	(2)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 4 248	\$ 3 503
Net increase (decrease) in cash for the period	46	(31)
Cash (bank overdraft), beginning of period	31	46
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 77	\$ 15
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 67	\$ 30

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 4 702	\$ 4 048	\$ 42 935	\$ 31 436	\$ 47 637	\$ 35 484
INCREASE (DECREASE) IN NAV	208	146	2 227	1 370	2 435	1 516
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	470	523	5 869	5 051	6 339	5 574
Reinvestments of distributions to holders of redeemable units	—	—	—	1	—	1
Redemption of redeemable units	(269)	(527)	(1 856)	(1 659)	(2 125)	(2 186)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	201	(4)	4 013	3 393	4 214	3 389
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	409	142	6 240	4 763	6 649	4 905
NAV AT END OF PERIOD	\$ 5 111	\$ 4 190	\$ 49 175	\$ 36 199	\$ 54 286	\$ 40 389

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2040.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 41.2% (December 31, 2017 – 40.0%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	88.2	87.6
A	–	0.1
BBB	0.8	1.1
BB	5.1	5.2
B	4.2	4.2
CCC	1.7	1.7
Unrated	–	0.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Bonds	41.1	39.5
Global Equities	31.6	33.7
Canadian Equities	13.9	14.2
United States Equities	10.3	10.3
Cash/Other	3.1	2.3
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 41.2% (December 31, 2017 – 40.0%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	0.4	0.3
1 – 5 years	8.4	6.3
5 – 10 years	1.8	4.9
> 10 years	89.4	88.5
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 1.9% (December 31, 2017 – 10.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	24.3	23.5
Pound sterling	2.7	2.6
Euro	2.2	2.5
Hong Kong dollar	2.0	1.8
South African rand	1.6	1.7
Japanese yen	1.4	1.2
Indian rupee	1.2	1.1
Swiss franc	1.0	1.2
New Taiwan dollar	0.9	0.8
South Korean won	0.6	0.9
Other currencies	2.3	3.1
Total	40.2	40.4

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.0% (December 31, 2017 – 2.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.5	+ or - 0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	53 998	–	–	53 998
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	210	–	210
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	53 998	210	–	54 208
% of total portfolio	99.6	0.4	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	47 312	–	–	47 312
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	259	–	259
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	47 312	259	–	47 571
% of total portfolio	99.5	0.5	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	1.00%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	66	66
Series O	58	58
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	7.3	0.1	7.3	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	6.8	0.3	7.2	0.3
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	–	0.4	–
Phillips, Hager & North				
High Yield Bond Fund	4.9	0.1	5.0	0.1
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	36.3	18.7	35.0	18.5
RBC Emerging Markets				
Equity Fund	7.9	0.1	8.3	0.1
RBC Global Equity				
Focus Fund	19.0	0.3	19.4	0.3
RBC QUBE Global				
Equity Fund	6.3	1.2	6.4	1.0
RBC U.S. Mid-Cap Value				
Equity Fund	4.0	0.3	4.1	0.3
RBC U.S. Small-Cap Value				
Equity Fund	1.4	1.0	1.5	1.0

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.1	—	4.8	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	356	321
Issued number of units	35	41
Reinvested number of units	—	—
Redeemed number of units	(20)	(41)
Ending number of units	371	321
Series O		
Opening units	3 275	2 515
Issued number of units	443	393
Reinvested number of units	—	—
Redeemed number of units	(141)	(129)
Ending number of units	3 577	2 779

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2045 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
687 328	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 7 760	\$ 8 459	
570 520	Phillips, Hager & North Canadian Equity Value Fund*	7 655	8 466	
47 957	Phillips, Hager & North Canadian Money Market Fund*	480	480	
462 962	Phillips, Hager & North High Yield Bond Fund*	5 292	5 221	
2 444 074	Phillips, Hager & North Long Inflation-linked Bond Fund*	28 316	29 713	
541 496	RBC Emerging Markets Equity Fund*	8 074	9 593	
1 295 223	RBC Global Equity Focus Fund*	16 647	23 094	
633 637	RBC QUBE Global Equity Fund*	7 880	7 663	
360 791	RBC U.S. Mid-Cap Value Equity Fund*	4 750	4 961	
119 351	RBC U.S. Small-Cap Value Equity Fund*	1 351	1 708	
50 222	Vanguard Real Estate Fund	4 760	5 376	
TOTAL UNDERLYING FUNDS		92 965	104 734	99.3
SHORT-TERM INVESTMENTS†		416	416	0.4
TOTAL INVESTMENTS		<u>\$ 93 381</u>	105 150	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			311	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>\$ 105 461</u>	100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 105 150	\$ 93 875
Cash	25	63
Subscriptions receivable	334	76
TOTAL ASSETS	105 509	94 014
LIABILITIES		
Redemptions payable	36	98
Accounts payable and accrued expenses	12	12
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF		
REDEEMABLE UNITS	48	110
NET ASSETS ATTRIBUTABLE TO HOLDERS		
OF REDEEMABLE UNITS ("NAV")	\$ 105 461	\$ 93 904
Investments at cost	\$ 93 381	\$ 85 889
NAV		
SERIES D	\$ 7 760	\$ 6 907
SERIES O	\$ 97 701	\$ 86 997
NAV PER UNIT		
SERIES D	\$ 14.77	\$ 14.16
SERIES O	\$ 14.74	\$ 14.05

