

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2011
Estimated average burden hours per response:	4.07

Name of Investment Adviser: PHILLIPS, HAGER & NORTH INVESTMENT MANAGEMENT LTD.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
20th Floor, 200 Burrard Street,	Vancouver, BC	Canada	V6C 3N5	(604) 408.6000

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

Applicant:
Phillips, Hager & North Investment Management Ltd.

SEC File Number:
801-20695

Date:
2009-02-09

1. A. **Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)
- Applicant:**
- | | | | |
|---|---|------------|---|
| <input checked="" type="checkbox"/> (1) | Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above | _____ | % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ | % |
| <input type="checkbox"/> (8) | Provides a timing service | _____ | % |
| <input type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

- C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

- D. For each checked box in A above, describe on Schedule F: **SEE ATTACHED SCHEDULE F**

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input checked="" type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☒ Yes ☐ No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

SEE ATTACHED SCHEDULE F

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.
- (For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply) SEE ATTACHED SCHEDULE F

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☒ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No
☒ ☐

SEE ATTACHED SCHEDULE F

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

SEE ATTACHED SCHEDULE F

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Formal meetings are generally quarterly for institutional clients and annually for private clients, but frequency is often dependent on the specific client's needs.

The meetings and quarterly or annual reports include a review of the following:

- investment performance;
- strategy implemented since the last meeting;
- analysis of asset shifts over the period;
- outlook for the economy and capital markets;
- proposed strategy for the next 3-6 months (Institutional Clients) or year (Private Clients); and
- a detailed tabulation of the portfolio.

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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?

Yes No
☐ ☒

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|-------------------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Yes | No |
| B. directly or indirectly compensates any person for client referrals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes No
☐ ☒

Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II

Applicant:
**Phillips, Hager & North
Investment Management Ltd.**

SEC File Number:
801- 20695

Date:
2009-02-09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: PHILLIPS, HAGER & NORTH INVESTMENT MANAGEMENT LTD.		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
1.D.	SEE ATTACHED SCHEDULE F	

Complete amended pages in full, circle amended items and file with execution page (page 1).

1. D.

ADVISORY SERVICES FOR U.S. CLIENTS

Phillips, Hager & North Investment Management Ltd. (“PH&N”) provides discretionary investment management services related to equities and fixed income securities. For equities, investments are made in Canadian, American and Non-North American securities based on fundamental, technical and quantitative research, independent analysis and a long-term investment horizon. For fixed income investments, emphasis is placed on Canadian issuers, credit analysis, term to maturity, sector allocation and security selection.

PH&N assists clients in establishing an appropriate investment policy and strategy in order to achieve each client’s goals.

PH&N will accept accounts from corporations, public and private pension and profit sharing plans, trusts, foundations and not-for-profit organizations, and individual investors. PH&N does not hold any client assets.

ADVISORY FEE SCHEDULE

INSTITUTIONAL

PH&N applies the following fee schedule to the total market value of the portfolios of an institutional client at the close of each calendar quarter for the investment management services that PH&N provided to the client to the end of that quarter:

First \$25 million	60 bps
next \$25 million	50 bps
next \$50 million	40 bps
next \$100 million	35 bps
over \$200 million	25 bps

For a balanced account, PH&N charges an additional premium to the EAFE portion of the account. PH&N calculates the premium using the above fee schedule, plus:

First \$25 million	0.40% per annum;
next \$25 million	0.15% per annum;
amounts over \$50 million	0.05% per annum.

Fixed income — specialty situations

PH&N charges the following fees for the following specialty fixed income mandates:

Passive liability-based mandates	50% of the above fee schedule
Short-term mandates	65% of the above fee schedule
Money market mandates	35% of the above fee schedule

Our fee schedule is not negotiable and is guaranteed for at least two years.

Minimum investment: US\$25 million.

