



RBC Phillips, Hager & North Monthly Income Fund

Fund Category
Canadian Neutral Balanced

Morningstar Rating™
N/A

Investment Objective

To provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth. The fund invests its assets primarily in units of the Phillips, Hager & North Monthly Income Fund (called, the underlying Fund). The analyses and quarterly commentary reflect the underlying Fund.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF501
Inception Date		April 2010	
Total Assets \$Mil		1,246.9	
Series A NAV \$		9.95	
Series A MER %		1.93	
Benchmark		50% S&P/TSX Composite 35% DEX Universe Bond 10% Merrill Lynch HY 5% S&P/TSX Pref Share	
Income Distribution		Monthly	
Capital Gains Distribution		Monthly	
Sales Status		Open	
Min. Investment \$		500	
Subsequent Investment \$		25	
Management Company		RBC Global Asset Management Inc.	
Web Site		www.rbcgam.com	

Notes

Distribution Summary

Monthly Distribution 4.45¢/unit
Current Payout Rate* 5.39%

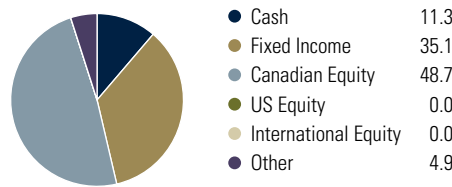
*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

2011 Distribution Breakdown:

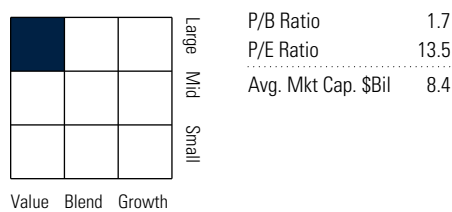
Total Distribution 0.53
Dividend 0.18
Return on Capital 0.27
Capital gain 0.08

Portfolio Analysis as of December 31, 2011

Asset Mix



Equity Style



Top 5 Sectors

Sector	% Equity
Financials	39.1
Energy	25.4
Industrials	10.0
Materials	8.0
Consumer Discretionary	7.9

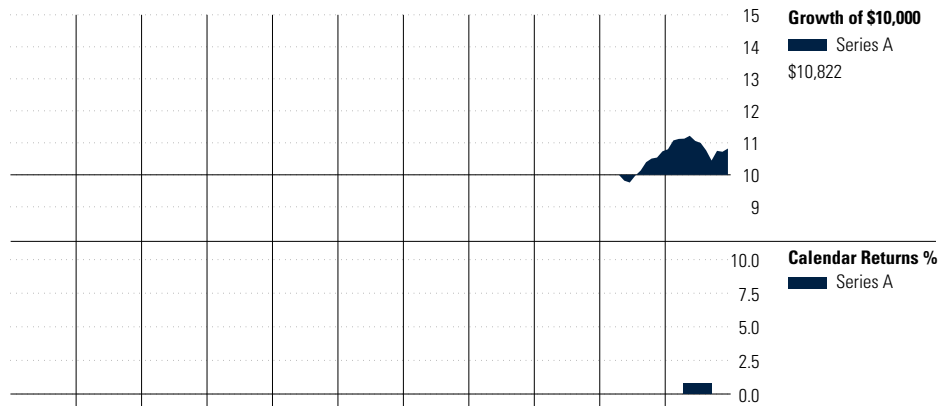
Income-Generating Asset-Class

Asset Class	% Assets
Common Shares	48.7
Investment-Grade Corporate Bonds	14.1
Government Bonds	12.4
Other	11.4
High Yield Bonds	8.4
Preferred Shares	4.9

Top 25 Holdings

Holder	% Assets
Ontario Prov Cda 7.6% 02-06-2027	3.4
Toronto-Dominion Bank	3.0
Royal Bank of Canada	2.8
Bank of Nova Scotia	2.4
Ontario Prov Cda 6.5% 08-03-2029	2.1
Enbridge, Inc.	2.0
CIBC	1.4
Brookfield Office Properties Canada	1.4
Rogers Communications, Inc. B	1.4
Manulife Financial Corporation	1.2
ARC Resources Ltd.	1.2
Ontario Prov Cda 4.2% 02-06-2020	1.2
TransCanada Corp	1.2
Magna International Class A	1.2
Genworth MI Canada, Inc.	1.2
Goldcorp, Inc.	1.1
Ontario Prov Cda 4.65% 02-06-2041	1.0
Shaw Communications, Inc. B	1.0
Barrick Gold Corporation	1.0
Brookfield Asset Management Inc Class A	0.9
Canada Hsg Tr No 1 3.75% 15-03-2020	0.9
Canadian National Railway Co	0.9
IGM Financial Inc.	0.9
Canadian Natural Resources Ltd	0.9
Gibson Energy Inc	0.9
Total % of Top 25 Holdings	36.8
Total Number of Stock Holdings	68
Total Number of Bond Holdings	275
Total Number of Other Holdings	172
Total Number of Holdings	515