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 96	\$ 64
Interest for distribution purposes	2	1
Income from investment trusts	197	127
Net realized gain (loss) on investments	724	205
Change in unrealized gain (loss) on investments	3 783	3 331
TOTAL NET GAIN (LOSS) ON		
INVESTMENTS AND DERIVATIVES	4 802	3 728
Net gain (loss) on foreign cash balances	4	(3)
TOTAL OTHER INCOME (LOSS)	4	(3)
TOTAL INCOME (LOSS)	4 806	3 725
EXPENSES (see notes – Fund Specific Information)		
Management fees	37	33
Administration fees	23	18
Independent Review Committee costs	1	1
GST/HST	6	5
Withholding tax	7	–
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	74	56
INCREASE (DECREASE) IN NAV	\$ 4 732	\$ 3 669
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 296	\$ 275
SERIES O	\$ 4 436	\$ 3 394
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.59	\$ 0.59
SERIES O	\$ 0.69	\$ 0.65

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

Statements of Cash Flow (unaudited) (in \$000s)For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 4 732	\$ 3 669
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(154)	(127)
Net realized loss (gain) on investments	(724)	(205)
Change in unrealized loss (gain) on investments	(3 783)	(3 331)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	—	1
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(54 305)	(41 457)
Proceeds from sale and maturity of investments	47 691	34 131
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(6 543)	(7 319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	12 188	11 620
Cash paid on redemption of redeemable units	(5 683)	(4 365)
Distributions paid to holders of redeemable units	—	(1)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 6 505	\$ 7 254
Net increase (decrease) in cash for the period	(38)	(65)
Cash (bank overdraft), beginning of period	63	100
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 25	\$ 35
Interest received (paid)	\$ 2	\$ 1
Dividends received, net of withholding taxes	\$ 132	\$ 64

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 6 907	\$ 5 875	\$ 86 997	\$ 65 082	\$ 93 904	\$ 70 957
INCREASE (DECREASE) IN NAV	296	275	4 436	3 394	4 732	3 669
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	1 667	1 295	10 779	10 289	12 446	11 584
Reinvestments of distributions to holders of redeemable units	—	—	—	1	—	1
Redemption of redeemable units	(1 110)	(1 034)	(4 511)	(3 365)	(5 621)	(4 399)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	557	261	6 268	6 925	6 825	7 186
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	853	536	10 704	10 319	11 557	10 855
NAV AT END OF PERIOD	\$ 7 760	\$ 6 411	\$ 97 701	\$ 75 401	\$ 105 461	\$ 81 812

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2045.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 33.1% (December 31, 2017 – 30.0%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	85.2	83.5
A	–	0.1
BBB	1.0	1.5
BB	6.4	6.9
B	5.2	5.6
CCC	2.2	2.3
Unrated	–	0.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Global Equities	36.4	40.3
Bonds	33.0	29.6
Canadian Equities	15.7	16.4
United States Equities	11.3	11.4
Cash/Other	3.6	2.3
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 33.2% (December 31, 2017 – 30.0%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	0.4	0.4
1 – 5 years	10.6	8.3
5 – 10 years	2.3	6.5
> 10 years	86.7	84.8
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.5% (December 31, 2017 – 7.7%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	32.0	32.1
Pound sterling	3.1	3.1
Euro	2.5	3.0
Hong Kong dollar	2.3	2.1
South African rand	1.8	2.0
Japanese yen	1.6	1.5
Indian rupee	1.4	1.3
Swiss franc	1.2	1.5
New Taiwan dollar	1.1	0.9
South Korean won	0.6	1.0
Other currencies	2.6	3.7
Total	50.2	52.2

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.5% (December 31, 2017 – 2.6%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.6	+ or - 0.5

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	104 734	–	–	104 734
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	416	–	416
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	104 734	416	–	105 150
% of total portfolio	99.6	0.4	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	93 335	–	–	93 335
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	540	–	540
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	93 335	540	–	93 875
% of total portfolio	99.4	0.6	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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 D	1.05%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	65	65
Series O	56	56
Value of all units	2	2

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	8.0	0.3	8.3	0.3
Phillips, Hager & North				
Canadian Equity				
Value Fund	8.0	0.6	8.4	0.7
Phillips, Hager & North				
Canadian Money				
Market Fund	0.5	–	0.4	–
Phillips, Hager & North				
High Yield Bond Fund	5.0	0.1	5.0	0.1
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	28.2	28.2	25.1	26.2
RBC Emerging Markets				
Equity Fund	9.1	0.2	9.9	0.2
RBC Global Equity				
Focus Fund	21.9	0.7	23.2	0.7
RBC QUBE Global				
Equity Fund	7.3	2.6	7.7	2.5
RBC U.S. Mid-Cap Value				
Equity Fund	4.7	0.7	5.0	0.7
RBC U.S. Small-Cap Value				
Equity Fund	1.6	2.4	1.8	2.3

