

FUND FACTS

RBC Global Asset Management Inc.



Global Asset Management

Phillips, Hager & North Short Term Bond & Mortgage Fund - Advisor Series

June 26, 2020

This document contains key information you should know about Phillips, Hager & North Short Term Bond & Mortgage Fund (Advisor Series). You can find more details in the fund's simplified prospectus. Ask your representative for a copy, contact Phillips, Hager & North Investment Management®, a division of RBC Global Asset Management Inc. (RBC GAM) at 1-800-661-6141, info@phn.com or visit www.rbcgam.com/en/ca.

Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.

Effective June 26, 2020, Advisor Series units are capped. Purchases made through pre-authorized purchase plans established before June 26, 2020 will be permitted until August 4, 2020. On August 4, 2020, Advisor Series units will be re-designated to Series A units.

Quick facts

Fund code:	ISC: RBF6250 LL: RBF4250	Fund manager:	RBC Global Asset Management Inc.
Date series started:	October 31, 2010	Portfolio manager:	RBC Global Asset Management Inc.
Total value of the fund on May 31, 2020:	\$7,495.5 Million	Distributions:	Quarterly in March, June, September and December; automatically reinvested unless you tell your representative to inform us that you want them in cash.
Management expense ratio (MER):	1.05%	Minimum investment:	\$500 initial, \$25 additional investment

What does the fund invest in?

The fund invests primarily in short-term fixed income securities issued by Canadian governments and corporations, and first mortgages on property located in Canada. The fund may invest no more than 30% of its assets in foreign securities.

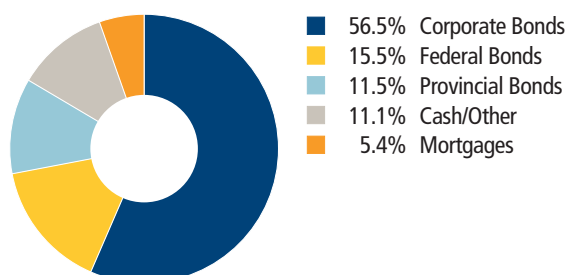
The charts below give you a snapshot of the fund's investments on May 31, 2020. The fund's investments will change.

Top 10 investments (May 31, 2020)

1. Cash & Cash Equivalents	11.1%
2. Province of Ontario 2.600% Jun 2 2025	3.0%
3. Canada Housing Trust No. 1 2.400% Dec 15 2022	2.5%
4. Canadian Mortgage Pools 1.370% Nov 1 2021	1.8%
5. Province of Saskatchewan 3.200% Jun 3 2024	1.8%
6. Province of Newfoundland and Labrador 2.300% Jun 2 2025	1.8%
7. Province of Alberta 2.200% Jun 1 2026	1.7%
8. North West Redwater Partnership 2.100% Feb 23 2022	1.7%
9. Canadian Mortgage Pools 1.890% Oct 1 2024	1.6%
10. Canadian Mortgage Pools 1.740% Jan 1 2025	1.5%
Total percentage of top 10 investments	28.5%

Total number of investments 316

Investment mix (May 31, 2020)



How risky is it?

The value of the fund can go down as well as up. You could lose money.

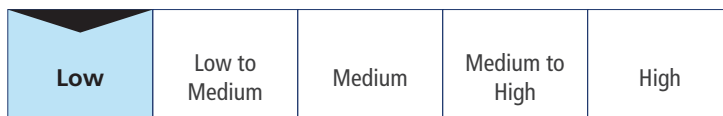
One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

RBC GAM has rated the volatility of this fund as **low**.

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the fund's returns, see the sections entitled "What are the risks of investing in the Fund?" and "Who should invest in this Fund?" in the fund's simplified prospectus.

No guarantees

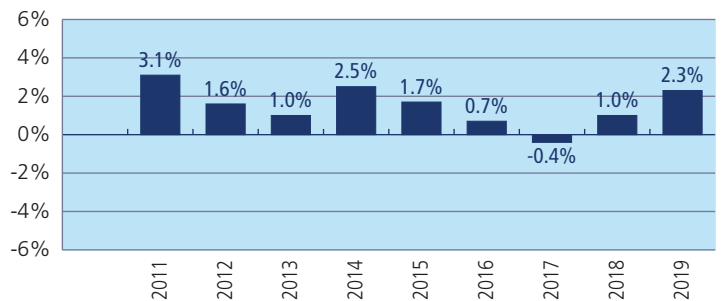
Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

How has the fund performed?