PH&N calculates the fee based on its statement of the market value of the client's portfolio or the custodian's statement of the market value of the client's portfolio, as agreed with the client. If the client (plan sponsor) pays the expenses related to a pension plan, PH&N sends the billing to the client for payment. If the pension fund pays the expenses, PH&N sends the billing to the client for approval. The client then sends the billing to the custodian who pays PH&N's fees from the pension fund account.

Where more than one portfolio is managed for the same client, PH&N combines all of the assets for fee calculation purposes. Fees are for investment management services only; PH&N does not provide custodial or administrative services.

PRIVATE CLIENT (INDIVIDUAL)

PH&N applies the following fee schedule to the total market value of the portfolios of a private client at the close of each calendar quarter for investment management services that PH&N provided to the end of that quarter:

First \$2 million	1.0% per annum;
next \$3 million	0.5% per annum;
next \$5 million	0.3% per annum;
over \$10 million	0.2% per annum.

PH&N applies a premium of 0.10% per annum to assets of the client's portfolio invested in non-North American securities within the pooled funds used as investment options by PH&N.

PH&N applies a management fee of 1.25% to assets of the client's portfolio invested in an absolute return pooled fund that is used as an investment option by PH&N. The fee structure of this pooled fund is fixed because of the unique investment strategies employed in this fund. Therefore, the value of the client's assets invested in this fund does not qualify towards the tiered fee schedule set out above.

Fees are not negotiable and are guaranteed for three years and are subject to a minimum fee of \$20,000 for segregated clients and \$10,000 for a pooled fund client.

Minimum investment: US\$2 million for segregated clients and US\$1 million for pooled fund clients.

PH&N calculates the fee based on its statement of the market value of the client's portfolio and sends the billing to the client who pays PH&N directly or arranges payment from the client's custodian. PH&N sends a quarterly report, a statement of investments, and a copy of the fee billing to the client.

A trust company, bank or securities firm acts as the custodian of all client assets managed by PH&N and holds clients' securities for a fee.

General

Each custodian sends to its client a quarterly statement showing all transactions in the segregated client's PH&N account, including fees paid, and sends a copy of the statement to PH&N. PH&N regularly reconciles its own statements of segregated clients' holdings to the custodians' statements.

There may be differences in fees paid by certain clients based on account inception date. It is PH&N's policy that it does not enter into performance based fee arrangements with clients unless specifically requested to do so by the client. At present, only one client of PH&N, who is not a resident of the U.S., has required PH&N to enter into a performance based fee arrangement.

The investment management agreement between PH&N and a client can be terminated by either party, generally on 30 days' written notice. In the event of termination of the agreement prior to the end of a quarter, PH&N will prorate the fee that it charges a client so that it only charges the client for the number of days in the quarter prior to termination that PH&N provided investment management services.

2. G.

PH&N is also the fund manager of and principal portfolio adviser to a number of pooled funds created as trusts in Canada that are not registered as investment companies with the U.S. Securities & Exchange Commission.

3. L.

PH&N also offers advice on alternative investments such as hedge funds and currency futures.

4.A(5)

PH&N's security analysis methods also include quantitative analysis.

4. C(7)

The investment strategies that PH&N uses to implement investment advice given to clients also include replication strategies.

5. Education and Business Standards

Employees who determine or render investment advice to clients must generally have undergraduate or graduate degrees from accredited institutions in business, finance or related areas. A Chartered Financial Analyst designation is highly desirable. In addition, we view Chartered Accountants (CA), Certified Management Accountants (CMA) and Certified General Accountants (CGA) as attractive backgrounds with suitable business experience. However, all hirings are on a case-by-case basis at PH&N's sole discretion.

