

PH&N Small Float Fund

Investment Objective

To provide long-term capital growth by investing primarily in a well-diversified portfolio of Canadian equity securities of smaller capitalized corporations.

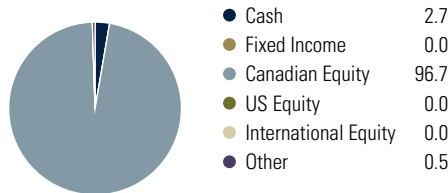
The Fund is intended to be a small component in a broadly diversified Canadian equity portfolio. The team invests in growth companies that have a superior management team, a leadership position in their industry, a high level of profitability compared to their peers and strong earnings potential.

Fund Details

| | | |
|---|----------|-----------|
| Series | Currency | Fund Code |
| 0 | CAD | PHN190 |
| Inception Date | | |
| July 2002 | | |
| Total Fund Assets \$Mil | | |
| 290.3 | | |
| Benchmark | | |
| S&P/TSX Capped Composite Total Return Index | | |
| Management Company | | |
| RBC Global Asset Management Inc. | | |
| Web Site | | |
| www.rbcgam.com | | |

Portfolio Analysis as of April 30, 2015

Asset Mix



Top 10 Holdings

| Company | % Assets |
|---------------------------------|-----------|
| Rona Inc | 6.8 |
| Element Financial Corp | 5.7 |
| Badger Daylighting Ltd | 5.3 |
| Quebecor Inc Class B | 4.5 |
| Trinidad Drilling Ltd | 4.5 |
| Home Capital Group Inc | 3.4 |
| Constellation Software Inc | 3.1 |
| CCL Industries Inc | 3.1 |
| Boyd Group Income Fund | 2.9 |
| WSP Global Inc | 2.9 |
| Total % of Top 10 Holdings | 42.3 |
| Total Number of Stock Holdings | 41 |
| Total Number of Bond Holdings | 0 |
| Total Number of Other Holdings | 3 |
| Total Number of Holdings | 44 |

Equity Style



Equity Statistics

| | |
|-------------------|------|
| P/B Ratio | 1.7 |
| P/E Ratio | 19.8 |
| P/FCF | 7.3 |
| P/S | 1.0 |
| Avg. Mkt Cap. \$B | 1.9 |
| Dividend Yield | 1.7 |

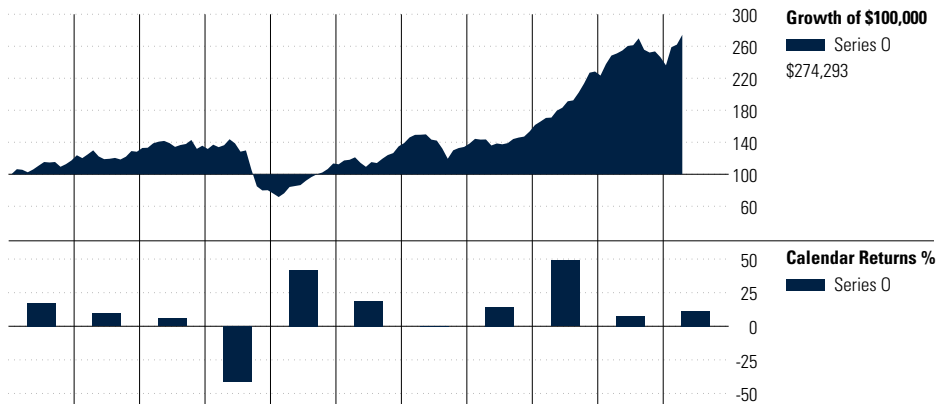
Top 5 Equity Sectors

| Sector | % Equity |
|---------------------------|----------|
| Consumer Discretionary | 24.3 |
| Industrials | 20.3 |
| Financials | 17.9 |
| Energy | 13.8 |
| Information Technology | 11.2 |
| % in Top 5 Equity Sectors | 87.5 |

Risk Measures

| Metric | Fund | Benchmark |
|----------------|------|-----------|
| 3 Year Std Dev | 11.5 | 8.3 |
| 5 Year Std Dev | 13.3 | 9.8 |

Performance Analysis as of April 30, 2015



| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | YTD | Fund | Benchmark |
|---------------------|------|------|------|-------|------|------|------|------|-------------------|------|------|---------|-----------|
| Growth of \$100,000 | 17.2 | 9.4 | 5.9 | -41.0 | 41.7 | 18.9 | -0.5 | 14.4 | 48.9 | 7.8 | 11.4 | 274.293 | |
| Calendar Returns % | 24.1 | 17.3 | 9.8 | -33.0 | 35.1 | 17.6 | -8.7 | 7.2 | 13.0 | 10.6 | 5.1 | | |
| 1 Mth | 4.7 | 16.1 | 8.8 | 9.3 | 24.1 | 17.7 | 10.3 | 9.9 | Trailing Return % | | | | |
| 3 Mth | 2.4 | 4.5 | 5.7 | 6.9 | 10.7 | 7.6 | 7.9 | — | | | | | |
| 6 Mth | | | | | | | | | | | | | |
| 1 Yr | | | | | | | | | | | | | |
| 3 Yr | | | | | | | | | | | | | |
| 5 Yr | | | | | | | | | | | | | |
| 10 Yr | | | | | | | | | | | | | |
| Since Incep. | | | | | | | | | | | | | |