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

June 30, 2018

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.1	—	4.6	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	488	446
Issued number of units	116	96
Reinvested number of units	—	—
Redeemed number of units	(79)	(76)
Ending number of units	525	466

Series O		
Opening units	6 192	4 981
Issued number of units	755	759
Reinvested number of units	—	—
Redeemed number of units	(318)	(249)
Ending number of units	6 629	5 491

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

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

PHILLIPS, HAGER & NORTH LIFETIME 2050 FUND

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
UNDERLYING FUNDS				
286 164	Phillips, Hager & North Canadian Equity Underlying Fund*	\$ 3 337	\$ 3 522	
237 170	Phillips, Hager & North Canadian Equity Value Fund*	3 306	3 520	
16 264	Phillips, Hager & North Canadian Money Market Fund*	163	163	
163 875	Phillips, Hager & North High Yield Bond Fund*	1 872	1 848	
564 805	Phillips, Hager & North Long Inflation-linked Bond Fund*	6 562	6 866	
225 943	RBC Emerging Markets Equity Fund*	3 712	4 003	
544 571	RBC Global Equity Focus Fund*	8 080	9 710	
264 289	RBC QUBE Global Equity Fund*	3 283	3 196	
150 386	RBC U.S. Mid-Cap Value Equity Fund*	2 028	2 068	
49 344	RBC U.S. Small-Cap Value Equity Fund*	618	706	
17 782	Vanguard Real Estate Fund	1 849	1 903	
TOTAL UNDERLYING FUNDS		34 810	37 505	99.5
SHORT-TERM INVESTMENTS†		178	178	0.5
TOTAL INVESTMENTS		\$ 34 988	37 683	100.0
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				15
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				\$ 37 698 100.0

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

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, earn interest at a rate of 1.20% and mature on July 3, 2018.

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

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 37 683	\$ 26 267
Cash	51	21
Due from investment dealers	–	50
Subscriptions receivable	107	100
TOTAL ASSETS	37 841	26 438
LIABILITIES		
Due to investment dealers	95	148
Redemptions payable	44	7
Accounts payable and accrued expenses	4	2
TOTAL LIABILITIES EXCLUDING NET ASSETS		
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	143	157
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 37 698	\$ 26 281
Investments at cost	\$ 34 988	\$ 25 036
NAV		
SERIES D	\$ 2 427	\$ 1 140
SERIES O	\$ 35 271	\$ 25 141
NAV PER UNIT		
SERIES D	\$ 12.11	\$ 11.62
SERIES O	\$ 12.06	\$ 11.50

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 33	\$ 12
Interest for distribution purposes	1	–
Income from investment trusts	70	26
Net realized gain (loss) on investments	25	28
Change in unrealized gain (loss) on investments	1 464	695
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	1 593	761
Net gain (loss) on foreign cash balances	1	–
TOTAL OTHER INCOME (LOSS)	1	–
TOTAL INCOME (LOSS)	1 594	761
EXPENSES (see notes – Fund Specific Information)		
Management fees	11	3
Administration fees	9	4
Independent Review Committee costs	1	1
GST/HST	2	1
Withholding tax	3	1
Expenses reimbursed by manager	–	(1)
TOTAL EXPENSES	26	9
INCREASE (DECREASE) IN NAV	\$ 1 568	\$ 752
INCREASE (DECREASE) IN NAV		
SERIES D	\$ 85	\$ 35
SERIES O	\$ 1 483	\$ 717
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES D	\$ 0.50	\$ 0.54
SERIES O	\$ 0.58	\$ 0.56

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

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

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 568	\$ 752
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Non-cash distributions from underlying funds	(52)	(26)
Net realized loss (gain) on investments	(25)	(28)
Change in unrealized loss (gain) on investments	(1 464)	(695)
(Increase) decrease in accrued receivables	—	—
Increase (decrease) in accrued payables	2	1
(Increase) decrease in margin accounts	—	—
Cost of investments purchased	(28 752)	(9 142)
Proceeds from sale and maturity of investments	18 874	3 873
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(9 849)	(5 265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	11 541	6 140
Cash paid on redemption of redeemable units	(1 662)	(879)
Distributions paid to holders of redeemable units	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 9 879	\$ 5 261
Net increase (decrease) in cash for the period	30	(4)
Cash (bank overdraft), beginning of period	21	77
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 51	\$ 73
Interest received (paid)	\$ 1	\$ —
Dividends received, net of withholding taxes	\$ 48	\$ 11

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

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

For the periods ended June 30 (see note 2 in the generic notes)	Series D		Series O		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 1 140	\$ 610	\$ 25 141	\$ 11 318	\$ 26 281	\$ 11 928
INCREASE (DECREASE) IN NAV	85	35	1 483	717	1 568	752
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	1 427	206	10 121	5 912	11 548	6 118
Reinvestments of distributions to holders of redeemable units	—	—	—	2	—	2
Redemption of redeemable units	(225)	(73)	(1 474)	(839)	(1 699)	(912)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	1 202	133	8 647	5 075	9 849	5 208
Distributions from net income	—	—	—	—	—	—
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	—	—	—	—	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NAV	1 287	168	10 130	5 792	11 417	5 960
NAV AT END OF PERIOD	\$ 2 427	\$ 778	\$ 35 271	\$ 17 110	\$ 37 698	\$ 17 888

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

June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide a balance of income and long-term capital growth relative to its target retirement date of 2050.

