PH&N Balanced Pension Trust

Pre-Fee Rates of Returns September 30, 2021 (%)	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI
PH&N Balanced Pension Trust	0.65	14.90	12.94	10.74	9.77	9.15	9.84	7.94[1]
*BPT Benchmark**	*0.52*	*12.54*	*10.07*	*9.11*	*8.42*	*7.81*	*8.33*	*7.36*
Relative Performance	+0.13	+2.36	+2.87	+1.63	+1.35	+1.34	+1.51	+0.58
Total Cash & Equivalents	0.05	0.22	0.86	1.24	1.32	1.24	1.07	
FTSE Canada 30-Day T-Bill Index	*0.03*	*0.10*	*0.56*	*0.92*	*0.97*	*0.88*	*0.83*	
Total Bonds	-0.27	-1.51	3.28	5.36	4.46	3.04	3.83	
PH&N Bond Fund	-0.43	-2.74	2.74	5.00	4.19	2.77	3.83	
PH&N High Yield Bond Fund	0.68	9.60	7.38	6.49	6.00	6.60	7.00	
RBC Global Bond Fund**	0.12	-1.31	2.06	5.09	4.01	3.05	4.55	
FTSE Canada Universe Bond Index	*-0.51*	*-3.35*	*1.73*	*4.32*	*3.65*	*2.29*	*3.33*	
Total Real Estate	2.78	7.66	-	-	-	-	-	
RBC Canadian Core Real Estate	2.78	7.67	-	-	-	-	-	3.57[2]
Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps	*2.08*	*8.09*	-	-	-	-	-	*6.43*
Total Canadian Equities	1.15	30.73	15.11	12.21	10.30	9.91	10.52	
PH&N Canadian Equity Underlying Fund	0.69	30.48	14.54	11.84	10.03	9.69	10.43	
PH&N Canadian Equity Value Fund	1.62	34.37	11.78	9.72	9.03	9.33	10.29	
PH&N Small Float Fund	3.13	24.92	22.55	16.70	14.29	12.86	16.66	
S&P/TSX Capped Composite Index	*0.17*	*28.02*	*13.13*	*11.07*	*9.75*	*9.64*	*8.84*	
Total Global Equities	0.99	22.00	19.66	13.68	14.20	14.74	16.17	
RBC Global Equity Focus Fund	2.32	25.13	23.18	17.07	18.24	18.01	-	17.27[3]
MSCI World Net Index (C$)	*2.30*	*22.18*	*16.66*	*12.38*	*13.02*	*12.91*	-	*12.32*
RBC QUBE Global Equity Fund	0.76	20.91	17.17	10.51	11.30	12.60	-	14.02[4]
MSCI World Net Index (C$)	*2.30*	*22.18*	*16.66*	*12.38*	*13.02*	*12.91*	-	*13.93*
RBC Emerging Markets Equity Fund	-6.11	7.70	8.87	8.09	6.96	8.07	10.35	
MSCI Emerging Markets Net Index (C$)	*-5.97*	*12.11*	*11.81*	*7.85*	*6.49*	*8.43*	*8.18*	

*BPT Benchmark (November 2020-Present):1% FTSE Canada 30 Day TBill Index, 36% FTSE Canada Universe Bond Index, 3% Canada CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps, 20% S&P/TSX Capped Composite Total Return Index, 36% MSCI World Total Return Net Index (CAD), 4% MSCI Emerging Markets Total Return Net Index.

Previous BPT Benchmarks: (October 2019-October 2020):1% FTSE Canada 30 Day TBill Index, 39% FTSE Canada Universe Bond Index, 20% S&P/TSX Capped Composite Total Return Index, 36% MSCI World Total Return Net Index (CAD), 4% MSCI Emerging Markets Total Return Net Index.
(October 2014-September 2019): 2% FTSE Canada 30-Day T-Bill, 38% FTSE Canada Universe Bond Index, 30% S&P/TSX Capped Composite Index, 26% MSCI World Net Index (CAD) and 4% MSCI Emerging Market Index Net (CAD).

(Inception-September 2014): 5% DEX 30-Day T-Bill, 35% DEX Universe Bond Index, 35% S&P/TSX Capped Composite Index, 25% MSCI World ex-Canada Index (CAD)
** The FTSE WGBI Index (CAD) Hedged Index is the benchmark for the fund. The FTSE Canada Universe Bond Index is shown for illustrative purposes only.

[1] Inception date: October 31, 2002; [2] Inception date: October 31, 2019; [3] Inception date: April 28, 2014; [4] Inception date: June 30, 2013

Series O performance. Periods less than one year are not annualized. Unless otherwise indicated, all returns cited in this report are expressed in Canadian dollar terms

Within the PH&N Balanced Pension Trust, we executed two asset mix shifts this quarter. The first, in July, was to reduce the fund's credit exposure in favour of cash. Fixed income markets were strong over the summer, with yields falling and credit spreads narrowing while equity markets remained at their all-time highs. Against this backdrop, we felt it prudent to take gains from credit – specifically high yield bonds – and add to the fund's cash holdings until more favourable buying conditions for equities arose. A second shift in late September increased our tactical targets for equities. Developed market equities were strong through the first two months of the quarter but experienced significant volatility in September, as investor optimism over robust earnings and positive economic indicators were tempered by concerns about the Fed's tapering plans and potential contagion from the Evergrande debacle in China. We remain constructive on equities, however, and see the potential for a strong rally into the end of the year, with the threat of the delta variant waning in developed countries and corporate earnings still exceeding expectations.

The PH&N Balanced Pension Trust returned 0.65% over the third quarter, bringing the one-year return to 14.90%.

At the end of the quarter, the PH&N Balanced Pension Trust's asset weighting was as follows:

Portfolio Asset Mix as at September 30, 2021 (%)

	PH&N BPT	Benchmark
Cash & Equivalents	1.4	*1.0*
Bonds	33.4	36.0
PH&N Bond Fund	24.6	
PH&N High Yield Bond Fund	1.9	
RBC Global Bond Fund	6.9	
Real Estate	2.3	*3.0*
Canadian Equities	21.2	*20.0*
PH&N Canadian Equity Underlying Fund	13.8	
PH&N Canadian Equity Value Fund	5.3	
PH&N Small Float Fund	2.1	
Global Equities	41.7	*40.0*
RBC Global Equity Focus Fund	22.3	
RBC QUBE Global Equity Fund	15.2	
RBC Emerging Market Equity Fund	4.2	
Total Fund	**100.0**	***100.0***

Attribution of the one-year results is shown below:

PH&N Balanced Pension Trust Attribution – Total Fund One Year Ending September 30, 2021 (%)

	Returns			Attribution		
	Fund	Benchmark	Relative Performance	Asset Allocation	Security Selection	Total Effect
Cash & Equivalents	0.22	0.10	0.12	0.08	0.00	0.09
Fixed Income	-1.51	-3.35	1.84	0.35	0.61	0.97
Real Estate	7.66	7.00	0.66	0.00	0.02	0.02
Canadian Equity	30.73	28.02	2.71	0.09	0.44	0.53
Global Equity	22.00	21.22	0.78	0.26	0.24	0.50
Total	**14.90**	**12.54**	**2.36**	**0.79**	**1.31**	**2.11**

Please note that the column totals may not add due to a compounding and interaction effect.

PH&N Bond Fund

The PH&N Bond Fund returned -0.43% in the third quarter and -2.74% over the past year, outperforming its benchmark over both periods.

The global economic recovery continued in the third quarter, albeit at a slower pace than the first half of this year, while concerns surrounding elevated inflation continued to be top of mind for bond investors. Another major theme has been central bank monetary policy, the unwinding of that support and the eventual normalization of policy rates. Overall, Government of Canada bond yields ended the third quarter slightly higher than where they began, resulting in modest negative bond returns.

Active positioning within both interest rate anticipation strategies and credit and liquidity strategies resulted in the portfolio finishing the quarter ahead of the benchmark. Overall, the portfolio's risk budget remained focused on credit and liquidity strategies over interest rate anticipation strategies, and we continued to upgrade the credit quality of the portfolio during the quarter.

The portfolio's short duration position was a positive contributor to relative performance, while yield curve positioning was neutral. Positioning across the yield curve is primarily a function of where we see the most attractive opportunities within credit and liquidity strategies.

