



RBC Phillips, Hager & North Monthly Income Fund

Fund Category
Canadian Neutral Balanced

Morningstar Rating™
★★★

No. of Funds in Category
375

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 Fund Assets \$Mil		2,184.2	
Series A NAV \$		10.71	
Series A MER %		1.93	
Benchmark		45% FTSE TMX CUB 20% S&P/TSX Capped Composite Total Return 20% S&P 500 Total Return (C\$) 15% MSCI EAFE Total Return Net (C\$)	
Income Distribution		Monthly	
Capital Gains Distribution		Monthly	
Monthly Distribution (¢/unit)		4.3	
Current Payout Rate (%)*		4.8	

*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.

Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

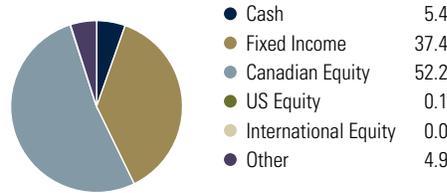
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Notes

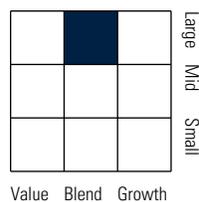
This fund is available to RBC Bank clients only.

Portfolio Analysis as of May 31, 2014

Asset Mix



Equity Style



Statistics	%
P/B Ratio	1.7
P/E Ratio	16.1
Avg. Mkt Cap. \$Bil	17.1

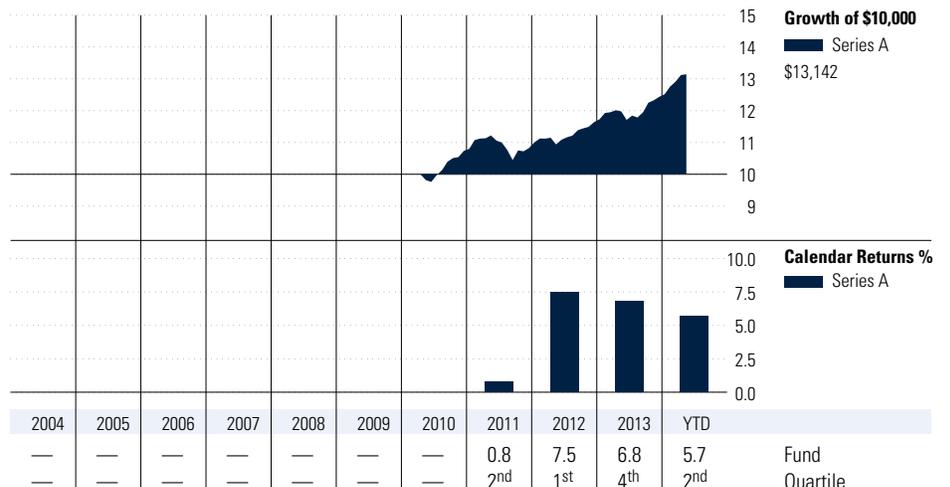
Top 5 Sectors	% Equity
Financials	42.9
Energy	24.0
Consumer Staples	6.0
Consumer Discretionary	5.6
Telecommunication Services	5.5

Income-Generating Asset-Class	% Assets
Common Shares	52.3
Government Bonds	15.9
High Yield Bonds	11.6
Investment-Grade Corporate Bonds	10.0
Other	5.4
Preferred Shares	4.9

Top 10 Holdings

Top 10 Holdings	% Assets
Bank of Nova Scotia	3.6
Royal Bank Of Canada	3.6
Toronto-Dominion Bank	3.4
Power Corporation Of Canada	2.0
Enbridge Inc	2.0
ARC Resources Ltd	1.8
Ontario Prov Cda 4% 02-06-2021	1.6
Canada Govt 1.75% 01-03-2019	1.6
TELUS Corp	1.5
Empire Co Ltd Class A	1.5
Total % of Top 10 Holdings	22.9
Total Number of Stock Holdings	59
Total Number of Bond Holdings	417
Total Number of Other Holdings	80
Total Number of Holdings	556