Performance Analysis as of December 31, 2011



Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
—	—	—	—	—	—	—	—	—	—	—	0.8
—	—	—	—	—	—	—	—	—	—	—	2 nd

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	0.9	3.6	-2.1	0.8	—	—	—	5.1	Fund
Quartile	2 nd	2 nd	2 nd	2 nd	—	—	—	—	Quartile



RBC Phillips, Hager & North Monthly Income Fund

Management Overview

Manager Bios

Scott Lamont

Phillips, Hager & North Inv Mgmt

Scott is head of PH&N's fixed income team and is accountable for the investment strategy, trading execution and performance of PH&N's fixed income portfolios. He has more than 20 years' experience managing fixed income assets. Prior to joining PH&N in 1989, Scott worked in fixed income money markets at a major Canadian bank.

Scott Lysakowski

Phillips, Hager & North Inv Mgmt

Scott is the Lead Manager of the PH&N Canadian Income Fund, with responsibility for asset mix and stock selection. During his tenure in the investment industry, he has researched and managed Canadian equity portfolios, specializing in dividend and income mandates. Scott is a CFA charterholder and holds an Bachelor of Science degree from the University of Toronto.

Performance Analysis Cont'd as of December 31, 2011

Distributions (\$)/Unit	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.53	0.38	—	—	—	—	—	—	—	—	—
Interest	0.53	0.01	—	—	—	—	—	—	—	—	—
Dividends	—	0.14	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.21	—	—	—	—	—	—	—	—	—
Return Of Capital	—	0.02	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	5-2011	14.3	—	—	—	—	—	—
Worst	9-2011	0.5	—	—	—	—	—	—
Average		6.7		—		—		—
No. of Periods		9		—		—		—
Pct. Positive		100.0		—		—		—

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

Quarterly Commentary as at December 31, 2011

The RBC Phillips, Hager & North Monthly Income Fund (Series A) returned 3.6% in the 4th quarter.

Within equities, major contributors to positive performance came from stocks in cyclical industries such as TransForce, Baytex Energy, SNC-Lavalin Group, Brookfield Office Properties and ARC Resources. Stocks that had a negative impact on the Fund's performance were Gildan Activewear, Capstone Infrastructure and WestJet Airlines. We are taking advantage of opportunities in stocks with cyclical exposure to aid the Fund to achieve its goal of above average yield.

The fixed income portion of the Fund enjoyed strong absolute returns again this quarter, thanks to bond prices that swelled as rates plummeted and as investors remained risk adverse.

The Fund held a meaningfully short duration this quarter versus its benchmark. This was a defensive strategy, designed to protect the Fund from the adverse effects of rate increases and reversals. Consequently during this quarter, this strategy had a slight negative impact on the Fund's performance. However, with yields at unsustainably low levels, we are maintaining the Fund's short duration position.

The dampening effect of the duration position was offset by the Fund's credit strategies. With overall yields at record lows, credit strategies have become increasingly important. The yield spreads on the provincial and corporate bonds remained unchanged providing an opportunity from their elevated levels. This allowed us to maintain an overweight position and accumulate a significant yield advantage over federal bonds.



RBC Phillips, Hager & North Monthly Income Fund

Disclosure

RBC Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus 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 funds are not guaranteed or covered by the Canadian Deposit Insurance Corporation or by any other government deposit insurer. The value of mutual funds change frequently and past performance may not be repeated.

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The Top 25 Holdings may change due to

ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at www.sedar.com.

MER (%) based on actual expenses for full year period January 1 to December 31, 2011.

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.

This 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 this 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 this fund profile without seeking the advice of an appropriate professional advisor.

For money market funds, the performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. In addition, 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.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm. 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 units of the Fund as of December 31, 2011.

Morningstar ratings are overall ratings reflecting risk adjusted performance as December 31, 2011. The ratings are subject to change every month. The ratings are calculated for funds with a minimum of 3 years of performance, calculated from the funds' 1 and 3 year average annual returns measured against a 91-day Treasury Bill return with appropriate fee adjustments. The top 10% of the funds in a category receive 5 stars (high); if the funds fall in the next 22.5%, they receive 4 stars (above average); a place in the middle 35% earns a fund 3 stars (neutral or average); those in the next 22.5% receive 2 stars (below average); and the lowest 10% get 1 star (low). Ratings are just one factor to consider when investing. For more information, please see www.morningstar.ca.

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