Market-implied long-term inflation expectations ended the quarter unchanged, resulting in a neutral contribution from the out-of-benchmark position in real return bonds.

The portfolio's exposure to provincial and quasi-government bonds was a neutral contributor to relative performance as spreads were broadly unchanged over the quarter.

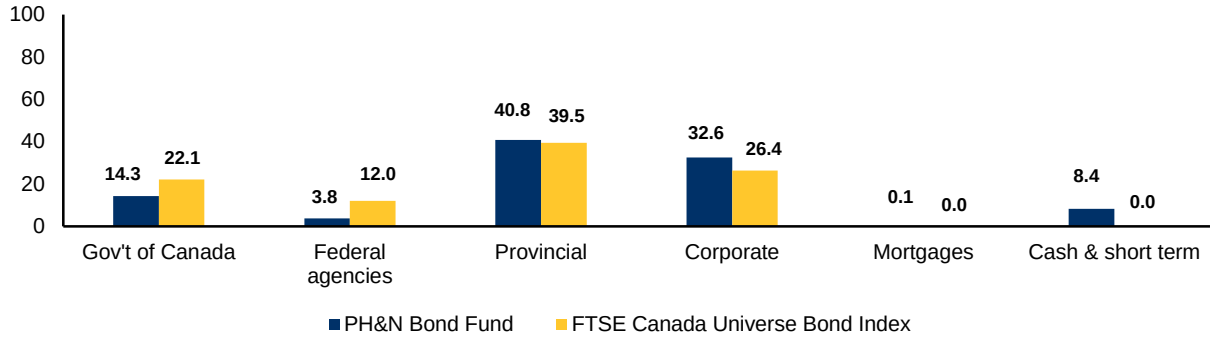
The portfolio's overweight exposure to investment grade corporate bonds and active security selection within this segment of the bond market contributed to added value.

PH&N Bond Fund Portfolio Structure as of September 30, 2021

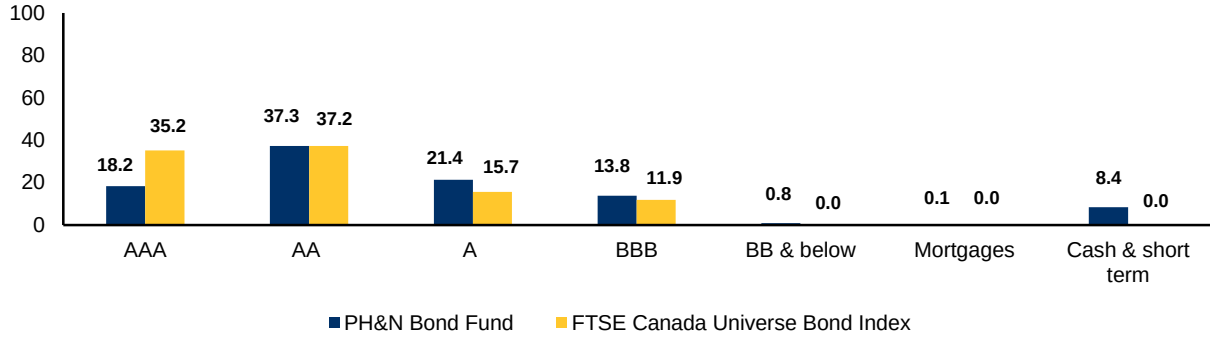
Fund Characteristics

	Modified Duration (Yrs)	Term to Maturity (Yrs)	Yield to Maturity (%)
PH&N Bond Fund	7.76	10.57	1.84
FTSE Canada Universe Bond Index	*8.14*	*10.86*	*1.81*

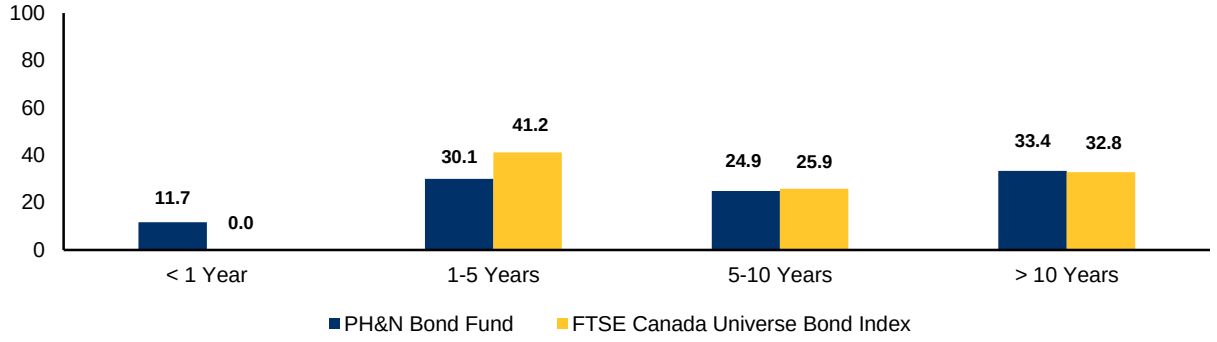
Issuer Analysis (%)



Rating Analysis* (%)



Maturity Analysis (%)



* Current ratings based on average across rating agencies (DBRS, Moody's, S&P) where available. Ratings at the time of purchase may differ. Totals may not add to 100% due to rounding.

PH&N High Yield Bond Fund

The PH&N High Yield Bond Fund returned 0.68% in the third quarter and 9.60% over the past year, outperforming its benchmark over both periods.

The fund posted its sixth consecutive quarter of positive performance following the March 2020 sell-off.

Corporate profits remained robust although the growth rate understandably slowed as the economy continued to normalize, while credit quality continued to improve with far more ratings upgrades than downgrades.

High yield spreads finished marginally wider this quarter at 315bp. This is a dramatic recovery from a peak of 1087bp in March 2020 but still above all-time tight spreads of 240bp in 2007.

New high yield issuance continued at a rapid rate, putting YTD issuance on pace to exceed last year's record amount. New issuance was fuelled by companies eager to refinance higher-cost debt with lower coupons, as well as a surge in M&A activity / LBOs.

Investor demand remained very strong, resulting in a balanced supply/demand picture despite the record amount of new supply.

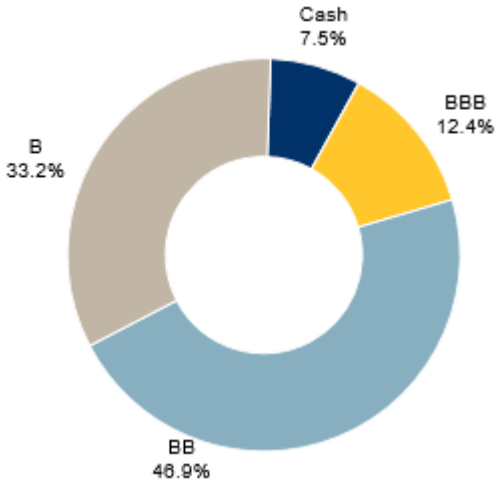
This positive fundamental and balanced technical environment contributed to high yield bonds outperforming core bonds this quarter.

Defaults among high yield bond issuers diminished considerably this year, with the trailing 1-year default rate ending this quarter at 1.0%. This is the result of the economic recovery from the pandemic, as well as the "cleansing" of the market last year when many of the weakest and most troubled companies filed for bankruptcy, resulting in a peak default rate of 6.8%. We believe default rates will likely remain at very low levels into 2022 given the fundamental backdrop and the absence of many distressed issuers at this point in the cycle.