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

The Fund invests primarily in other mutual funds. The Fund's exposure to financial instrument risk is based on the underlying mutual fund asset mix. The following tables present the Fund's direct risks and pro rata exposure to the risks of the underlying funds.

Credit risk (%)

Credit-exposed securities, excluding short-term investments, comprise 23.1% (December 31, 2017 – 20.9%) of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	79.1	76.8
A	–	0.1
BBB	1.4	2.1
BB	9.0	9.7
B	7.4	7.9
CCC	3.1	3.3
Unrated	–	0.1
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
Global Equities	42.7	45.7
Bonds	23.0	20.4
Canadian Equities	18.3	18.9
United States Equities	12.3	12.6
Cash/Other	3.7	2.4
Total	100.0	100.0

Interest rate risk (%)

Fixed-income and debt securities, excluding short-term investments, comprise 23.2% (December 31, 2017 – 20.9%) of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	0.6	0.6
1 – 5 years	15.0	11.8
5 – 10 years	3.3	9.2
> 10 years	81.1	78.4
Total	100.0	100.0

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.9% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency risk (% of NAV)

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

Currency	June 30 2018	December 31 2017
United States dollar	36.3	35.6
Pound sterling	3.6	3.5
Euro	2.9	3.4
Hong Kong dollar	2.7	2.4
Danish krone	2.6	–
South African rand	2.1	2.3
Japanese yen	1.8	1.7
Indian rupee	1.6	1.5
Swiss franc	1.4	1.7
New Taiwan dollar	1.2	1.0
South Korean won	0.7	1.2
Brazilian real	0.5	–
Australian dollar	–	0.5
Other currencies	–	3.5
Total	57.4	58.3

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 2.9% (December 31, 2017 – 2.9%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

June 30, 2018

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the Fund's NAV, using a 36-month historical correlation of data of the Fund's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
S&P/TSX Capped Composite		
Total Return Index	+ or - 0.6	+ or - 0.6

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	37 505	—	—	37 505
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	178	—	178
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	37 505	178	—	37 683
% of total portfolio	99.5	0.5	—	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	—	—	—	—
Underlying funds	26 134	—	—	26 134
Fixed-income				
and debt securities	—	—	—	—
Short-term investments	—	133	—	133
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
Total financial instruments	26 134	133	—	26 267
% of total portfolio	99.5	0.5	—	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

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

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 D	1.10%	0.05%
Series O	n/a*	0.05%

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

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

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

	June 30 2018	December 31 2017
Units held		
Series D	118	118
Series O	106	106
Value of all units	3	3

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 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Phillips, Hager & North				
Canadian Equity				
Underlying Fund	9.3	0.1	9.6	0.1
Phillips, Hager & North				
Canadian Equity				
Value Fund	9.3	0.2	9.6	0.2
Phillips, Hager & North				
Canadian Money				
Market Fund	0.4	—	0.5	—
Phillips, Hager & North				
High Yield Bond Fund	4.9	—	4.9	—
Phillips, Hager & North				
Long Inflation-linked				
Bond Fund	18.2	6.5	15.9	4.7
RBC Emerging Markets				
Equity Fund	10.6	0.1	11.1	0.1
RBC Global Equity				
Focus Fund	25.8	0.3	26.5	0.2

PHILLIPS, HAGER & NORTH LIFETIME 2050 FUND

June 30, 2018

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
RBC QUBE Global Equity Fund	8.5	1.1	8.8	0.8
RBC U.S. Mid-Cap Value Equity Fund	5.5	0.3	5.6	0.2
RBC U.S. Small-Cap Value Equity Fund	1.9	1.0	1.9	0.7

The table below summarizes the Fund's interest in the unsponsored funds as a percentage of NAV, and the Fund's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Vanguard Real Estate Investment Trust Fund	5.0	—	5.1	—

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

The Fund had no capital or non-capital losses as at December 31, 2017.

Redeemable units (000s)

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

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

	2018	2017
Series D		
Opening units	98	56
Issued number of units	121	18
Reinvested number of units	—	—
Redeemed number of units	(19)	(6)
Ending number of units	200	68
Series O		
Opening units	2 185	1 057
Issued number of units	866	529
Reinvested number of units	—	—
Redeemed number of units	(126)	(75)
Ending number of units	2 925	1 511

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

June 30, 2018

1. The Funds

The Funds (“Fund” or “Funds”) are open-ended mutual fund trusts governed by the laws of the Province of Ontario or British Columbia. RBC GAM is the manager and portfolio manager of the Funds and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. RBC GAM is also the trustee of those Funds governed by the laws of the Province of Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on August 9, 2018.

