

PH&N Mortgage Pension Trust

Investment Objective

To provide relatively high yields by investing primarily in a portfolio of first mortgages on income producing property located in Canada.

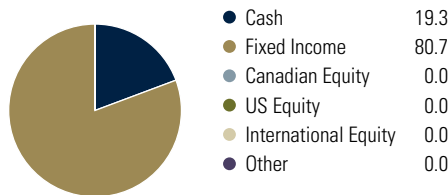
To manage the liquidity risks of the portfolio, the investment team emphasizes shorter-term amortization periods in conjunction with the use of mortgage bonds and commercial mortgage-backed securities. The Fund is actively managed using interest rate, credit and liquidity strategies.

Fund Details

Series	Currency	Fund Code
O	CAD	PHN430
Inception Date		
		November 2001
Total Fund Assets \$Mil		
		2,806.0
Benchmark		
		FTSE TMX Canada Short Term Bond Index
Management Company		
		RBC Global Asset Management Inc.
Web Site		
		www.rbcgam.com

Portfolio Analysis as of May 31, 2015

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	0.7
Corporate Bonds	0.8
Other Bonds	0.0
Mortgage Backed Securities	86.5
ST Investments (Cash & Other)	12.0
Asset Backed Securities	0.0

Bond Rating

Bond Rating	%
Cash / Cash Equiv.	12.0
AAA	0.2
AA	0.0
A	1.3
BBB	0.0
Below BBB	0.0
Mortgages	86.5
NR/NA	0.0

Term to Maturity

Term to Maturity	%
Under 1 Yr	19.5
1 - 5 Yrs	47.5
5 - 10 Yrs	32.4
Over 10 Yrs	0.6
Avg. Term to maturity (Yrs)	3.9
Duration (Yrs)	3.1
Yield to Maturity	2.7

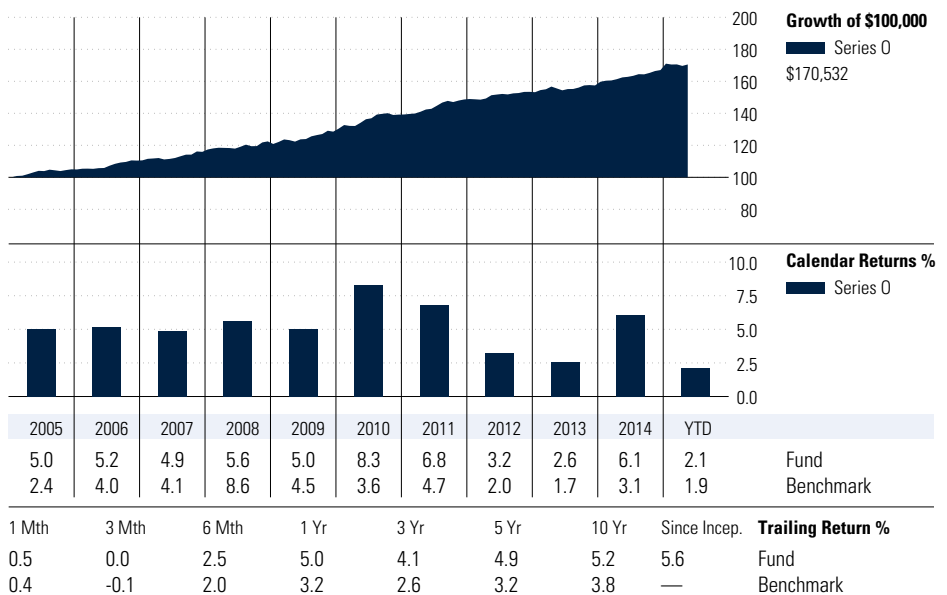
Geographic Allocations

Geographic Allocation	% Assets
Canada	100.0
United States	0.0
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

