

PH&N Short Term Bond & Mortgage Fund

Investment Objective

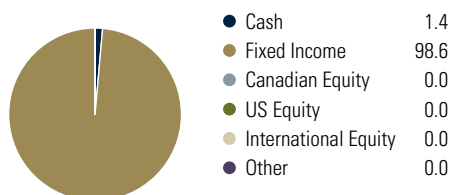
To provide relatively high yields and stability of capital by investing primarily in a well-diversified portfolio of short-term fixed income securities issued by Canadian governments and corporations, and first mortgages on property located in Canada.

Fund Details

Series	Load Structure	Currency	Fund Code
F	No Load	CAD	RBF5250
Inception Date		June 2007	
Total Fund Assets \$Mil		6,712.0	
Series F NAV \$		10.26	
Series F MER %		0.49	
Benchmark		FTSE TMX Canada Short Term Overall Bond Index	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Partially Reopen to existing unit holder	
Min. Investment \$		500	
Subsequent Investment \$		25	
Fund Category		Canadian Short Term Fixed Income	
Management Company		RBC Global Asset Management Inc.	
Web Site		www.rbcgam.com	

Portfolio Analysis as of October 31, 2017

Asset Mix



Top 10 Holdings

Security	% Assets
Canada Govt 0.75% 01-08-2019	7.9
Canada Govt 1% 01-09-2022	7.3
Ontario Prov Cda 4.2% 02-06-2020	4.6
Canada Hsg Tr No 1 1.25% 15-12-2020	3.2
Canada Govt 0.5% 01-03-2022	3.0
Canada Hsg Tr No 1 1.25% 15-06-2021	2.9
Canada Hsg Tr No 1 2% 15-12-2019	2.7
Alberta Prov Cda 1.25% 01-06-2020	2.5
Canada Hsg Tr No 1 1.45% 15-06-2020	2.3
Canada Hsg Tr No 1 1.95% 15-06-2019	2.1
Total % of Top 10 Holdings	38.7
Total Number of Stock Holdings	0
Total Number of Bond Holdings	259
Total Number of Other Holdings	10
Total Number of Holdings	269

Fixed Income Breakdown

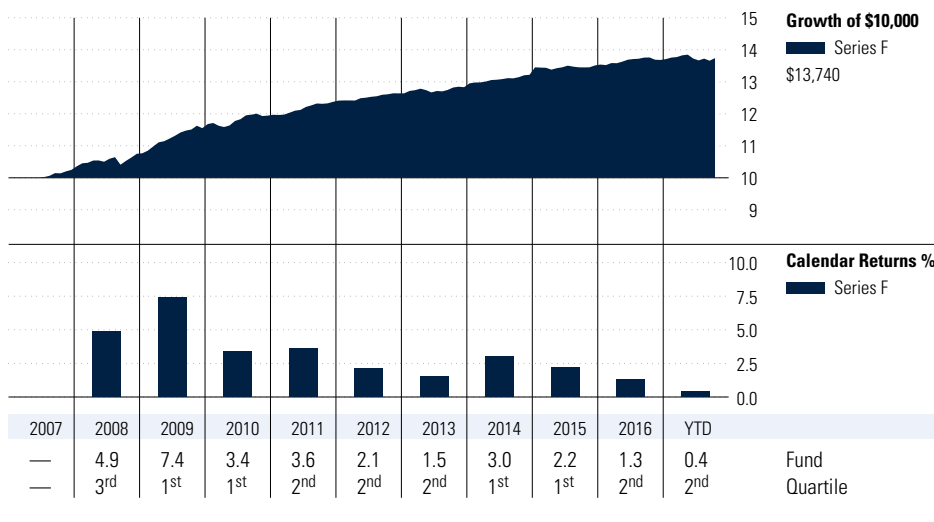
Category	% Fixed Income
Government Bonds	60.1
Corporate Bonds	29.7
Other Bonds	0.5
Mortgage Backed Securities	8.7
ST Investments (Cash & Other)	1.0
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.0	Under 1 year	9.0
AAA	56.0	1 - 5 Yrs	84.0
AA	11.9	5 - 10 Yrs	7.0
A	9.8	Over 10 Yrs	0.0
BBB	12.2		
Below BBB	0.5	Avg. Term to maturity (Yrs)	3.0
Mortgages	8.6	Duration (Yrs)	2.8
NR/NA	0.0	Yield to Maturity	1.9

Geographic Allocations

Region	% Assets
Canada	99.3
United States	0.7
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Performance Analysis as of October 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
0.6	0.5	-0.6	-0.1	1.5	1.7	3.1	3.1	Fund
2 nd	2 nd	2 nd	2 nd	1 st	1 st	1 st	—	Quartile
246	245	239	226	192	141	50	—	No. of Funds in Category

PH&N Short Term Bond & Mortgage Fund

Management Overview

Manager Bios

PH&N Fixed Income Team

With one of the largest bond desks in Canada consisting of over 30 investment professionals, Phillips, Hager & North Investment Management (PH&N IM) has been managing bonds since 1970 and currently manages fixed income portfolios according to strict quality and diversification guidelines. PH&N IM's strengths as a bond manager are directly related to its depth of resources – both people and technology – dedicated to the management of fixed income portfolios.

Performance Analysis Cont'd as of October 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.14	0.20	0.23	0.23	0.25	0.25	0.30	0.36	0.32	0.33	0.18
Interest	0.14	0.20	0.22	0.23	0.25	0.25	0.29	0.31	0.32	0.33	0.18
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.01	—	—	—	0.01	0.05	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	9-2009	10.2	8-2010	5.9	6-2012	4.6	6-2017	3.2
Worst	9-2017	-0.7	9-2017	1.4	9-2017	1.6	9-2017	3.0
Average		3.2		3.1		3.0		3.1
No. of Periods		113		89		65		5
Pct. Positive		97.3		100.0		100.0		100.0

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

Quarterly Commentary as at September 30, 2017

PH&N Short Term Bond and Mortgage Fund delivered a negative return over the quarter as Canadian interest rates increased meaningfully, largely influenced by actions from the Bank of Canada. The Fund entered the quarter cautiously positioned with a modest short-duration profile compared to its benchmark as the Fund was positioned for the increase in interest rates that occurred.

We continue to have a cautious view when it comes to credit. The Fund's small corporate overweight exposure was reduced during the quarter as we would like to see better valuations (i.e., wider yield spreads) in corporate bonds. The Fund currently has a close-to-benchmark position in corporate bonds as we wait to capitalize on

more compelling reward-for-risk opportunities should they emerge. In government credit, our strategy continues to prefer federal government agency bonds and government-guaranteed mortgage-backed securities over provincial bonds.

The Fund's major out-of-benchmark strategy remains its important allocation to commercial mortgages, which continues to offer attractive yields in a sector that we understand well and in which we have a long track record of investing conservatively. We also initiated a small position in unhedged two-year U.S. Treasury bonds this quarter to act as insurance, given that treasury bonds and the U.S. dollar typically perform well in flight-to-quality scenarios.

PH&N Short Term Bond & Mortgage 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 and PH&N 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 full-year period, April 1, 2016 to March 31, 2017, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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 October 31, 2017.

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