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

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

Advisor Series units and Advisor T5 Series units are available to all investors through authorized dealers with an initial sales charge or low-load sales charge option. For certain of the Funds, Advisor Series units and Advisor T5 Series units are available with a deferred sales charge option. Under the initial sales charge option, investors pay a sales charge ranging from 0% to 5% of the amount invested. Under the deferred sales charge or low-load sales charge option, sales charges may be applicable, as described in the Simplified Prospectus.

Series T5 units and Series T8 units have no sales charges and are available to all investors through authorized dealers.

Series H units have no sales charges, have lower fees than Series A units and are only available to investors who invest and maintain the required minimum balance through authorized dealers.

Series D units and Series DZ units have no sales charges and have lower fees than Series A units. Series D units and Series DZ units may be available to investors who have accounts with RBC Direct Investing Inc., Phillips, Hager & North Investment Funds Ltd. (“PH&N IF”) or certain other authorized dealers (primarily discount brokers).

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

Series I units have no sales charges, have lower fees than Series F units, Series FT5 units and Series FT8 units and are only available to investors who invest and maintain the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with RBC GAM.

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

2. Financial period

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

3. Summary of significant accounting policies

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

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

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

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the Funds classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds' debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objectives. Consequently, all investments and derivative contracts are measured at FVTPL.

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

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

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

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

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

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

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

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

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

June 30, 2018

The hierarchy of inputs is summarized below:

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

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

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

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

The three-tier hierarchy of investments and derivatives is included in Notes to Financial Statements – Fund Specific Information.

Investments and derivatives are recorded at fair value, which is determined as follows:

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Fixed-Income and Debt Securities – Bonds, mortgage-backed securities, loans and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

NHA-approved mortgages are valued at an amount, which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

Options – Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial instrument at an agreed exercise or strike price during the specified period or on a specified date.

Listed options are valued at the closing price on the recognized exchange on which the option is traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Options purchased and options written (sold) are recorded as investments in the Statements of Financial Position. These investments are reported at fair value in the Statements of Financial Position, and unrealized gain or loss at the close of business on each valuation date is recorded in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

When an option is exercised and the underlying securities are acquired or delivered, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed the Fund will realize a gain or loss equal to the difference between the premium and the cost to close the position. When an option expires, gains or losses are realized equivalent to the amount of premiums received or paid, respectively. The net realized gains (losses) on written and purchased options are included in the Statements of Comprehensive Income in "Net realized gain (loss) on investments."

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any unrealized gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (loss) on foreign exchange contracts is included in "Derivative income" in the Statements of Comprehensive Income.

Total Return Swaps – A total return swap is an agreement by which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. Total return swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income. When the swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the current net present value and the executed net present value in "Derivative income" in the Statements of Comprehensive Income.

June 30, 2018

Unrealized gains and losses are recorded as “Receivable on open swap contracts” or “Payable on open swap contracts” in the Statements of Financial Position. The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

Futures Contracts – Futures contracts entered into by the Funds are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the Funds do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as “Derivative income” in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Underlying Funds – Underlying funds that are mutual funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

Fair Valuation of Investments – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. Management also has procedures in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only

if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the manager and are approved by the manager. The VC provides oversight of the Funds’ valuation policies and procedures.

Cash Cash is comprised of cash and deposits with banks and is recorded at fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars (U.S. dollars in the case of the Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund) at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income” in the Statements of Comprehensive Income.

Functional Currency The Funds, with the exceptions below, have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds. Phillips, Hager & North \$U.S. Money Market Fund, RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund, RBC \$U.S. Short-Term Corporate Bond Fund, RBC \$U.S. Investment Grade Corporate Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC \$U.S. Strategic Income Bond Fund, BlueBay Emerging Markets Corporate Bond Fund, BlueBay \$U.S. Global Convertible Bond Fund (Canada) and RBC U.S. Monthly Income Fund have their subscriptions, redemptions and performance denominated in U.S. dollars and, consequently, the U.S. dollar is the functional currency for these Funds.

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Valuation of Series A different NAV is calculated for each series of units of a Fund. The NAV of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative NAV of each series. Expenses are accrued daily.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed-income and debt securities with the exception of zero coupon bonds.

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. "Income from investment trusts" includes income from underlying funds and other trusts. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized. Interest payments made by the Funds to counterparties on the payable leg of derivative contracts are recorded as "Interest expense" in the Statements of Comprehensive Income.

Increase (Decrease) in NAV per Unit Increase (decrease) in NAV per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series, divided by the average units outstanding per series during the period.