6. Education and Business Background

<u>Name</u>	<u>Year of Birth</u>	<u>Formal Education after High School</u>	<u>Business Background for Preceding Five Years</u>
Chornous, Daniel	1958	CFA; BComm, University of Manitoba	Director and Chief Investment Officer, Phillips, Hager & North since May 2008; Chief Investment Officer of RBC Asset Management Inc.
Durrans, Richard	1959	CFA; BA, Oxford University; MA, Simon Fraser University	Director, Phillips, Hager & North since February 2009 and Portfolio Manager
Lamont, Scott	1962	CFA; BComm, University of British Columbia	Director and Portfolio Manager, Phillips, Hager & North
Lippa, Frank	1955	CA, Bachelor of Business Degree, York University	Director, Phillips, Hager & North since February 2009; Chief Financial Officer and Chief Operating Officer at RBC Asset Management Inc.
Mamdani, Hanif	1966	MA, Harvard University; BEng. California Institute of Technology	Director and Portfolio Manager, Phillips, Hager & North
Montalbano, John	1965	CFA; BComm, University of British Columbia	Chief Executive Officer since January 2009; Director and Portfolio Manager, Phillips, Hager & North
Talbot, Richard	1963	CFA; MBA & HBA, University of Western Ontario; CA	Director, Phillips, Hager & North since February 2009; Managing Director, Global Research at RBC Dominion Securities; Co-Head of Global Research at RBC Capital Markets Corporation
Williams, Damon	1970	CFA; FCIA; FSA; BMath (Hons) University of Waterloo	President since January 2009; Director and Portfolio Manager, Phillips, Hager & North; Senior Vice President, Investment Counselling Practice, AON Consulting Inc. from 1995 to 2005
Croft, Patricia	1958	BA, University of Toronto	Portfolio Manager and Chief Economist, Macro Economics & Asset Allocation at Phillips, Hager & North
Harrison, Dale	1968	CFA; BA, University of Waterloo	Portfolio Manager, Phillips, Hager & North

7. B.

Where appropriate for certain discretionary clients and where such clients expressly provide consent, PH&N purchases for such clients, on a private placement basis, units of one or more of the mutual funds and/or pooled funds that PH&N manages.

8. C(3) Other Financial Industry Activities or Affiliations

The Royal Bank of Canada (“RBC”), through a wholly-owned subsidiary, owns all of the issued and outstanding shares of PH&N. PH&N has a 35% equity interest in Sky Investment Counsel Inc. (“Sky”). Sky acts as sub-adviser to PH&N with respect to non-North American equity investments. In addition, PH&N owns 100% of the voting common shares of BonaVista Asset Management Ltd. (“BonaVista”). BonaVista makes its investment decisions for the Canadian equities and fixed income and non-North American assets that it manages, independent of PH&N. PH&N acts as a sub-adviser to BonaVista with respect to the U.S. assets that BonaVista manages. Both Sky and BonaVista are based in Toronto, Ontario, Canada. PH&N uses the services of RBC Asset Management Inc., (“RBC AM”) an affiliated Canadian investment counsel and portfolio manager, to advise the Private Client Department of PH&N regarding the Canadian equities model portfolio that PH&N uses when managing the assets of its private clients.

John Montalbano is the Chief Executive Officer and a director of PH&N and RBC AM. He is also a director of Sky, BonaVista and Voyageur Asset Management Inc. (“VAM”), a U.S. investment adviser. Damon Williams is the president of PH&N and oversees the institutional departments of PH&N, RBC AM and VAM and is a director of BonaVista. Dan Chornous is the Chief Investment Officer of PH&N and RBC AM and has a strategic oversight role with VAM.

9. Participation or Interest in Client Transactions

(A)(B)(C) – Related Person:

RBC Dominion Securities Inc. (“DS”), a registered Canadian investment dealer, is a related party to PH&N as both companies are under the common control of RBC. DS engages in the activities described in Item 9(A)(B) and (C).

(D)(E) – PH&N:

PH&N performs investment advisory services for various clients. PH&N makes investment decisions for each client dependent on the circumstances, investment objectives and guidelines of the specific client. PH&N may give advice and take action with respect to any of its clients that differs from advice given to a specific client, so long as it continues to be the policy and practice of PH&N not to intentionally favour or disfavour any client or class of clients in the allocation of investment opportunities, so that over a period of time, such opportunities will be allocated among clients on a fair basis. PH&N’s emphasis is on ensuring that all clients, through their discretionary portfolio managers, are given a fair opportunity to invest in a security that is appropriate for the specific client. Each portfolio manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific client to which PH&N provides investment supervisory services.