Top 25 Holdings	% Assets
Mortgage, 3.420% Sep 01, 2021 01-09-2021	1.8
Mortgage, 3.510% Jan 05, 2020 05-01-2020	1.6
Ari Fcp Inv LP/CPPIB 3.559% 01-12-2023	1.5
Mortgage, 4.060% Jun 01, 2023 01-06-2023	1.2
Mortgage, 3.100% Jul 01, 2017 01-07-2017	1.0
Mortgage, 2.948% Aug 01, 2016 01-08-2016	0.9
Mortgage, 2.600% Apr 01, 2018 01-04-2018	0.9
Mortgage, 4.360% Mar 01, 2017 01-03-2017	0.9
Mortgage, 3.810% Oct 01, 2021 01-10-2021	0.7
Mortgage, 3.350% Oct 01, 2024 01-10-2024	0.7
Mortgage, 3.300% Mar 01, 2025 01-03-2025	0.7
Mortgage, 3.700% Jul 01, 2017 01-07-2017	0.7
Mortgage, 3.920% Jul 05, 2020 05-07-2020	0.7
Mortgage, 4.110% Sep 01, 2022 01-09-2022	0.7
Mortgage, 4.230% Aug 01, 2024 01-08-2024	0.7
Mortgage, 3.510% Feb 01, 2022 01-02-2022	0.7
Mortgage, 4.550% Sep 01, 2020 01-09-2020	0.7
Mortgage, 5.990% Dec 01, 2017 01-12-2017	0.7
Mortgage, 4.170% May 05, 2023 05-05-2023	0.7
Quebec Prov Cda 4.5% 01-12-2017	0.7
Mortgage, 2.990% Jun 05, 2020 05-06-2020	0.6
Mortgage, 4.130% Jul 01, 2024 01-07-2024	0.6
Mortgage, 3.820% Feb 05, 2017 05-02-2017	0.6
Mortgage, 4.570% Sep 05, 2016 05-09-2016	0.6
Mortgage, 3.970% May 01, 2017 01-05-2017	0.5
Total % of Top 25 Holdings	20.9
Total Number of Stock Holdings	0
Total Number of Bond Holdings	519
Total Number of Other Holdings	89
Total Number of Holdings	608

Performance Analysis as of May 31, 2015



PH&N Mortgage Pension Trust

Management Overview

Manager Bios

Michael Borden

Phillips, Hager & North Investment Management

Michael specializes in fixed income investments and is a key contact on the fixed income team for investment consultants and prospective new clients. He is responsible for client servicing for specialty bond accounts. In addition, he is accountable for the investment strategy and performance of pooled mortgage funds. Michael began his career within the investment department of a major Canadian life assurance company. He joined PH&N in 1994.

Performance Analysis Cont'd as of May 31, 2015

Distributions (\$)/Unit	YTD*	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Distributions	0.10	0.40	0.43	0.47	0.37	0.57	0.56	0.57	0.51	0.53	0.50
Interest	0.10	0.40	0.43	0.47	0.37	0.57	0.56	0.57	0.51	0.53	0.50
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2010	10.8	9-2011	7.4	5-2012	6.4	5-2012	6.1
Worst	6-2006	1.7	9-2014	3.6	5-2015	4.9	5-2015	5.2
Average		5.6		5.6		5.7		5.6
No. of Periods		151		127		103		43
Pct. Positive		100.0		100.0		100.0		100.0

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

Quarterly Commentary as at March 31, 2015

Similar to other fixed income asset classes, the commercial mortgage market experienced some volatility during the quarter. The uncertain impact of lower oil prices on the economy combined with an unexpected Bank of Canada interest rate cut caused several lenders to step to the side-lines. Mortgage spreads trended wider by approximately 15 to 20 basis points, a result both of the diminished competition among lenders and of widening spreads in other competing fixed income asset classes. The negative impact of wider spreads was offset by the higher running yield of the PH&N Mortgage Pension Trust, resulting in modest outperformance relative to the FTSE TMX Canada Short Term Overall Bond Index this quarter.

Throughout the first quarter, we actively originated new mortgage opportunities at spreads of 185

basis points over similar-term Government of Canada bonds. This represents attractive compensation given the underlying credit and liquidity risks of our mortgage investments and we continue to view the Fund as a compelling opportunity to add value.

The Fund has exposure to 637 mortgages located across Canada. These mortgages are secured by income producing commercial real estate with a high concentration of multi-family, industrial, retail and office properties. These properties are predominately located in urban centres and continue to experience low vacancy levels of below 5%. This ensures our borrowers have a stable revenue stream available to pay our mortgage debt. There are no defaults in the portfolio.

PH&N Mortgage Pension Trust

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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