PH&N Balanced Fund

Investment Objective
To provide long-term capital growth and income by investing primarily in a well-diversified, balanced portfolio of Canadian common stocks, bonds and money market securities. This fund also holds a portion of its assets in foreign common stock.

Fund Details

<table>
<thead>
<tr>
<th>Series</th>
<th>Load Structure</th>
<th>Currency</th>
<th>Fund Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>No Load</td>
<td>CAD</td>
<td>RBF1350</td>
</tr>
</tbody>
</table>

- Inception Date: September 1991
- Total Fund Assets $Mil: 1,085.0
- Series D NAV $: 21.21
- Series D MER %: 0.88
- Benchmark: 38% FTSE Canada Universe Bond Index, 30% S&P/TSX Capped Composite Total Return Index, 26% MSCI World Total Return Net Index (CAD), 4% MSCI Emerging Markets Total Return Net Index (CAD), 2% FTSE Canada 30 Day T-Bill Index

Income Distribution: Quarterly
Capital Gains Distribution: Annually
Sales Status: Open
Min. Investment $: 500
Subsequent Investment $: 25

Fund Category: Canadian Neutral Balanced
Management Company: RBC Global Asset Management Inc.
Web Site: www.rbcgam.com

Portfolio Analysis as of April 30, 2019

- Asset Mix
  - Cash: 4.6%
  - Fixed Income: 33.9%
  - Canadian Equity: 29.9%
  - US Equity: 16.5%
  - International Equity: 15.0%
  - Other: 0.1%

- Equity Style
  - Value
  - Blend
  - Growth

- Statistics
  - P/B Ratio: 2.3
  - P/E Ratio: 16.6
  - Avg. Mkt Cap. $B: 47.7

- Top 5 Sectors
  - Financials: 27.4%
  - Energy: 12.4%
  - Industrials: 12.2%
  - Consumer Discretionary: 9.0%
  - Information Technology: 8.3%

- Fixed Income Breakdown
  - Govt. Bonds: 63.1%
  - Corp. Bonds: 33.2%
  - Other Bonds: 0.8%
  - MBS: 0.2%
  - Cash & Other: 2.7%
  - ABS: 0.0%

- Characteristics
  - Avg. Term to Maturity (Yrs): 10.5
  - Modified Duration (Yrs): 7.6
  - Yield to Maturity: 2.4

- Top 10 Holdings
  - PH&N Bond Fund O: 34.8%
  - PH&N Canadian Equity Underlying O: 31.1%
  - RBC Global Equity Focus Fund O: 20.3%
  - RBC QUBE Global Equity Fund O: 6.7%
  - RBC Emerging Markets Equity Fund O: 4.3%
  - PH&N Canadian Money Market Fund O: 1.4%

- Total % of Top 10 Holdings: 98.6%
- Total Number of Portfolio Holdings: 7
- Total Number of Stock Holdings: 297
- Total Number of Bond Holdings: 396
- Total Number of Other Holdings: 129
- Total Number of Underlying Holdings: 822

Performance Analysis as of April 30, 2019

- Growth of $10,000
  - Series D: $22,758

- Calendar Returns %
  - Series D: 11.0%

- 1 Mth 3 Mth 6 Mth 1 Yr 3 Yr 5 Yr 10 Yr Since Incep. Trailing Return %
  - 2009 19.3 8.6 -3.6 7.9 13.7 11.1 5.1 7.6 9.8 -2.9 — Fund
  - 2010 2nd 3rd 4th 1st 1st 1st 1st 1st — — Quartile
  - 2018 11.0 21.0 14.0 7.0 0.0 -7.0

- No. of Funds in Category

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PH&N Balanced Fund

Management Overview

Manager Bios

Sarah Riopelle
RBC Global Asset Management Inc.

Sarah Riopelle is Vice President and Senior Portfolio Manager, Investment Solutions. Sarah began her investment career in 1996. She is a member of the RBC Investment Strategy Committee and is responsible for the firm’s Portfolio Solutions. Sarah has a Bachelor of Commerce in Finance and International Management from the University of Ottawa and is a CFA charter holder.