PH&N has established certain non-public pooled investment funds that focus on examining, assessing and developing alternative investment strategies. The intention is to make the successful investment products and strategies available to qualifying clients once the strategies are fully developed and tested. Until the time that the employees, officers and directors of PH&N own less than 90% of the outstanding units of such a non-public pooled investment fund, PH&N deems the fund to be a proprietary investment. PH&N has proprietary investment conflict of interest guidelines that prohibit allocations of IPOs to proprietary investment funds until all other client accounts and investment funds have received their allocations in accordance with PH&N’s fairness in allocation of investment opportunities policy.

PH&N, subject to its fiduciary duty to its clients to seek best execution, does route some trade orders to DS, which entity is only one of many Canadian investment dealers and U.S. broker-dealers that PH&N uses to execute trades on behalf of the clients of PH&N.

Code of Ethics and Personal Trading Policy

To prevent the potential for a conflict of interest arising between the direct or indirect financial interests of our employees and those of our clients, PH&N has a written U.S. Investment Adviser Code of Ethics (“Code”). A copy of the Code is available to clients and prospective clients upon request.

The Code applies to all employees (including contract and temporary staff) who advise U.S. clients or who administer the accounts of U.S. clients. The Code also applies to the related accounts¹ of such employees. It encompasses the following points:

- PH&N has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct. The firm and its employees will conduct their affairs in compliance with the CFA Institute Standards of Practice Handbook. Transactions in securities other than mutual funds must be pre-cleared with compliance personnel.
- Access employees are individuals who have access to current investment policy decisions and information concerning PH&N’s trading activity. Access employees may only invest in mutual funds and certain specified exempt securities and types of investment.² * Non-access employees are encouraged to invest only in mutual funds.
- An employee of PH&N shall not disclose to any unauthorized person any information about PH&N’s pending or prospective investment decisions. For the purposes of this policy, an unauthorized person is any person who does not need to know the information in order to conduct the ordinary business of PH&N.
- Employees of PH&N are not permitted to serve as directors or officers of public companies.
- An Independent Review Person (i.e., independent of the firm) monitors compliance with the Code.

Insider Trading Policy

PH&N, and its related persons may, from time to time, come into possession of material non-public and other confidential information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, PH&N and its related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a PH&N client. Accordingly, should such persons come into possession of material non-public or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law.

10. Conditions for Managing Accounts

Minimum account sizes for Institutional Accounts and Private Client Accounts are described under Schedule F – 1.D. PH&N reserves the right, in its sole discretion, to reduce the minimum requirement under certain circumstances.

¹ Related accounts are defined as those for which the beneficial interest belongs to a spouse (including common law), child, grandchild, parent, parent in-law, grandparent, sibling, or person sharing a household with an employee.

² This policy does not apply to investments in (a) short term money market securities, GICs, Term Deposits, or Canada Savings Bonds, but it does apply to fixed income securities, equity securities, Income or Energy Trusts, REITs and similar vehicles, and (b) purchases of shares of RBC.

11. Review of Accounts

A.

In terms of the account review process, Portfolio Managers are responsible for ensuring that the investments made for a client comply with the investment restrictions and guidelines set out in the client's investment policy statement.

Institutional

When new institutional segregated accounts are established the Institutional Portfolio Restrictions Analyst:

- ☐ obtains a copy of the client's Statement of Investment Policies and Procedures (pension fund clients) or other document reflecting the investment guidelines and restrictions;
- ☐ inputs those rules that can be monitored electronically into the Financial Models Corporation ("FMC") security tracking system; and
- ☐ develops a compliance sign-off sheet that sets out all guidelines and restrictions and indicates which are to be monitored manually by the Portfolio Manager and which are to be monitored electronically using FMC.