Performance Analysis as of May 31, 2014



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trading Return %
0.2	3.0	6.6	9.7	5.4	—	—	7.0	Fund
4 th	1 st	2 nd	4 th	3 rd	—	—	—	Quartile
649	646	626	563	375	262	102	—	No. of Funds in Category



RBC Phillips, Hager & North Monthly Income Fund

Management Overview

Manager Bios

Scott Lamont

Phillips, Hager & North Investment Management

Scott is Head of Fixed Income at RBC Global Asset Management Inc. He is accountable for the investment strategy, trading execution and performance of fixed income funds and portfolios with a Universe or short-term mandate. He has more than 20 years' experience managing fixed income assets. Scott joined Phillips, Hager & North Investment Management in 1989 and was the Head of Fixed Income and the Lead Director of the firm. Scott became a CFA charterholder in 1992.

Scott Lysakowski

Phillips, Hager & North Investment Management

Scott is the co-Head of Canadian equity research and a portfolio manager at Phillips, Hager & North Investment Management. He is the lead manager of the PH&N Canadian Income Fund and the Canadian equity portion of the PH&N Monthly Income Fund. Scott joined the firm in 2002 and remains focused on researching and managing Canadian equities with a specialization in dividend and income-producing portfolios.

Performance Analysis Cont'd as of May 31, 2014

Distributions (\$)/Unit	YTD*	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Distributions	0.22	0.51	0.51	0.53	0.38	—	—	—	—	—	—
Interest	0.22	—	—	0.01	0.01	—	—	—	—	—	—
Dividends	—	0.13	0.15	0.18	0.14	—	—	—	—	—	—
Capital Gains	—	0.29	0.12	0.08	0.21	—	—	—	—	—	—
Return Of Capital	—	0.10	0.25	0.27	0.02	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	5-2011	14.3	5-2013	6.9	—	—	—	—
Worst	5-2012	-2.5	9-2013	4.7	—	—	—	—
Average		5.8		5.5		—		—
No. of Periods		38		14		—		—
Pct. Positive		94.7		100.0		—		—

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

Quarterly Commentary as at March 31, 2014

The RBC Phillips, Hager and North Monthly Income Fund (Series A) posted 3.8% in Q1 versus 4.1% for its benchmark.

The fixed income portion of the Fund bounced back formidably this quarter from last year's tough year, earning back all of 2013's loss and then some. With fear of possibly raining on the parade, we tentatively point out that strong returns that are the result of falling interest rates, while terrific in the short term, are not particularly helpful for long-term returns. This is because the resulting lower yield environment means that interest accrues at a slower rate going forward.

The Fund is positioned with a modestly shorter duration than its benchmark in anticipation that interest rates will rise over time. With corporate credit spreads for the most part recovered from the 2008 crisis, we are being defensive with our

corporate position.

The equity portion of the Fund performed positively this quarter as equity markets continued their strength from 2013. One of the major drivers of performance this quarter was the Energy sector, as the Fund's holdings of high-quality natural gas stocks continued to help performance, with Peyto Exploration & Development, Tourmaline Oil and Encana all performing well this quarter.

We also continue to focus on stocks that help the portfolio achieve its goal of generating above-average yield with below-average volatility. Although the Fund is exposed to higher-yielding sectors, we are well positioned for a rising rate environment. Our focus remains on building a portfolio around companies that are growing their free cash flow as well as their dividends, and that stand to benefit from an improving economy.



RBC Phillips, Hager & North Monthly Income 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.

Commissions, trailing commissions, 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 funds are not guaranteed or covered by the Canadian 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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completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The prospectus, Fund Facts document, and other information about the underlying investment funds are available at www.sedar.com.

MER (%) for RBC Funds and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2013, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period April 1, 2013 to March 31, 2014, 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.

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 units of the Fund as of May 31, 2014. Morningstar ratings are overall ratings reflecting risk adjusted performance as of May 31, 2014. 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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