Early Redemption Fees Early redemption fees (short-term trading fees) are paid directly to a Fund and are designed to deter excessive trading and its associated costs. With the exception of money market funds, a Fund may apply a fee of 2% of the current value of units if the unitholder redeems or switches out units within seven days of purchasing or previously switching into a Fund. These amounts are included in the Statements of Changes in NAV.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

ARS – Argentinian peso	KZT – Kazakhstan tenge
AUD – Australian dollar	MXN – Mexican peso
BRL – Brazilian real	MYR – Malaysian ringgit
CAD – Canadian dollar	NOK – Norwegian krone
CHF – Swiss franc	NZD – New Zealand dollar
CLP – Chilean peso	PEN – Peruvian nuevo sol
CNY – Chinese renminbi	PHP – Philippine peso
COP – Colombian peso	PLN – Polish zloty
CZK – Czech koruna	RON – Romanian leu
DKK – Danish krone	RUB – Russian ruble
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	THB – Thailand baht
HUF – Hungarian forint	TRY – Turkish new lira
IDR – Indonesian rupiah	TWD – New Taiwan dollar
ILS – Israeli new shekel	USD – United States dollar
INR – Indian rupee	UYU – Uruguay peso
JPY – Japanese yen	ZAR – South African rand
KRW – South Korean won	

4. Critical accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying the Funds' accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair value measurement of securities not quoted in an active market

The Funds have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the Funds' assets and liabilities are believed to be appropriate as at the reporting date.

The Funds may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial instrument risk and capital management

RBC GAM is responsible for managing each Fund's capital, which is its NAV and consists primarily of its financial instruments.

A Fund's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio managers, daily monitoring of the Fund's holdings and market events, diversifying its investment portfolio within the constraints of its investment

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objectives and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities and monitors compliance with the Fund's investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its NAV for the purpose of funding redemptions. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund's Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty. Credit risk exposure is mitigated for those Funds participating in a securities lending program (see note 7). RBC GAM monitors each Fund's credit exposure and counterparty ratings daily.

Concentration risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Taxes

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

7. Securities lending revenue

Certain of the Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of a Fund. Each such Fund will have entered into a securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of a Fund. The Fund receives collateral, with an approved credit rating of at least A, of at least 102% of the value of securities on loan. The Fund is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

8. Administrative and other related-party transactions

Manager and Portfolio Manager

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager and portfolio manager of the Funds. RBC GAM is responsible for the Funds' day-to-day operations, provides investment advice and portfolio management services to the Funds and appoints distributors for the Funds. RBC GAM is paid a management fee by the Funds as compensation for its services. The management fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. No management fees are paid by the Funds with respect to Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM for investment-counselling services.

The Funds pay a fixed administration fee to RBC GAM. The fixed administration fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. RBC GAM in turn pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim reports, prospectuses, statements and investor communications.

Notwithstanding the fixed administration fee, the Funds also pay certain operating expenses directly, including the costs related to the Independent Review Committee of the Funds, and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but

not limited to, GST/HST). Other fund costs will be allocated proportionately to each series based upon the relative NAV of each series. RBC GAM may, in some years and in certain cases, absorb a portion of operating expenses. The decision to absorb the operating expenses is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates ("underlying mutual funds"). A Fund will not invest in units of an underlying mutual fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying mutual fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same service. The Fund's ownership interest in underlying mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Funds also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC \$U.S. Investment Grade Corporate Bond Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund and Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (for a portion of the Fund). RBC Global Asset Management (UK) Limited is the sub-advisor for the RBC Global Bond Fund

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(for a portion of the Fund), RBC Global Corporate Bond Fund (for a portion of the Fund), RBC U.S. Monthly Income Fund (for a portion of the Fund), RBC Balanced Fund (for the European equity portion of the Fund), RBC Global Balanced Fund (for the European equity portion of the Fund), RBC International Dividend Growth Fund, RBC International Equity Fund (for the European equity portion of the Fund), RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund, RBC Emerging Markets Small-Cap Equity Fund, RBC Global Dividend Growth Fund, RBC Global Dividend Growth Currency Neutral Fund, RBC Global Equity Fund, RBC Global Equity Focus Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, Phillips, Hager & North Overseas Equity Fund and Phillips, Hager & North Global Equity Fund. RBC Investment Management (Asia) Limited is the sub-advisor for the RBC Balanced Fund (for the Asian equity portion of the Fund), RBC Global Balanced Fund (for the Asian equity portion of the Fund), RBC Vision Balanced Fund (for the Asian equity portion of the Fund), RBC International Dividend Growth Fund (for the Asian equity portion of the Fund), RBC International Equity Fund (for the Asian equity portion of the Fund), RBC Asian Equity Fund, RBC Asia Pacific Ex-Japan Equity Fund and RBC Japanese Equity Fund. BlueBay Asset Management LLP is the sub-advisor of the BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada) and BlueBay \$U.S. Global Convertible Bond Fund (Canada).

The sub-advisors earn a fee which is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. The sub-advisors are paid by the manager from the management fee paid by the Funds.