In addition to the pre-trade compliance controls established within the firm's Trade Systems, on a daily basis the Institutional Portfolio Restrictions Analyst runs a report on all transactions that took place on the previous day that caused a guideline or restriction break (e.g. as a result of market value fluctuations or legacy holdings). Any compliance exceptions are reported to the account Portfolio Manager, Back-up Portfolio Manager, the Vice President in charge of the Institutional Department and the Vice President Risk and Compliance each morning (by e-mail) for resolution by the Portfolio Manager or back-up Portfolio Manager as the case may be. Any non-compliant situations that have not been promptly dealt with are to be followed up by the Compliance Department.

On a monthly basis, each Portfolio Manager is responsible for signing off an investment guideline and restrictions report and submits it to the Institutional Portfolio Restrictions Analyst for review. This compliance report contains details on all investment restrictions and guidelines as per the Statement of Investment Policies and Procedures for each client.

Currently, one portfolio manager in PH&N's Institutional Department manages one U.S. institutional account.

Private Client

The process for monitoring the Private Client Segregated Accounts is led by two Vice Presidents, and involves the use of three investment portfolio discrepancy reports:

Private Portfolio of Funds/Segregated Portfolio Target Discrepancy Report – this report identifies any asset classes that, at market value, fall outside of the asset mix ranges agreed to with our clients. The discrepancy to asset mix ranges is reported bi-weekly;

Private Segregated Sector Discrepancy Report – this report details any variance greater than plus or minus 50% in client portfolio industry weightings relative to the industry weightings established by PH&N's analysis and model construction (quarterly report); and

Private Segregated Non Model Holdings Report – this report identifies any securities held in client portfolios that are not held within our models (quarterly report).

Currently, ten portfolio managers in PH&N's Private Client Department manage 98 U.S. accounts in total.

12. A&B

INVESTMENT OR BROKERAGE DISCRETION

PH&N is retained with respect to its individual accounts as well as its institutional clients on a discretionary basis and is authorized to make the following determinations in accordance with the client's specified investment objectives and guidelines without client consultation or consent before a transaction is effected:

- The amount and which securities to buy or sell.
- The broker or dealer through whom securities are bought or sold, subject to any client directed brokerage restrictions.
- The commission rates at which securities transactions for client accounts are effected, subject to any client directed brokerage restrictions.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Selection Criteria for Brokers and Dealers

PH&N's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant.

The factors include, but are not limited to: PH&N's knowledge of negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; PH&N's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions.

When buying or selling securities in dealer markets, PH&N may, subject to best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission equivalent or markup/markdown other than the "spread." Net trades mean that the market maker profits from the "spread", that is, the difference between the price paid (or received) by PH&N and the price received (or paid) by the market maker in trades with other broker-dealers or other customers. Most NASDAQ securities are now traded on a commission basis as more and more market makers shift from principal to agency trading.

PH&N may also use the Direct Market Access trade order routing services that are provided by one or more broker dealers. The term Direct Market Access refers to the ability of PH&N to send electronic trade orders to a marketplace. Technically, PH&N sends the order to the broker-dealer's network and systems either from the broker-dealer's front-end application or through a FIX-link (Financial Information eXchange protocol). When the order reaches the broker-dealer's central servers, it is checked from compliance and trading limit perspectives. If the order is in compliance, it is immediately routed to the relevant marketplace via the broker-dealer's proprietary marketplace connections; such orders reach the marketplace without manual intervention from the trading desk of the broker-dealer who provides the direct market access. If the trade order is not in compliance, the trade order is cancelled or rejected. The trading that does take place is in the name of the broker-dealer providing the direct market access on those exchanges where the broker-dealer is an exchange member and on which exchanges PH&N wishes to trade securities.

PH&N may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect such over-the-counter trades when, in PH&N's judgment, the use of an ECN or ATS may result in equal or more favourable overall executions for the transactions. PH&N will pay a commission to an ECN or ATS that when added to the price is still better than the overall execution price that might have been attained trading "net" with a market maker.