Performance Analysis Cont’d  as of April 30, 2019

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<tr>
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</thead>
<tbody>
<tr>
<td>Total Distributions</td>
<td>0.02</td>
<td>0.71</td>
<td>0.68</td>
<td>0.62</td>
<td>1.01</td>
<td>2.28</td>
<td>0.36</td>
<td>0.46</td>
<td>0.66</td>
<td>0.46</td>
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<tr>
<td>Interest</td>
<td>0.02</td>
<td>0.16</td>
<td>0.18</td>
<td>0.20</td>
<td>0.19</td>
<td>0.18</td>
<td>0.26</td>
<td>0.26</td>
<td>0.26</td>
<td>0.38</td>
<td>0.29</td>
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<tr>
<td>Dividends</td>
<td>—</td>
<td>0.15</td>
<td>0.16</td>
<td>0.17</td>
<td>0.17</td>
<td>0.15</td>
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<td>0.16</td>
<td>0.16</td>
<td>0.04</td>
<td>0.15</td>
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<tr>
<td>Capital Gains</td>
<td>—</td>
<td>0.37</td>
<td>0.35</td>
<td>0.25</td>
<td>0.64</td>
<td>1.93</td>
<td>—</td>
<td>0.05</td>
<td>0.24</td>
<td>0.08</td>
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<tr>
<td>Return Of Capital</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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</table>

<table>
<thead>
<tr>
<th>Best/Worst Periods %</th>
<th>Ended</th>
<th>1 Yr</th>
<th>Ended</th>
<th>3 Yr</th>
<th>Ended</th>
<th>5 Yr</th>
<th>Ended</th>
<th>10 Yr</th>
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<tr>
<td>Worst</td>
<td>2-2009</td>
<td>-22.8</td>
<td>2-2009</td>
<td>-6.2</td>
<td>2-2009</td>
<td>-1.2</td>
<td>2-2009</td>
<td>2.3</td>
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<tr>
<td>Average</td>
<td>7.1</td>
<td>6.8</td>
<td>6.3</td>
<td>5.6</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>No. of Periods</td>
<td>289</td>
<td>265</td>
<td>241</td>
<td>181</td>
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<tr>
<td>Pct. Positive</td>
<td>77.5</td>
<td>87.9</td>
<td>98.8</td>
<td>100.0</td>
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</table>

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

Quarterly Commentary  as at March 31, 2019

Headwinds from protectionism, fading fiscal stimulus and less favourable financial conditions continued to weigh on the global economic expansion in the first quarter. The negative impact of these trends was offset somewhat by optimism that the U.S. and China would reach an agreement to end the current cycle of trade sanctions between the countries.

The fund’s overweight position in equities and underweight position in fixed income had a neutral impact on performance. Bond yields fell sharply in most major markets during the period as slowing growth led to expectations that major central banks would halt interest-rate increases. Canadian bonds outperformed their U.S. counterparts given the slower pace of economic growth in Canada. The Fund’s sole fixed-income holding, the Phillips, Hager & North Bond Fund, had a positive impact on performance.

Global equities posted double-digit returns during the period, driven in part by more attractive valuations that followed a steep decline in equities in the fourth quarter of 2018. Emerging markets lagged developed markets, which rebounded more strongly from the late-year losses. All of the Fund’s equity investments had a positive impact on returns, led by the Phillips, Hager & North Canadian Equity Underlying Fund.

The fund remains underweight fixed income because, in our view, total returns for sovereign bonds are likely to be low or even slightly negative for an extended period. Even after the strong rally since the start of 2019, equities offer superior upside potential relative to bonds. Our models suggest stocks can deliver further gains as long as earnings continue growing as analysts expect. Balancing the risks and opportunities, we feel that maintaining modest overweight exposure to equities is appropriate.
PH&N Balanced Fund

Disclosure

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or Fund Facts document 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.

Phillips, Hager & North Investment Management (PH&N IM) is a division of RBC Global Asset Management Inc. (RBC GAM). RBC GAM is the fund manager and the principal portfolio adviser of PH&N Funds. The principal distributor of PH&N Funds is Phillips, Hager & North Investment Funds Ltd. (PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

Series H and Series I are not available for purchase by new investors. Existing investors who hold Series H or Series I units can continue to make additional investments into the same series of the funds they hold.

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.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm, based on categories maintained by the Canadian Investment Funds Standards Committee (CIFSC). Quartile rankings are comparisons of the performance of a fund to other funds in a particular category and are subject to change monthly. The quartiles divide the data into four equal segments expressed in terms of rank (1, 2, 3 or 4). This is the Morningstar quartile ranking of Series A and F units of the Fund as of April 30, 2019.

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