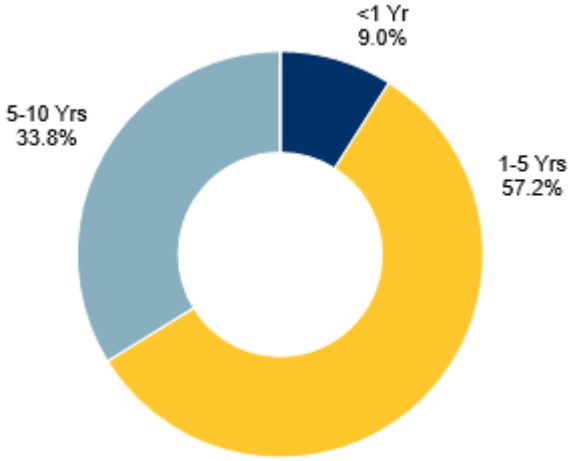
Although valuations are full and high yield bonds have enjoyed a strong recovery since the start of the pandemic, we believe the runway to collect reasonable coupons and enjoy decent returns extends at least 6-12 months further. Re-opening economies, strong corporate profits, low default rates, and strong investor demand for yield provide a solid backdrop for high yield bonds. As we approach Fed rates hikes late next year, the outlook for high yielding, short duration bonds stacks up well compared to lower yielding, higher duration investment grade bonds that will be more susceptible to the effective of rising rates. We have positioned the portfolio to minimize the effects of a potential spike in yields, while maintaining sufficient dry powder to redeploy during periods of volatility.

PH&N High Yield Bond Fund – Portfolio Structure as of September 30, 2021

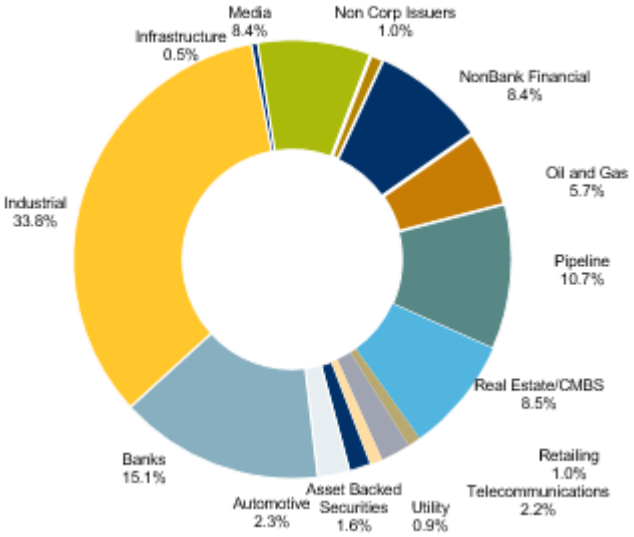
By Rating



By Maturity



By Industry Group



Effective Duration:	2.84 Years
Effective Yield:	3.14%
Average Term:	4.79 Years

Effective duration, effective yield, and average term have been calculated in BondLab, utilizing a proprietary option-adjusted model. Ratings are Bloomberg composites. Other metrics are available upon request

RBC Global Bond Fund

The RBC Global Bond Fund returned 0.12% in the third quarter and -1.31% over the past year, outperforming its benchmark over both periods.

Despite ups and downs, global fixed income markets finished the third quarter with relatively flat performance. Core government yields fell early in the quarter, only to move back near their starting point toward the end of the period – for example, U.S. 10-year Treasury yields finished the quarter 4 basis points (bps) higher at 1.47%. The notable exception was the U.K., which has seen country-specific economic challenges push 10-year Gilt yields up 28 bps to 1.01%.

In developed market government bonds, the fund's preference for lower duration securities added to performance. Yield curve positioning in the U.S., Japan, and China were the key contributors to the positive contribution in this segment of the strategy. However, positioning in Europe, Canada, Norway, and Mexico eroded some of this gain with investors anticipating quicker monetary tightening than had been anticipated at the beginning of the quarter. Overall positioning within core government bonds remains biased toward higher yielding issuers.

Yield enhancement strategies in corporate and high yield credit contributed to performance through yield accrual, rather than spread compression, as credit spreads during the period remained roughly unchanged. Exposure to emerging markets (EM) was a detractor during the period, as regional volatility proved challenging for performance, although the team's preference for shorter-duration EM bonds helped to insulate the fund from some of the weakness in these regions. EM currencies had a small rally against Canadian dollar during the quarter, with the fund reducing some exposure toward the end of the period to take profits and raise cash in anticipation of opportunities arising as volatility in government bond markets pick up. Other active currency positioning was mixed but contributed overall to performance.

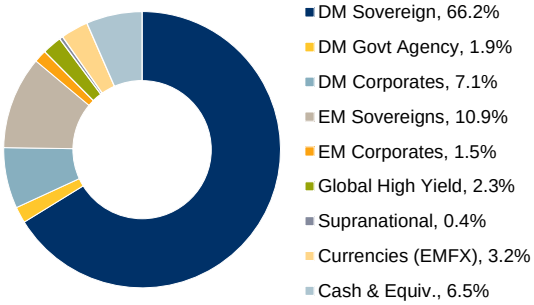
With major central banks beginning to communicate the tapering of their asset purchase programs, fixed income investors are starting to turn their focus to the expected path for interest rates over the coming 12 months. Our expectation remains that the majority of global economies will experience above-trend growth for an extended period supported by a continued reopening of economic activity and supportive monetary and fiscal policies – we expect core government bond yields to gradually climb higher in the near to medium term, with an expectation that the U.S. 10 year Treasury yields will rise to 1.75% sometime over the next year, for example.

While we recognize that it could still be some time before major central bankers proceed with rate increases, our view is that the Fed's first rate move will come sometime in 2023 after tapering has scaled back bond purchase to its satisfaction. In regards to the tapering, we don't expect that any decrease in purchases by the Fed will lead to pronounced rise in yields because these changes have been well telegraphed by major policymakers, unlike the previous instance ("taper tantrum" in 2013).

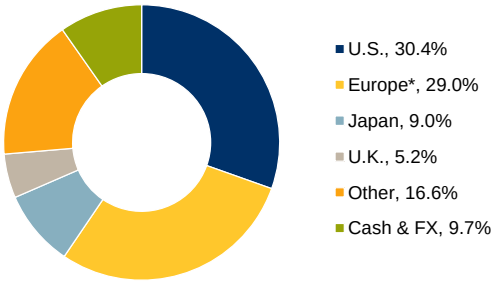
RBC Global Bond Fund
Portfolio Characteristics and Structure as of September 30, 2021

Fund Characteristics	Duration (Yrs)	Hedged Yield (%)	Avg. Rating
RBC Global Bond Fund	**8.33**	**1.41**	**AA**
Benchmark	*8.55*	*0.86*	*AA*

Asset Allocation Breakdown

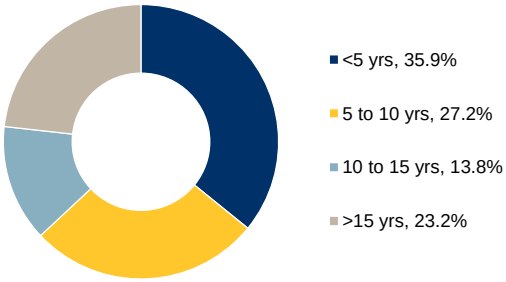


Regional Breakdown

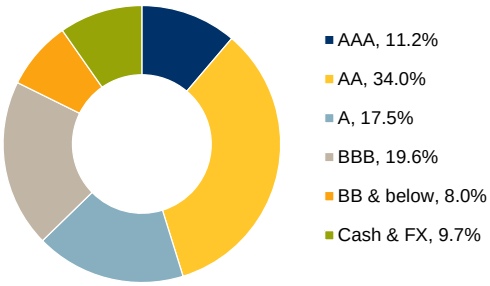


*Europe consists of European Monetary Union (EMU) members who qualify for consideration in the FTSE WGBI index

Maturity Breakdown



Credit Quality Breakdown



Totals may not add to 100% due to rounding.

RBC Canadian Core Real Estate Fund

The RBC Canadian Core Real Estate Fund returned 2.78% in the third quarter and 7.67% in the past year, outperforming its benchmark over the quarter but underperforming over the year.

During the quarter, the Fund finalized the terms of the third phase of its portfolio acquisition program ("Tranche 3") with BCI, and will be proceeding to close the transaction at the end of October. Included in Tranche 3 will be the addition of a 15% interest in 12 new assets (seven industrial and four residential projects, with a GAV of $1B+ at 100% ownership share) that the Fund intends to acquire from BCI. The Fund will have the right to acquire an additional 35% interest in each of these assets in subsequent tranches, bringing cumulative ownership to 50%. The capital markets for industrial and residential assets have been highly competitive in 2021, and the opportunity to acquire a portfolio of this size and scale off-market is yet another example of the unique advantages that accrue to the Fund as a result of its alignment with BCI and QuadReal.