Commission Rates Policy

PH&N endeavors to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. However, PH&N will not select broker-dealers solely on the basis of “posted” commission rates nor always seek in advance competitive bidding for the most favourable commission rate applicable to any particular portfolio transaction. Although PH&N generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker’s ability to provide professional services, competitive commission rates, research, and other services that will help PH&N in providing investment management services to clients. PH&N may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

Fairness in Allocation of Investment Opportunities

PH&N performs investment advisory services for various clients that are managed by PH&N. PH&N makes investment decisions for each client dependent on the circumstances, investment objectives and guidelines of the specific client.

PH&N’s policy and practice is not to intentionally favour or disfavour any client or class of clients, in the allocation of investment opportunities so that over a period of time, such opportunities will be allocated among clients and PH&N investment funds on a fair basis.

Sometimes, PH&N may make the same investments for one or more of its other clients. However, PH&N may also give advice and take action with respect to any of its clients that differs from the advice given to, or the action taken for, other clients. PH&N’s emphasis is on ensuring that all clients, through their discretionary Portfolio Managers, are given a fair opportunity to invest in a security that is appropriate for the specific client. Each Portfolio Manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific client to which PH&N provides investment advisory services.

When PH&N engages in transactions for larger quantities of securities for a number of clients, it groups the trade orders together for placement with securities dealers (these types of trades are referred to as “block trades”). For more efficient trade execution and a better price, trades are blocked wherever possible. The quantity of securities ordered for each client is determined by the client’s Portfolio Manager, in advance of PH&N’s placing of the order with the securities dealers. PH&N sets internal trade order submission deadlines for its Portfolio Managers for the purposes of making block trades. PH&N uses the *pro rata* method to allocate the price of the securities and the related commission costs for securities purchased or sold on a block basis. The *pro rata* method involves making a proportionate allocation of price and commissions relative to each client’s order. The *pro rata* method is applied whether an order is partially filled or fully filled by the securities dealer. Therefore, all clients participating in a block trade receive the same execution price and commission cost for that block trade.

If there is only a limited amount of an investment opportunity available, such as for an Initial Public Offering (“IPO”), PH&N determines the level of interest of PH&N’s clients from its Portfolio Managers, establishes the size of the trade order, and allocates fills of the order on a *pro rata* basis. In certain circumstances, such as when the quantity of the IPO security that PH&N obtains is too small to allocate across a number of clients, PH&N will allocate an IPO purchase to one or two PH&N investment funds in order to maximize the number of clients able to participate in the purchase and will choose different PH&N investment funds for participation in the next IPO. All clients that participate in the purchase of an IPO receive the same execution price whether the order is fully filled or partially filled.

Allocations for fixed income investment transactions are made with a view to bringing fixed income portfolios with similar risk profiles in line with the target risk profiles for these portfolios.

Soft Dollar Arrangements

PH&N adheres to the Soft Dollar Standards of the CFA Institute in relation to the receipt of investment decision-making products or services from securities dealers. A “soft dollar” arrangement is one in which a fiduciary, such as PH&N, receives from a securities dealer, investment decision-making products or services, other than trade execution services, for the benefit of clients, in consideration of PH&N directing trades for managed accounts to the securities dealer for execution.

Although the receipt of these products or services is in relation to the amount of trades executed for PH&N managed accounts, PH&N does not allocate clients’ brokerage based on anything other than PH&N’s objective to ensure the quality of transactions effected on behalf of its clients. PH&N recognizes that the commissions paid to brokers on securities transactions (i.e. “brokerage”) are the property of the clients concerned and that PH&N has an ongoing duty to ensure the quality of transactions effected on behalf of its clients.

PH&N always acts for the benefit of its clients and places clients’ interests before its own. PH&N’s securities analysts decide which securities dealers are allocated brokerage business from PH&N’s clients based on the competitiveness of the securities dealers’ commission costs, their ability to provide best execution of trades and the range of services and quality of research received.