Trustee

RBC GAM is the trustee for the Funds governed by the laws of the Province of Ontario. RBC IS is the trustee for the Funds governed by the laws of the Province of British Columbia. The trustee holds title to the Funds' property on behalf of the unitholders. The trustee earns a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and PH&N IF are principal distributors of, or may distribute certain series of units of, the Funds. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series, Advisor T5 Series, Series T5, Series T8, Series H and Series D units.

Custodian

RBC IS is the custodian and holds the assets of the Funds. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Funds.

Registrars

RBC GAM, RBC IS or Royal Bank (or a combination thereof) are the registrars of the Funds and keep records of who owns the units of the Funds. The registrars also process orders and issue account statements. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Funds.

Brokers and Dealers

The Funds have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

Securities Lending Agent

To the extent a Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Funds relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;

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- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Funds, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Funds. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.

9. Revision of comparative information

Where applicable, certain comparative figures on the Statements of Cash Flow have been revised.

Amounts reclassified to “Non-cash distributions from underlying funds” have been presented separately from amounts related to “Cost of investments purchased” to appropriately reflect the non-cash components of investments purchased. The impact on the “Net cash provided by (used in) operating activities” is nil.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, RBC Strategic Income Bond Fund, RBC Emerging Markets Bond Fund (CAD Hedged), RBC Managed Payout Solution, RBC Managed Payout Solution – Enhanced, RBC Managed Payout Solution – Enhanced Plus, RBC Monthly Income Fund, RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, RBC Retirement Income Solution,

RBC Retirement 2020 Portfolio, RBC Retirement 2025 Portfolio, RBC Retirement 2030 Portfolio, RBC Retirement 2035 Portfolio, RBC Retirement 2040 Portfolio, RBC Retirement 2045 Portfolio, RBC Retirement 2050 Portfolio, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC Select Choices Conservative Portfolio, RBC Select Choices Balanced Portfolio, RBC Select Choices Aggressive Growth Portfolio, RBC Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.

Amounts reclassified to “(Increase) decrease in margin accounts” have been presented separately from amounts related to “Cash (bank overdraft), beginning of period,” to appropriately separate changes in margin accounts.

Comparative figures on the Statements of Cash Flow have been revised for the following funds:

RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Global High Yield Bond Fund, BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), RBC Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC North American Growth Fund, RBC U.S. Index Currency Neutral Fund, RBC International Index Currency Neutral Fund and Phillips, Hager & North Total Return Bond Fund.

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Where applicable, certain comparative figures on the Statements of Comprehensive Income have been revised due to the implementation of IFRS 9. Certain amounts previously recorded as “Net gain (loss) on foreign currencies and other net assets,” “Other derivatives” and “Net gain (loss) from futures contracts” are now recorded as “Derivative income.” And certain amounts previously recorded as “Other income (loss)” are now recorded as “Income from investment trusts.”

Comparative figures on the Statements of Comprehensive Income have been revised for the following funds:

RBC Canadian Short-Term Income Fund, RBC Monthly Income Bond Fund, RBC Bond Fund, RBC Vision Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC High Yield Bond Fund, RBC \$U.S. High Yield Bond Fund, RBC Global High Yield Bond Fund, RBC Strategic Income Bond Fund, RBC Emerging Markets Foreign Exchange Fund, RBC Emerging Markets Bond Fund, RBC Emerging Markets Bond Fund (CAD Hedged), BlueBay Global Monthly Income Bond Fund, BlueBay Global Sovereign Bond Fund (Canada), BlueBay Global Investment Grade Corporate Bond Fund (Canada), BlueBay European High Yield Bond Fund (Canada), BlueBay Emerging Markets Corporate Bond Fund, BlueBay Global Convertible Bond Fund (Canada), BlueBay \$U.S. Global Convertible Bond Fund (Canada), RBC Managed Payout Solution, RBC Managed Payout Solution – Enhanced, RBC Managed Payout Solution – Enhanced Plus, RBC Monthly Income Fund, RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Vision Balanced Fund, RBC Conservative Growth & Income Fund, RBC Balanced Growth & Income Fund, RBC Global Growth & Income Fund, RBC Retirement Income Solution, RBC Retirement 2020 Portfolio, RBC Retirement 2025 Portfolio, RBC Retirement 2030 Portfolio, RBC Retirement 2035 Portfolio, RBC Retirement 2040 Portfolio, RBC Retirement 2045 Portfolio, RBC Retirement 2050 Portfolio, RBC Select Very Conservative Portfolio, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Growth Portfolio, RBC Select Aggressive Growth Portfolio, RBC Select Choices Conservative Portfolio, RBC Select Choices Balanced Portfolio, RBC Select Choices Growth Portfolio, RBC Select Choices Aggressive Growth Portfolio, RBC Target 2020 Education Fund, RBC Target 2025 Education Fund, RBC Target 2030 Education Fund, RBC Canadian Dividend Fund, RBC Canadian Equity Fund, RBC QUBE Canadian Equity Fund, RBC QUBE Low Volatility Canadian Equity Fund, RBC Trend Canadian Equity Fund, RBC Vision Canadian Equity Fund, RBC Canadian Index Fund, RBC O’Shaughnessy Canadian Equity Fund, RBC O’Shaughnessy All-Canadian Equity Fund,