Some sector trends are described below:

Office: The Canadian office market continued to lag "return to office" trends in other countries, as many jurisdictions took a cautious approach to allowing employees to return to work. However, the underlying trend remained positive as companies shifted their focus towards designing and implementing a phased return. Touring and leasing activity picked up further in Q3 and sublet vacancy levels were lower for the second consecutive quarter.

Retail: Canada's retail market continued to be directly impacted by extended lockdowns in the third quarter. There remains a cautious level of confidence across the retail sector, although the challenges created by the fourth wave have extended the recovery period and have tempered optimism. Labour shortages and supply concerns have also constrained the sector's recovery. Overall, bad debts are low, rent collection levels remain in the range of 80% to 90%, and occupancy levels have been consistent through the first three quarters of the year

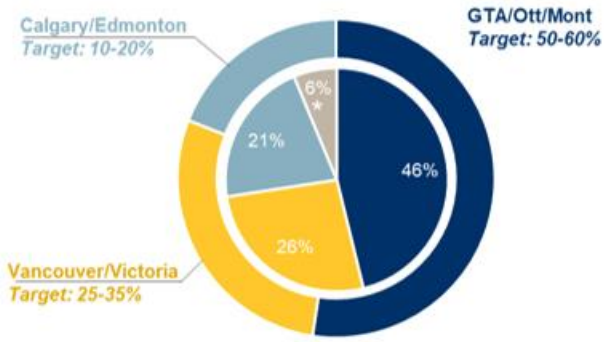
Industrial: Leasing and capital activity levels remained exceptionally strong for the industrial sector, driven by increasing tenant demand across all major markets and leasing activity exceeding new space supply. Industrial rents maintained their upward trajectory, climbing 7% over the past year. Developers are also bullish on Canada's industrial market, as indicated by the 22M sq.ft. currently under construction. With a Q2 absorption level of 16M sq.ft, the industrial development pipeline represents less than six months of demand, and market conditions are expected to remain tight, potentially driving rents higher.

Multi-Residential: The residential rental market experienced a strong recovery in Q3 as occupancy levels moved higher across most major markets.

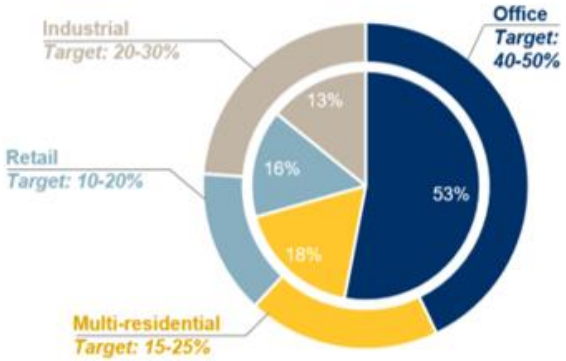
Mid- to long-term fundamentals remain very strong, as immigration, housing prices and rising construction costs are all expected to be material performance drivers for the multi-residential sector going forward. The Fund continues to focus its investment activities on growing its portfolio of multi-residential assets in core markets.

RBC Canadian Core Real Estate Fund – Portfolio Structure as at September 30, 2021

Geographic Breakdown[1]



Property Type Breakdown[1]



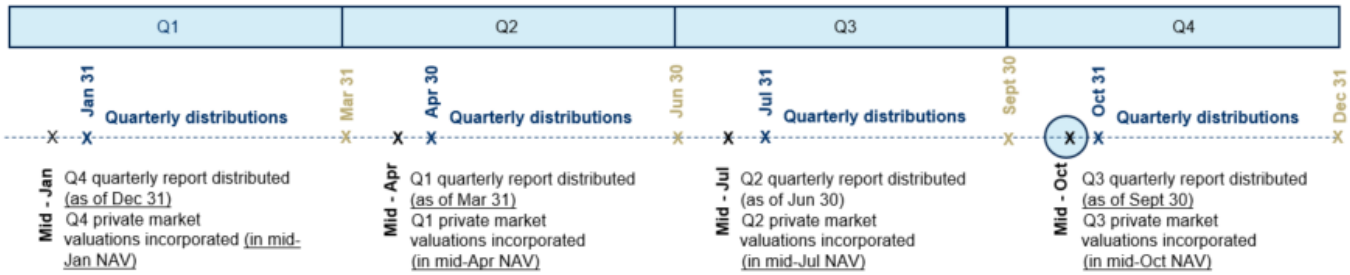
* 'Other' = Hamilton, Kitchener, Cambridge, and Red Deer
Inner pie: Current allocations
Outer ring: Mid-term targets
[1]Exposure as of September 30, 2021 based on June 30, 2021 QuadReal market valuations. Portfolio characteristics are subject to change.

Portfolio Profile	
Gross Assets[2]	$2.78B
Net Assets[2]	$2.27B
Number of 50%-owned properties	31
Number of 5%-owned properties	19
Loan-to-value	18%

[2] Exposure as of September 30, 2021 based on June 30, 2021 QuadReal market valuations. Portfolio characteristics are subject to change.

Quarterly Reporting Process

The timeline below illustrates the typical progression of notable Fund events:



PH&N Canadian Equity Underlying Fund

The fund posted a return of 0.7% in the third quarter, outperforming the Canadian equity market by 0.5%.

Overall, 6/11 sectors contributed to relative outperformance over the period, led by Consumer Discretionary, Info Tech and Health Care, while Industrials and Financials detracted the most.

Outperformance in the Consumer Discretionary sector was largely due to not owning auto-parts supplier company **Magna**, which continues to be hit by the global chip shortage and supply chain disruptions. Overweight positions in small-cap holdings **Sleep Country** and **Aritzia** contributed positively to sector performance. Sleep Country has performed well, growing its online platform successfully and partnering with online-exclusive competitors such as Endy, offering in-store floor models for customers to test the product in person. Aritzia's stock performed well, as the company continues to have a steady pace of new retail store openings, which it may be able to maintain with growth plans outside of the U.S. It also continues to act on its move into menswear – as evident by its recent acquisition of Reigning Champ.

Within the Health Care sector, outperformance was driven by not owning cannabis stocks – particularly **Tilray** and **Canopy Growth,** which continue to unravel early 2021 gains that were driven by optimism that a Democrat-controlled U.S. government might lead to a loosening of restrictions on marijuana use.

Info Tech positioning was additive to relative returns over the period. Our underweight position in **Shopify** added value, as the stock performed poorly at the end of the quarter owing to rising interest rates – which particularly affect growing tech companies (like Shopify), as their value is derived primarily from distant future cashflows. Our overweight position in **Constellation Software (CSU)** was a top contributor to relative returns, performing well over continued successful acquisitions and growth potential. CSU continues to be increasingly profitable each year with steady cashflows, making it less sensitive than companies like Shopify to expected interest rate hikes.

Relative underperformance in the Financials sector was driven by not owning **National Bank,** which outperformed other banks, and our overweight position in small-cap holding **Element Fleet Management**. We maintain an overweight to the banking sector in general, favouring stocks where we see superior relative return opportunities – leading to overweight positions in TD and CIBC, in particular, and not owning National Bank. Our position in Element, a vehicle leasing business, detracted from performance due to continued global supply chain delays with its suppliers. This delay in delivery of vehicles from OEMs (original equipment manufacturers) hurts the timing of Element's revenues. We believe these supply chain issues are short-term headwinds that will be resolved over time.

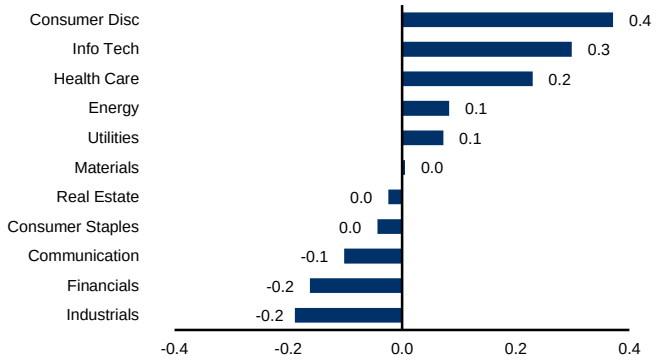
Looking ahead, we are comfortable with our overall positioning – overweight positions in Canadian banks and select insurance, and Industrials holdings where we see attractive return opportunities. Within the Energy sector, we remain focused on high-quality large-cap companies that boast low costs and strong balance sheets.