This section tells you how Advisor Series units of the fund have performed over the past nine years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

Year-by-year returns

This chart shows how Advisor Series units of the fund performed in each of the past nine years. The fund dropped in value in one of the nine years. The range of returns and change from year to year can help you to assess how risky the fund has been in the past. It does not tell you how the fund will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for Advisor Series units of the fund in a 3-month period over the past nine years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	2.2%	January 31, 2015	Your investment would rise to \$1,022
Worst return	-1.3%	July 31, 2017	Your investment would fall to \$987

Average return

A person who invested \$1,000 in Advisor Series units of the fund since the date the fund was created would have \$1,175 as at May 31, 2020. This works out to an annual compound return of 1.7%.

Who is this fund for?

Investors who:

- are seeking higher levels of current interest income compared to money market fund investments
- are planning to hold the investment for the short-to-medium term

A word about tax

In general, you'll have to include in your taxable income any money you make on a fund held outside a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account. How much income tax you pay depends on the tax laws that apply to you and the fund.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Advisor Series units of the fund. The fees and expenses - including any commissions - can vary among series of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales charges

You have to choose a sales charge option when you buy the fund. Ask about the pros and cons of each option.

Sales charge option	What you pay		How it works
	in per cent (%)	in dollars (\$)	
Initial sales charge	0% to 5% of the amount you buy	\$0 to \$50 on every \$1,000 you buy	<ul style="list-style-type: none"> • You and your representative decide on the rate. • The initial sales charge is deducted from the amount you buy. It goes to your representative's firm as a commission. • Your representative may charge you up to 2% of the value of units that you switch to Advisor Series mutual fund shares or units of other RBC Funds.



<p>Low-load sales charge</p>	<p>If you redeem within: 1 year of buying 2.0% 2 years of buying 2.0% After 2 years nothing</p>	<p>\$0 to \$20 on every \$1000 you buy</p>	<ul style="list-style-type: none"> • When you buy the fund, RBC GAM pays your representative's firm a commission of 1.0%. Any deferred sales charge you pay goes to RBC GAM. • You can redeem up to 10% of your units each year without paying a deferred sales charge. • You can switch to Advisor Series mutual fund shares or units of other PH&N Funds at any time without paying a deferred sales charge. The deferred sales charge schedule will be based on the date you bought the first fund. • Your representative may charge you up to 2% of the value of units that you switch to Advisor Series mutual fund shares or units of other RBC Funds.
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2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns.

As of December 31, 2019, the expenses for Advisor Series units of the fund were 1.05% of its value. This equals \$10.50 for every \$1,000 invested.

Annual rate (as a % of the Advisor Series units' value)

Management expense ratio (MER)

This is the total of the fund's management fee (including the trailing commission) and operating expenses (the administration fee, other fund costs and taxes).

1.05%

Trading expense ratio (TER)

These are the fund's trading costs.

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Fund expenses

1.05%

More about the trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the fund. It is for the services and advice your representative and your representative's firm provide to you. Your representative's firm may pay part of the trailing commission to its representatives.

RBC GAM pays your representative's firm a trailing commission. The trailing commission is paid out of the management fee. The rate depends on the sales charge option you choose:

- **Initial sales charge** - 0.50% of the value of your investment each year. This equals \$5.00 each year for every \$1,000 invested.
- **Low-load sales charge** - 0.50% of the value of your investment each year. This equals \$5.00 each year for every \$1,000 invested.

3. Other fees

You may have to pay other fees when you buy, hold, sell, switch or reclassify units of the fund.

Fee	What you pay
Short-term trading fee	2% of the value of units you sell or switch within 7 days of buying them. This fee goes to the fund.
Switch and reclassification fee	Your representative may charge you up to 2% of the value of units that you switch to another fund or that you reclassify from one series to another series of the same fund. There is no fee payable to RBC GAM for any switches or reclassifications of units.
Registered tax plan fee	Fees may be payable to your representative or to his or her firm if you transfer an investment within a registered plan to another financial institution. None of these fees are paid to us.



What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact Phillips, Hager & North Investment Management, a division of RBC Global Asset Management Inc., or your representative for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

RBC Global Asset Management Inc.
 Head Office
 155 Wellington Street West
 Suite 2200
 Toronto, ON M5V 3K7

Toll-free: 1-800-661-6141
 Email: info@phn.com
 Website: www.rbcgam.com/en/ca

To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.

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