PH&N uses the definition of “investment decision-making products and services” that is used by securities regulators. Investment decision-making products and services are defined as:

- (a) advice as to the value of securities and the advisability of effecting transactions in securities;
- (b) analysis and reports concerning securities, portfolio strategy or performance, issuers, industries, or economic or political factors and trends; and
- (c) databases or software to the extent that they are designed mainly to support the above noted services,

whether the products and services are provided by a dealer directly or by a third party.

PH&N may use investment decision-making products and services to benefit clients other than those whose trades generated the brokerage. However, with PH&N’s model portfolio approach to investment management, over a reasonable period of time, all clients will receive the benefit of investment decision-making products and services purchased with other clients’ brokerage.

The products and services that are currently being received by PH&N through broker-related or third party arrangements include financial data feeds, on-line quotation and news, economic analysis and investment analysis.

The users of these products and services include Portfolio Managers as well as analysts, traders and economists.

Client Directed Brokerage

Client directed brokerage is an arrangement whereby a client of PH&N directs PH&N that trades for the client’s account are to be executed through a specific broker in exchange for which the client may directly receive a benefit from the specific broker in addition to execution services.

Where a client directs the use of a particular broker-dealer, or broker-dealers, PH&N may not be in a position to negotiate commission rates or spreads or obtain volume discounts, and best price may not be achieved. In addition, transactions for a client that directs brokerage may not be combined or “blocked” for execution purposes with orders for the same securities for other accounts managed by PH&N. Trades for a client that has directed use of a particular broker or dealer may be placed after blocked trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favourable than the price obtained for the blocked order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher

commissions, greater spreads, or less favourable net prices than might be the case if PH&N could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution.

Proxy Voting Policies

The proxies associated with securities held in client accounts are voted by PH&N in accordance with guidelines which seek to enhance long-term shareholder value and which are consistent with leading corporate governance practices. In the event of a potential material conflict of interest with respect to proxies, the conflict will be resolved by a meeting of the Corporate Governance Committee, consisting of senior officers of PH&N who will resolve the conflict in favour of our clients. The proxy voting guidelines are available from PH&N on request.

Performance Results

PH&N's Schedules of Composite Performance Results and Calculations have been audited for the periods January 1, 1993 to December 31, 2007. For the ten years ended December 31, 2003, the audits were conducted in accordance with standards for assurance engagement established by the Canadian Institute of Chartered Accountants, and in accordance with Level 1 verification as defined by the Association for Investment Management and Research Performance Presentation Standards and the Canadian version of the Global Investment Performance standards. For the four years ended December 31, 2007, the audits were conducted in accordance with Canadian generally accepted auditing standards, and in accordance with the requirements of the CFA Institute's Global Investment Presentation Standards.

In accordance with the requirements of the Global Investment Performance Standards Guidance on Performance Record Portability, the US Equity Specialty composite performance results reported in prior years were restated to reflect the performance record of an aggregation of individual U.S. equity specialty portfolios managed by Mr. Carl Lytollis, the current head of the PH&N U.S. equity team. Mr. Lytollis is principally responsible for the investment decisions made with respect to U.S. equity assets held by PH&N.

13. B Additional Compensation

PH&N is a member of the RBC Financial Group, which includes Royal Bank of Canada, RBC Private Counsel Inc., RBC Asset Management Inc., The Royal Trust Company, Royal Trust Corporation of Canada and RBC Dominion Securities Inc. PH&N may, from time to time, pay a referral fee to an employee of other companies in the RBC Financial Group for referring a new Canadian resident client to PH&N. PH&N does not anticipate receiving referrals of U.S. resident clients from members of the RBC Financial Group. PH&N pays any referral fee and does not charge such a fee to a client.

Form ADV (Paper Version)

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

NON-RESIDENT INVESTMENT ADVISER EXECUTION
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PAGE 1

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____Date: FEBRUARY 9, 2009Printed Name: BRIAN M. WALSHTitle: CHIEF FINANCIAL OFFICERAdviser CRD Number: 108387