PH&N Canadian Equity Underlying Fund
Portfolio Attribution and Structure as of September 30, 2021

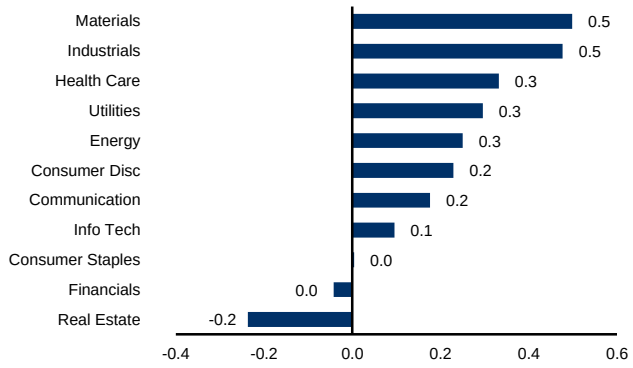
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
PH&N Canadian Equity Underlying Fund	**98**	**68.1**	**2.6**
S&P/TSX Capped Composite Index	*234*	*66.1*	*2.7*

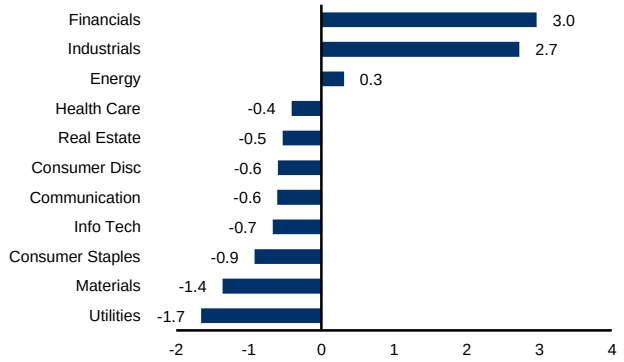
3 Month Attribution (%)



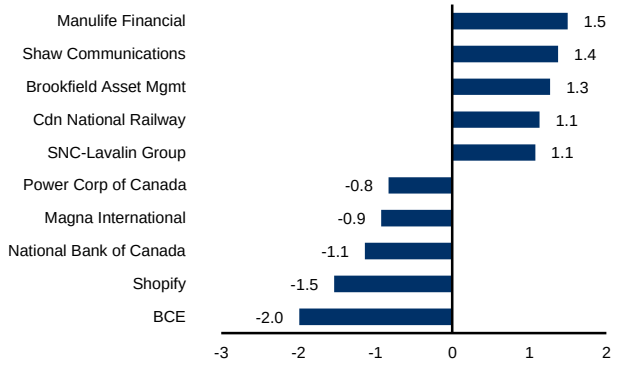
1 Year Attribution (%)



Sector Active Weights (%)



Largest Active Weights (%)



PH&N Canadian Equity Value Fund

The PH&N Canadian Equity Value Fund returned 1.62% in the third quarter and 34.37% over the past year, outperforming its benchmark over both periods.

We once again enjoyed a broad-based contribution to outperformance, with most sectors adding value. As we outlined in the past, our diversified, value-oriented approach tends to do well in more balanced, fundamentally driven markets. We have seen a shift to this market environment in Canada over the past year, and enjoyed strong outperformance following a challenging, narrow market in 2020. We expect to continue to perform well in this market environment.

Security selection and positioning in the Materials, Financials, and Information Technology (IT) sectors were particularly strong. In Materials, lower weighting in gold producers helped relative returns as many stocks in the sub-sector experienced steep declines in response to lower gold prices.

Similarly, not owning Shopify contributed to outperformance in the IT sector. The stock was weak during the quarter despite good business results, perhaps reflecting high expectations already embedded in its share price. This is a key reason why we do not own the company for now. Given its large weight in TSX, we expect Shopify to continue to influence overall market performance and our relative results.

In Financials, we benefitted from strong gains on our core positions in **Brookfield Asset Management** (BAM) and **Power Corporation**. Both companies continue to execute well on their business plans.

We continue to expose the portfolio to parts of the market that have good leverage to economic recovery and re-opening while re-calibrating existing positions to better reflect risk/reward trade-offs.

For example, in Financials, we took advantage of recent strength in **BAM**, **Power Corporation**, and **CIBC** to trim our holdings. We used part of the proceeds to add to our position in **TD** as we are gaining more comfort with their strategy following a recent meeting with the management team.

In the Consumer Staples sector, we added to our position in convenience store operator **Alimentation Couche-Tard**. The company is well positioned to benefit from economic recovery with financial flexibility to pursue acquisitions. We also established a position in **Parkland Corporation**, a similar but smaller business that is underappreciated in our view.

We trimmed our position in **George Weston** to fund some of these purchases.

In Information Technology, we added to our existing position in **Telus International.** The stock has performed well since we first invested in the summer but valuations are not overly demanding (in what is an expensive sector overall) and we continue to see attractive growth opportunities for the business, especially in content moderation.

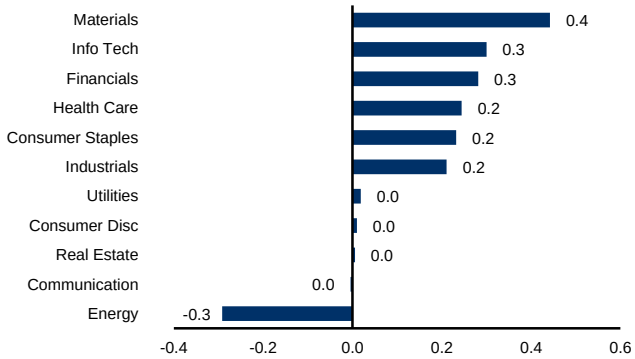
In the Utilities sector, our key position remains in power generator **TransAlta**. Another example of a company that traded well below the value of its operating businesses, it has surprised markets with the pace of its transition away from coal, and ambitious plans to grow in renewables.

PH&N Canadian Equity Value Fund
Portfolio Attribution and Structure as of September 30, 2021

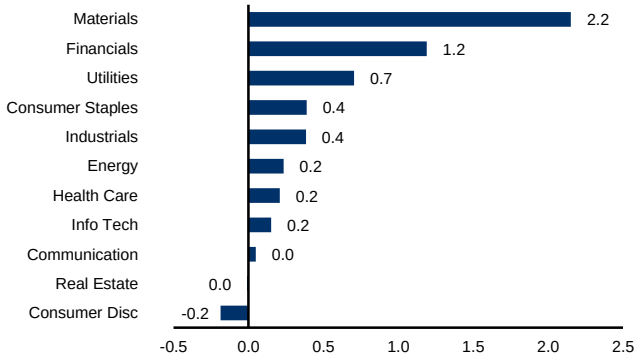
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
PH&N Canadian Equity Value Fund	**86**	**59.0**	**2.8**
S&P/TSX Capped Composite Index	*234*	*66.1*	*2.7*

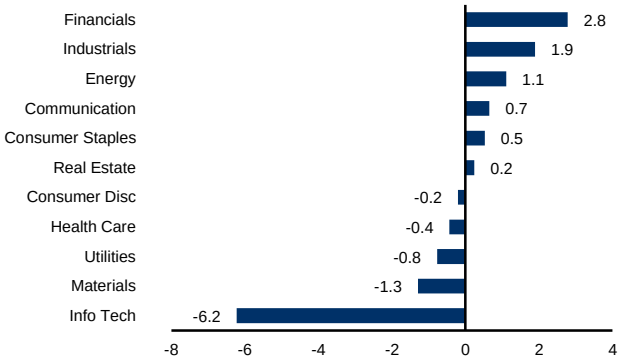
3 Month Attribution (%)



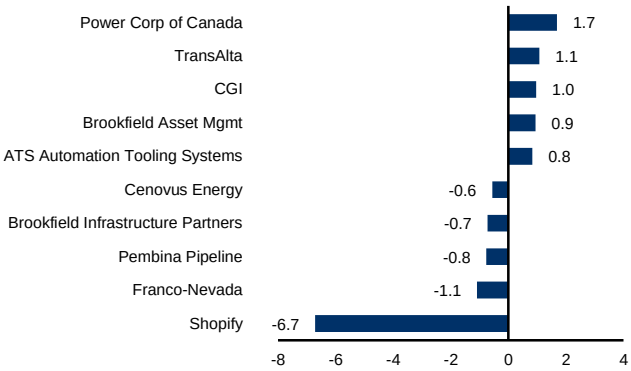
1 Year Attribution (%)



Sector Active Weights (%)



Largest Active Weights (%)



PH&N Small Float Fund

The PH&N Small Float Fund returned 3.13% in the third quarter and 24.92% over the past year, outperforming its benchmark over the quarter but underperforming over the 12-month period.

