

# PH&N Canadian Equity Fund

## Investment Objective

To provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks and income trusts.

## Fund Details

| Series | Load Structure | Currency | Fund Code |
|--------|----------------|----------|-----------|
| F      | No Load        | CAD      | RBF5130   |

|                         |   |
|-------------------------|---|
| Inception Date          | June 2007                                   |
| Total Fund Assets \$Mil | 1,101.0                                     |
| Series F NAV \$         | 99.32                                       |
| Series F MER %          | 0.76  |
| Benchmark               | S&P/TSX Capped Composite Total Return Index |

|                            |          |
|----------------------------|----------|
| Income Distribution        | Annually |
| Capital Gains Distribution | Annually |

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

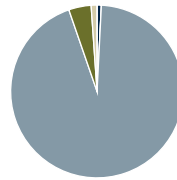
|               |                 |
|---------------|-----------------|
| Fund Category | Canadian Equity |
|---------------|-----------------|

|                    |                                  |
|--------------------|----------------------------------|
| Management Company | RBC Global Asset Management Inc. |
|--------------------|----------------------------------|

|          |                |
|----------|----------------|
| Web Site | www.rbcgam.com |
|----------|----------------|

## Portfolio Analysis as of January 31, 2018

### Asset Mix

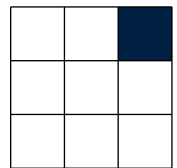


|                      | % Assets |
|----------------------|----------|
| Cash                 | 0.8      |
| Fixed Income         | 0.0      |
| Canadian Equity      | 94.0     |
| US Equity            | 4.2      |
| International Equity | 1.1      |
| Other                | 0.0      |

### Top 10 Holdings

|   | % Assets  |
|---|-----------|
| The Toronto-Dominion Bank               | 7.8       |
| Royal Bank of Canada                    | 7.3       |
| Bank of Nova Scotia                     | 5.3       |
| Enbridge Inc                            | 5.1       |
| Brookfield Asset Management Inc Class A | 3.7       |
| Manulife Financial Corp                 | 3.4       |
| Canadian National Railway Co            | 2.5       |
| TransCanada Corp                        | 2.5       |
| CIBC                                    | 2.4       |
| Alimentation Couche-Tard Inc B          | 2.4       |
| Total % of Top 10 Holdings              | 42.4      |
| Total Number of Stock Holdings          | 91        |
| Total Number of Bond Holdings           | 0         |
| Total Number of Other Holdings          | 1         |
| <b>Total Number of Holdings</b>         | <b>92</b> |

### Equity Style



Value Blend Growth

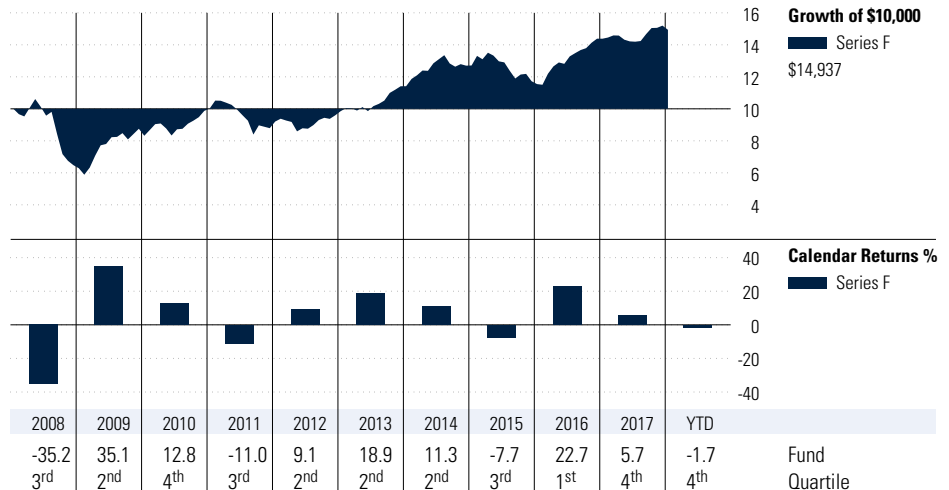
### Equity Statistics

|                   |      |
|-------------------|------|
| P/B Ratio         | 1.7  |
| P/E Ratio         | 16.9 |
| Avg. Mkt Cap. \$B | 24.9 |