PH&N Small Float Fund

Management Overview

Manager Bios

Doug Stadelman

Phillips, Hager & North Investment Management

Doug is the Head of Canadian equity research and has responsibilities as a research analyst and portfolio manager at Phillips, Hager & North Investment Management. His previous experience includes eight years as a top-ranked special situations and small cap research analyst, during which time he founded a widely publicized Canadian small cap index.

Dale Harrison

Phillips, Hager & North Investment Management

Dale Harrison is the Co-head of the Canadian equity research department at PH&N and is a member of the firm's Asset Mix Committee. A portfolio manager and research analyst, his particular focus is the Financials sector of the Canadian equity market. His portfolio management responsibilities include the core Canadian equity model as well as the Dividend Income Fund. He joined Phillips, Hager & North in 1998 and, in addition to his current responsibilities, was a Director of the firm in the years leading up to the merger with RBC Asset Management. Dale has been in the investment industry since 1990 and was previously a vice president of equity research at a leading Canadian investment dealer.

Performance Analysis Cont'd as of April 30, 2015

| Distributions (\$)/Unit | YTD* | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions | — | 0.40 | 0.35 | 0.26 | 0.56 | 0.27 | 0.25 | 0.28 | 1.87 | 1.14 | 0.80 |
| Interest | — | 0.02 | 0.01 | 0.00 | 0.01 | 0.02 | 0.04 | 0.12 | 0.17 | 0.05 | 0.03 |
| Dividends | — | 0.38 | 0.34 | 0.25 | 0.55 | 0.25 | 0.20 | 0.16 | 0.13 | 0.15 | 0.13 |
| Capital Gains | — | — | — | — | — | — | — | — | 1.56 | 0.94 | 0.64 |
| Return Of Capital | — | — | — | — | — | — | — | — | — | — | — |

| Best/Worst Periods % | Ended | 1 Yr | Ended | 3 Yr | Ended | 5 Yr | Ended | 10 Yr |
|----------------------|--------|-------|--------|-------|--------|------|--------|-------|
| Best | 2-2010 | 63.9 | 9-2014 | 28.9 | 2-2014 | 27.1 | 8-2014 | 11.2 |
| Worst | 2-2009 | -47.8 | 2-2009 | -15.9 | 2-2009 | -5.7 | 6-2012 | 5.4 |
| Average | | 13.7 | | 10.9 | | 9.0 | | 9.3 |
| No. of Periods | | 143 | | 119 | | 95 | | 35 |
| Pct. Positive | | 79.7 | | 76.5 | | 85.3 | | 100.0 |

* Distributions are characterized into income type at year-end.

Quarterly Commentary as at March 31, 2015

Core holdings of high-quality technology stocks performed strongly in the quarter, including Kinaxis, Constellation Software and Avigilon. Rona's share price continues to appreciate as investors increasingly recognize the accomplishments of a strong new management team turning around a previously mediocre retail strategy and operations. Element Financial reported consistent earnings gains with increasing penetration of North American commercial leasing markets. Maple Leaf Foods' share price appreciated as the company nears the end of a multi-year period of heavy capital expenditure to modernize plants. Superior Plus also performed well as we purchased the shares at a particularly attractive valuation and management is making progress improving operational efficiency.

Our exposure to the energy sector was the main detractor from performance. Calfrac Well Services and Trinidad Drilling both performed poorly as low energy prices are expected to force a substantial reduction in industry capital spending and energy services activity. Longer term, these are both excellent companies now trading at very inexpensive valuations poised to recover with energy markets. Auto Canada also reported a surprisingly weak quarter as vehicle sales suffered in the company's core Alberta market, also largely driven by energy industry cutbacks.

As always, our focus in small-cap investing is on high-quality, well-managed companies with above-average growth prospects; these industry leaders tend to perform well in most stock market environments.

PH&N Small Float Fund

Disclosure

RBC Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

Management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or Fund Facts document of the mutual fund before investing. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual fund securities are not guaranteed or covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. The value of mutual funds change frequently and past performance may not be repeated.

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MER (%) for PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2014, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period April 1, 2014 to March 31, 2015, expressed on an annualized basis.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

The fund profile is provided for informational purposes only. Particular investments and/or trading strategies should be evaluated relative to each individual's investment objectives. The information contained in the fund profile is not, and should not be construed as, investment or tax advice. You should not act or rely on the information contained in the fund profile without seeking the advice of an appropriate professional advisor.

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