The PH&N Small Float Fund focuses on investing in high-quality, well-managed small-cap companies with above-average growth prospects. These industry leaders tend to perform well in most stock market environments.

Within the Info Tech sector, payment processing holding **Nuvei** was up meaningfully in the quarter, as the company released updated guidance pointing to a significant acceleration in revenue growth and increase in margin targets. Nuvei continues to benefit from the ongoing trend of payments transitioning from traditional sources, such as cash and credit cards, toward more online transactions and alternative payment methods. Supply chain software provider **Kinaxis** was a strong contributor to performance in the quarter, recovering from the setback earlier in the year when a mediocre quarter disappointed the market's high expectations. Kinaxis has lumpy customer wins, which can lead to volatility in quarterly results and thus volatility in the share price, but we are confident in the long-term outlook for the business. **Real Matters** was down meaningfully in the quarter, as a tougher refinancing backdrop weighed on customer volumes and a conscious decision to reallocate internal title resources to service tier 1 and tier 2 clients led to a loss of market share from tier 3 and tier 4 clients.

Real estate holding **Tricon Residential's** solid performance in the quarter reflected continued strength in the single-family rental (SFR) business. SFR rent growth rates continued to accelerate in the quarter, leading to strong rent growth of over 9% in July. Tricon also made further progress in attracting more fee-bearing capital, announcing a second joint venture with institutional investors to acquire SFR homes. **Colliers International Group** appreciated meaningfully on the back of strong business momentum and record revenues this quarter. Revenues in transactional businesses continue to rebound, with capital markets revenue exceeding pre-pandemic levels, while recurring revenue businesses posted high-teens growth rates.

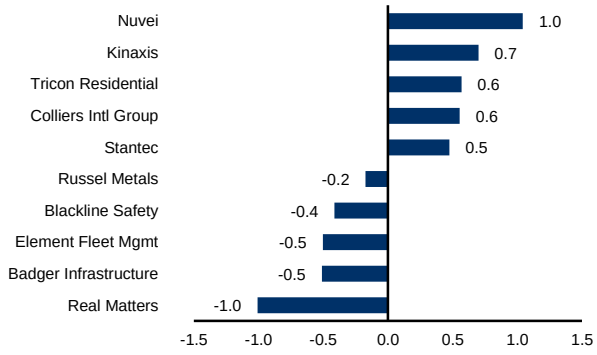
Element Fleet Management, a vehicle leasing business and Financials holding, detracted from performance due to continued global supply chain delays with its suppliers. This delay in delivery of vehicles from OEMs (original equipment manufacturers) hurts the timing of Element's revenues. We believe these supply chain issues are short-term headwinds that will be resolved over time. **Badger Infrastructure Solutions** was down this quarter, as earnings were hit by poor hydrovac utilization caused by continued weakness in U.S. non-residential construction activity – which has struggled with labor availability, inflation, and uncertainty over the timing of fiscal infrastructure funding. We continue to believe Badger will benefit from the strong long-term outlook for North American hydrovac penetration.

PH&N Small Float Fund
Portfolio Attribution and Structure as of September 30, 2021

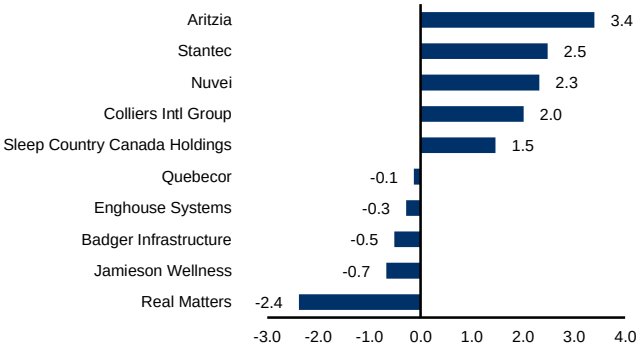
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
PH&N Small Float Fund	**34**	**4.0**	**1.1**
S&P/TSX Capped Composite Index	*234*	*66.1*	*2.7*

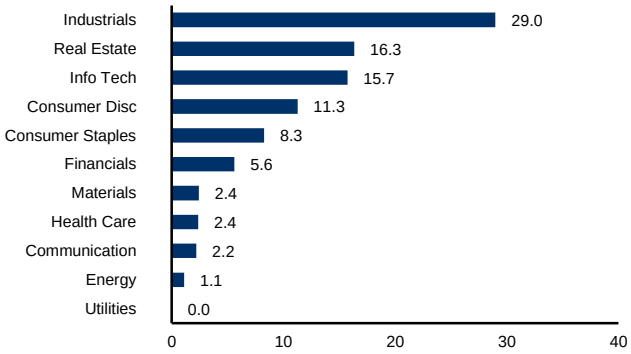
3 Month Attribution (%)



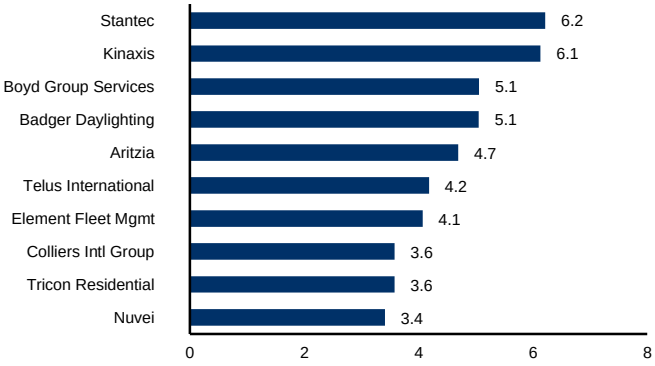
1 Year Attribution (%)



Sector Weights (%)



Top 10 Holdings (%)



RBC Global Equity Focus Fund

The RBC Global Equity Focus Fund returned 2.32% in the third quarter and 25.13% over the past year, ahead of its benchmark over both periods.

The fund performed roughly in line with its benchmark over the third quarter. In terms of sectors, positioning in Financials and Materials benefitted relative performance the most, while Consumer Staples and Energy detracted from returns.

U.S. alternative asset manager Blackstone was the leading contributor to returns for the second consecutive quarter. Blackstone experienced robust inflows of $37 billion in the most recent quarter, bringing total assets under management (AUM) to $684 billion. Importantly, perpetual capital AUM increased 55% year-over-year to nearly $170 billion.

Continuing with Financials, **SVB Financial Group** was also a key contributor to returns. The U.S. bank for the innovation economy reached a new all-time high in late September, supported by the still-favourable momentum in technology and health care markets, alongside the fact that SVB's earnings are highly correlated to rising interest rates due to its large deposit base.

In Materials, UK speciality chemicals company **Croda** likewise saw its share price reach all-time highs, as the company reported strong quarterly results. Croda's Life Sciences division supplies the lipid components for Pfizer's COVID-19 vaccine, and has experienced significant growth as a result.

In Communications Services, the portfolio's position in South Africa-based consumer internet company **Naspers** was among the largest detractors from returns. Naspers owns a significant stake in Chinese technology giant Tencent, which recently implemented new rules that limit the time minors can spend on video games – Tencent's largest source of revenues.

In Consumer Staples, **Anheuser-Busch InBev** was also among the top detractors from returns. Despite strong recovery trends and better-than-expected top-line growth ahead of pre-pandemic levels, the stock of the Belgium-based multinational beverage and brewing company suffered during the quarter. The decline can be mainly attributed to the negative effect of commodity price inflation on margins, alongside disappointing sales in Asia and slower-than-expected U.S. growth.