### Global Equity Sectors

|                            | % Equity |
|----------------------------|----------|
| Financials                 | 38.2     |
| Energy                     | 21.8     |
| Consumer Discretionary     | 9.4      |
| Industrials                | 9.0      |
| Materials                  | 8.3      |
| Information Technology     | 5.1      |
| Consumer Staples           | 3.2      |
| Real Estate                | 2.6      |
| Utilities                  | 1.5      |
| Telecommunication Services | 0.9      |
| Unclassified               | 0.0      |
| Health Care                | 0.0      |

## Performance Analysis as of January 31, 2018



| 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Since Incep. | Trailing Return %        |
|-------|-------|-------|------|------|------|-------|--------------|--------------------------|
| -1.7  | -0.7  | 5.2   | 3.9  | 5.5  | 8.7  | 4.6   | 3.4          | Fund                     |
| 4th   | 3rd   | 3rd   | 4th  | 2nd  | 1st  | 2nd   | —            | Quartile                 |
| 603   | 596   | 592   | 578  | 416  | 315  | 152   | —            | No. of Funds in Category |

# PH&N Canadian Equity Fund

## Management Overview

### Manager Bios

#### 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 Co-Manager of 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 January 31, 2018

| Distributions (\$)/Unit | YTD* | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | —    | 5.29 | 1.79 | 2.72 | 7.38 | 1.42 | 1.36 | 4.31 | 1.55 | 1.39 | 0.84 |
| Interest                | —    | 0.02 | —    | —    | —    | 1.42 | —    | —    | 1.55 | —    | —    |
| Dividends               | —    | 1.76 | 1.79 | 1.71 | 1.63 | —    | 1.36 | 1.49 | —    | 1.39 | 0.84 |
| Capital Gains           | —    | 3.51 | —    | 1.01 | 5.75 | —    | —    | 2.83 | —    | —    | —    |
| Return Of Capital       | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |

| Best/Worst Periods % | Ended  | 1 Yr  | Ended  | 3 Yr | Ended  | 5 Yr | Ended  | 10 Yr |
|----------------------|--------|-------|--------|------|--------|------|--------|-------|
| Best                 | 2-2010 | 47.5  | 2-2012 | 16.8 | 2-2014 | 15.1 | 1-2018 | 4.6   |
| Worst                | 2-2009 | -39.2 | 6-2010 | -7.3 | 6-2012 | -3.4 | 6-2017 | 3.1   |
| Average              |        | 5.3   |        | 6.3  |        | 6.8  |        | 3.7   |
| No. of Periods       |        | 116   |        | 92   |        | 68   |        | 8     |
| Pct. Positive        |        | 66.4  |        | 88.0 |        | 85.3 |        | 100.0 |

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

### Quarterly Commentary as at December 31, 2017

The Canadian equity market performed positively during the last quarter, though it lagged other major equity markets. Economic headlines over the last three months were dominated by the Bank of Canada's cautionary stance on monetary policy tightening and changes in Canadian mortgage rules, with consumer debt levels and NAFTA negotiations posing uncertainty in the near term. All sectors contributed positively to S&P/TSX Composite Index performance this quarter. While the Health Care sector had the highest returns thanks to positive momentum in pharmaceutical stocks, its overall contribution was moderate, given a small sector weight. Consumer Staples and Real Estate were the Fund's second- and third-strongest performers. Within Real Estate, REIT returns were strong despite the current rising interest-rate environment.

This quarter, the Fund underperformed its benchmark, the S&P/TSX Capped Composite Total Return Index. The Fund's overweight exposure to Energy dampened relative performance over the period. Energy was the weakest-performing sector, though it still managed to generate a small positive return as short-term supply disruptions

and a renewed OPEC supply cap helped stabilize oil prices. Unfortunately, the Fund's key positions in companies such as Enbridge Inc. and Tourmaline Oil Corp. lagged the oil price recovery and held back overall returns.

Consumer Staples was an area of strength over the quarter, with significant contribution from the Fund's position in Alimentation Couche-Tard Inc. The Fund's overweight position in Information Technology also delivered promising results. Canadian enterprise information management software creator, OpenText Corp., continues to demonstrate strong fundamentals. The company has grown its recurring revenue and operating margins to record levels and continues to benefit from acquiring Dell Enterprise Content Division.

The Fund's trading activity is a function of our disciplined fundamental research process and approach to portfolio construction, which serve to optimize position sizes to match fundamental conviction and minimize exposure to unpredictable, unintended risk factors.

## PH&N Canadian Equity Fund

### Disclosure

RBC Funds, BlueBay 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 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 RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

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 January 31, 2018.

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