RBC Canadian Equity Income Fund, RBC North American Value Fund, RBC North American Growth Fund, RBC U.S. Dividend Fund, RBC U.S. Dividend Currency Neutral Fund, RBC U.S. Equity Fund, RBC U.S. Equity Currency Neutral Fund, RBC QUBE U.S. Equity Fund, RBC QUBE Low Volatility U.S. Equity Fund, RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund, RBC U.S. Index Fund, RBC U.S. Index Currency Neutral Fund, RBC O’Shaughnessy U.S. Value Fund, RBC U.S. Mid-Cap Growth Equity Fund, RBC U.S. Mid-Cap Growth Equity Currency Neutral Fund, RBC U.S. Mid-Cap Value Equity Fund, RBC U.S. Small-Cap Core Equity Fund, RBC U.S. Small-Cap Value Equity Fund, RBC O’Shaughnessy U.S. Growth Fund, RBC O’Shaughnessy U.S. Growth Fund II, RBC International Dividend Growth Fund, RBC International Equity Fund, RBC International Equity Currency Neutral Fund, RBC International Index Currency Neutral Fund, RBC O’Shaughnessy International Equity Fund, RBC European Dividend Fund, RBC European Equity Fund, RBC European Mid-Cap Equity Fund, RBC Asian Equity Fund, RBC Asia Pacific ex-Japan Equity Fund, RBC Japanese Equity Fund, RBC Emerging Markets Multi-Strategy Equity Fund, RBC Emerging Markets Dividend Fund, RBC Emerging Markets Equity Fund, RBC Emerging Markets Small-Cap Equity Fund, RBC Global Dividend Growth Fund, RBC Global Dividend Growth Currency Neutral Fund, RBC Global Equity Fund, RBC Global Equity Focus Fund, RBC QUBE Global Equity Fund, RBC QUBE Low Volatility Global Equity Fund, RBC Vision Global Equity Fund, RBC Vision Fossil Fuel Free Global Equity Fund, RBC O’Shaughnessy Global Equity Fund, RBC QUBE All Country World Equity Fund, RBC QUBE Low Volatility All Country World Equity Fund, RBC Global Energy Fund, RBC Global Precious Metals Fund, RBC Global Resources Fund, RBC Global Technology Fund, RBC Private Canadian Corporate Bond Pool, RBC Private Income Pool, RBC Private Canadian Dividend Pool, RBC Private Canadian Growth and Income Equity Pool, RBC Private Canadian Equity Pool, RBC Private Canadian Mid-Cap Equity Pool, RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool, RBC Private U.S. Large-Cap Core Equity Pool, RBC Private U.S. Large-Cap Core Equity Currency Neutral Pool, RBC Private EAFE Equity Pool, Phillips, Hager & North Bond Fund, Phillips, Hager & North Total Return Bond Fund, Phillips, Hager & North High Yield Bond Fund, Phillips, Hager & North Monthly Income Fund, Phillips, Hager & North Balanced Fund, Phillips, Hager & North Dividend Income Fund, Phillips, Hager & North Canadian Equity Value Fund, Phillips, Hager & North Canadian Equity Underlying Fund, Phillips, Hager & North Canadian Equity Underlying Fund II, Phillips, Hager & North Canadian

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Growth Fund, Phillips, Hager & North Canadian Income Fund, Phillips, Hager & North Vintage Fund, Phillips, Hager & North U.S. Dividend Income Fund, Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, Phillips, Hager & North U.S. Equity Fund, Phillips, Hager & North Currency-Hedged U.S. Equity Fund, Phillips, Hager & North Overseas Equity Fund, Phillips, Hager & North Currency-Hedged Overseas Equity Fund, Phillips, Hager & North Global Equity Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.

Where applicable, certain comparative figures in the Fair Value Hierarchy table have been revised to reflect the investment in exchange-traded funds as part of “Underlying funds” rather than as “Equities.” Comparative figures in the Fair Value Hierarchy table have been revised for the following funds:

RBC U.S. Monthly Income Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Balanced Growth & Income Fund, RBC North American Value Fund, RBC North American Growth Fund, RBC U.S. Dividend Fund, RBC U.S. Dividend Currency Neutral Fund, RBC U.S. Equity Fund, RBC U.S. Equity Currency Neutral Fund, RBC U.S. Index Currency Neutral Fund, RBC U.S. Small-Cap Core Equity Fund, RBC Life Science and Technology Fund, RBC International Index Currency Neutral Fund, Phillips, Hager & North U.S. Dividend Income Fund, Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund, Phillips, Hager & North LifeTime 2015 Fund, Phillips, Hager & North LifeTime 2020 Fund, Phillips, Hager & North LifeTime 2025 Fund, Phillips, Hager & North LifeTime 2030 Fund, Phillips, Hager & North LifeTime 2035 Fund, Phillips, Hager & North LifeTime 2040 Fund, Phillips, Hager & North LifeTime 2045 Fund and Phillips, Hager & North LifeTime 2050 Fund.

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