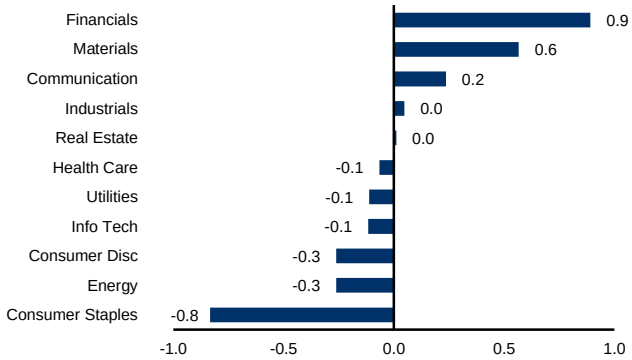
Despite good fundamentals and strong performance since the beginning of the year, shares of German logistics company Deutsche Post DHL Group declined during the quarter due to global supply chain pressures and labour shortages. These raised concerns about capacity constraints ahead of the busy holiday season.

RBC Global Equity Focus Fund
Portfolio Attribution and Structure as of September 30, 2021

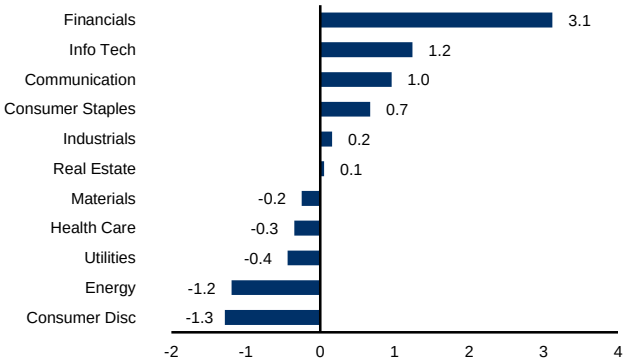
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
RBC Global Equity Focus Fund	**37**	**507.6**	**1.2**
MSCI World Net Index C$	*1561*	*480.5*	*1.9*

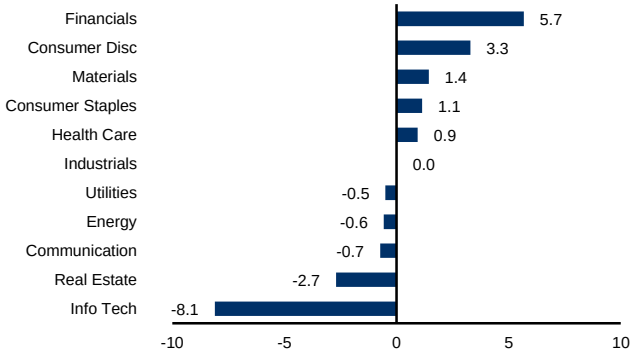
3 Month Attribution (%)



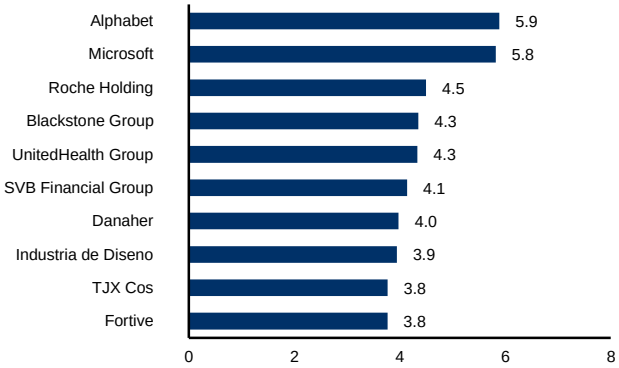
1 Year Attribution (%)



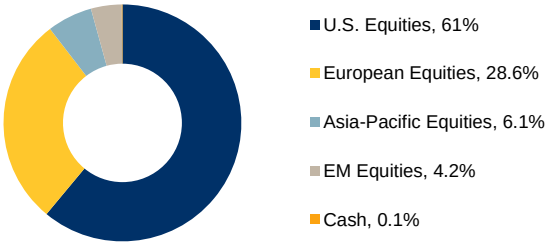
Sector Active Weights (%)



Top 10 Holdings (%)



Regional Breakdown (%)



RBC QUBE Global Equity Fund

The RBC QUBE Global Equity Fund returned 0.76% in the third quarter and 20.91% over the past year, underperforming its benchmark over both periods.

This quarter, our multi-factor model contributed modestly to performance but was offset by the effects of residual risk, which led to the fund underperforming its benchmark. Over the long-term we would expect the effects of these events occurring outside of our quantitative model to be neutral to performance, however over shorter time horizons such as a quarter, the effects can be positive or negative.

Within our security selection model, our Quality and Analyst factors contributed quite consistent, positive returns throughout the quarter. Our Profitability factor performed especially well for most of the period as the transition towards more normal market conditions where fundamentals were rewarded (as noted in last quarter's commentary) persisted. However, Profitability peaked in late September and subsequently finished the quarter only slightly up. Also in late September, a strong run-up in oil prices took place, which led to the outperformance of Energy stocks and a reversal of leadership from Growth to Value stocks. As a result, our Growth and Value factors were both neutral to the fund's performance.

In terms of sector attribution, our overweight allocation to the Financials sector contributed the most to relative performance, while our underweight allocation to the Industrials sector and overweight allocation to the Consumer Discretionary sector were the largest detractors.

At an individual stock level, our overweight positions in pharmaceutical and biotechnology company Moderna and big-box retailer Costco contributed the most to relative performance, while our overweight positions in software company Zoom Video Communications and Australian iron ore business Fortescue Metals Group were the largest detractors.

RBC QUBE Global Equity Fund
Portfolio Attribution and Structure as of September 30, 2021

Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
RBC QUBE Global Equity Fund	**249**	**483.3**	**2.2**
MSCI World Net Index C$	*1561*	*480.5*	*1.9*

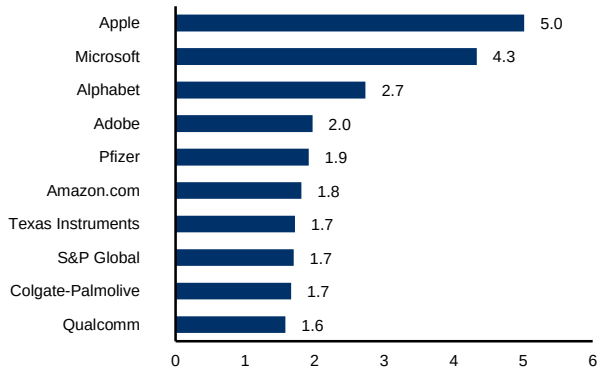
Factor Performance

	3 Mo	1 Yr
Security selection model	↑	↑↑↑
Profitability	↑	↑↑
Quality	↑	↑
Analyst	↑	↑
Technical	-	↓
Value	-	↑
Growth	-	↓
Sentiment	↓	↑
Sector selection model	**-**	**↓**
Country selection model	**-**	**↓**

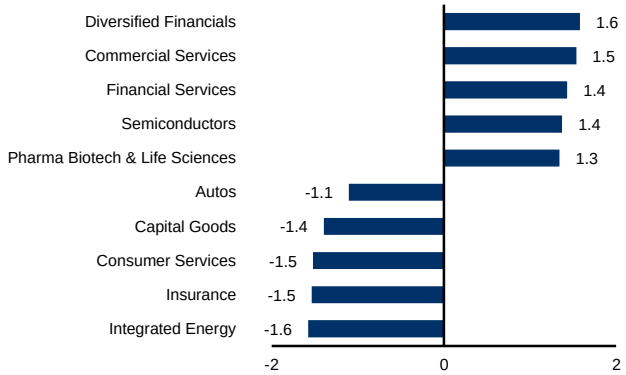
Illustrative Portfolio Metrics

	Fund	Benchmark
Forward Return on Equity (Profitability)	**35.8%**	*27.0%*
Forward P/E (Value)	**16.1x**	*19.5x*
Goodwill Growth (Quality)	**0.4%**	*1.7%*
Free Cash Flow Growth (Growth)	**27.3%**	*14.6%*

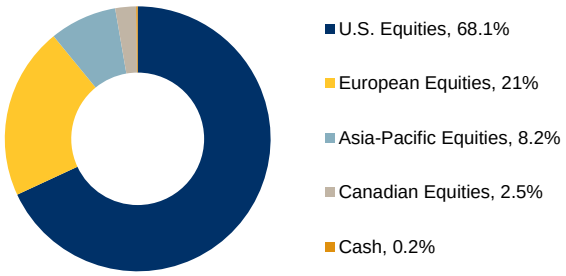
Top 10 Holdings (%)



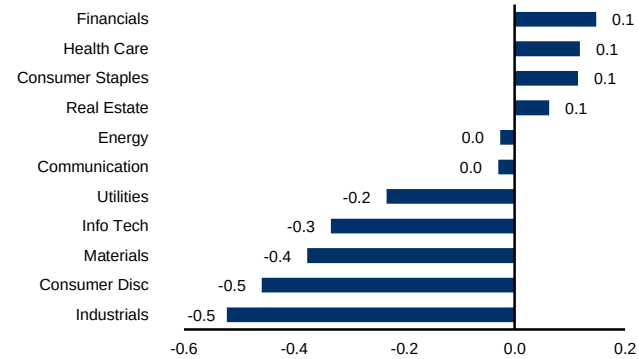
Largest iGICS Sector Active Weights (%)



Regional Breakdown (%)



3 Month Attribution (%)



RBC Emerging Markets Equity Fund

The RBC Emerging Markets Equity Fund returned -6.11% in the third quarter and 7.70% over the past year, underperforming its benchmark over both periods.

At the sector level, the fund benefitted from strong stock selection in Consumer Discretionary, though this was offset by stock selection in Financials. Top-down sector positioning added to relative returns in aggregate, driven by the overweight to Financials. Lack of exposure to Energy presented the main headwind from a top-down perspective.

At the country level, notably strong stock selection in China added to relative returns over the quarter, while stock selection in India detracted. Being underweight China and overweight India also benefitted performance, though lack of exposure to Russia and Saudi Arabia offset some of those gains.

Indian information technology leader **TCS** was the top contributor over the quarter. The company's shares are up significantly alongside broader industry strength on the back of strong results and investor flows.

Exposure to two of India's leading financial firms added to relative performance. Shares of housing finance provider **HDFC** surged after it reported robust Q3 results. **HDFC Bank** also rose after it reported strong earnings from retail loan growth and continued momentum in commercial and rural banking.

The fund's relative performance also benefitted from its position in Chinese power grid supplier **Nari Technology**. Shares in the company were up more than 50% on strong earnings and expectations that China's push to improve energy efficiency across its power grid will drive future profitability.

Rounding out the top contributors this quarter is **Hong Kong Exchanges** – owner of the Hong Kong stock exchange**.** Its share price outperformed on the back of a positive business outlook due to a robust IPO pipeline, expectations for increased de-listings from the U.S. to Hong Kong, and new product launches.

South Korean memory chip maker **SK Hynix** was the top detractor. Its share price remained weak due to market concerns over an early end of the memory market upcycle and memory price outlook.

Exposure to Chinese insurers also weighed on performance. Most notable was **Ping An,** which sold off sharply due to slower-than-expected growth stemming from COVID-19-related restrictions and concerns arising from the Evergrande situation.

Weakness in Brazil hurt our exposure to the country, including our position in stock exchange owner **B3**. Political uncertainty and concerns about a potential legal contingency, weighed on the share price.

Exposure to South Korean gaming company **NCSoft** also detracted from the fund's relative performance. Its shares fell following the disappointing initial response to the launch of a highly anticipated game. Investors also expressed concern about the potential impact that China's new regulations on juvenile gaming will have on the revenues of content producers.

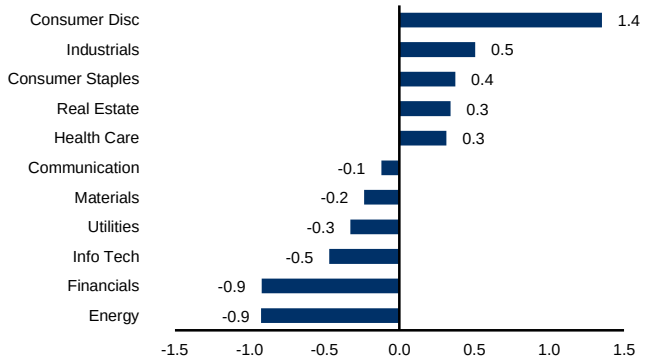
Finally, not owning the Indian conglomerate **Reliance** detracted relative returns this quarter, as India and the Energy sector outperformed the market.

RBC Emerging Markets Equity Fund
Portfolio Attribution and Structure as of September 30, 2021

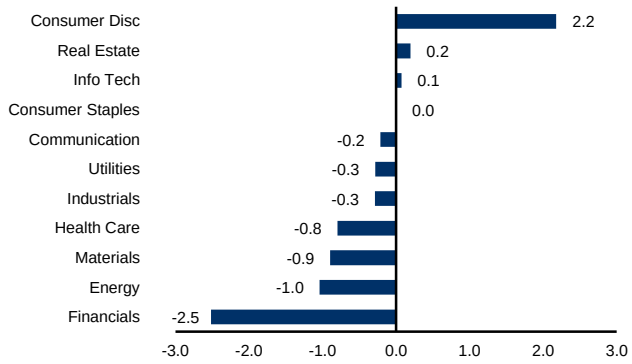
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
RBC Emerging Markets Equity Fund	48	156.4	2.3
MSCI Emerging Markets Net Index C$	***1418***	***170.2***	***2.9***

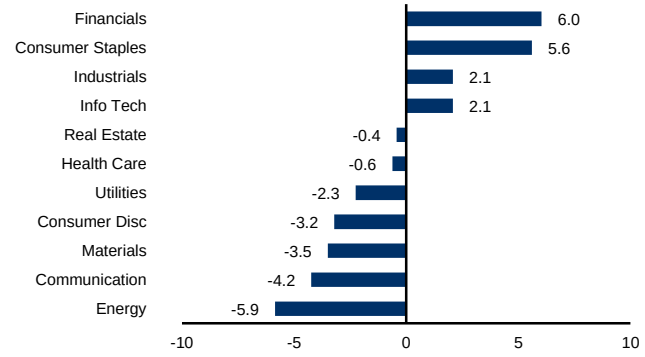
3 Month Attribution (%)



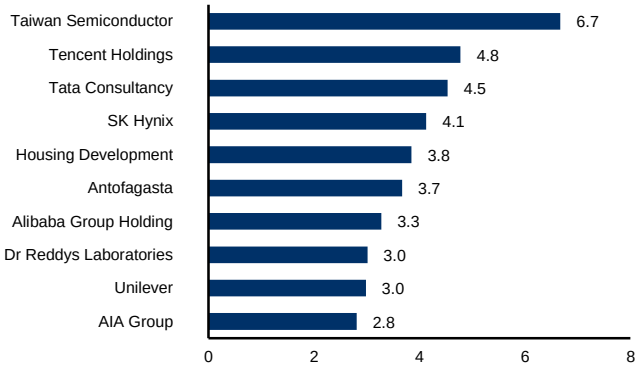
1 Year Attribution (%)



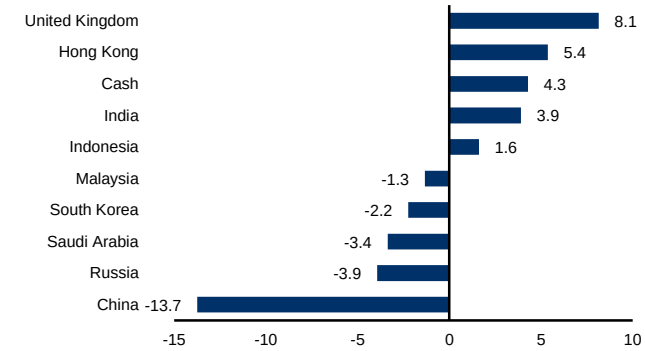
Sector Active Weights (%)



Top 10 Holdings (%)



Top Five/Bottom Five Country Active Weights (%)



* UK exposure includes the fund's position in Unilever and two EM companies that list on the LSE (Antofagasta and Mondi)