

# 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

Series	Load Structure	Currency	Fund Code
F	No Load	CAD	RBF5350

Inception Date	December 2007
Total Fund Assets \$Mil	959.3
Series F NAV \$	20.90
Series F MER %	0.92
Benchmark	38% FTSE TMX 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 TMX Canada 30 Day TBill Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

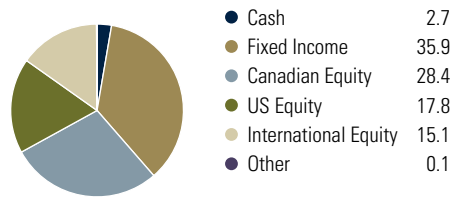
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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

## Portfolio Analysis as of October 31, 2017

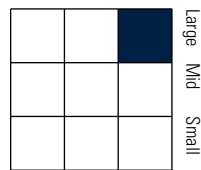
### Asset Mix



### Top 10 Holdings

Top 10 Holdings	% Assets
PH&N Bond Fund	36.0
PH&N Canadian Equity Underlying Fund	30.4
RBC Global Equity Focus Fund	20.7
RBC QUBE Global Equity Fund	6.9
RBC Emerging Markets Equity Fund	4.0
PH&N Canadian Money Market Fund	1.4
<b>Total % of Top 10 Holdings</b>	<b>99.4</b>
Total Number of Portfolio Holdings	7
Total Number of Stock Holdings	283
Total Number of Bond Holdings	355
Total Number of Other Holdings	131
<b>Total Number of Underlying Holdings</b>	<b>769</b>

### Equity Style



Value Blend Growth

### Statistics

P/B Ratio	2.3
P/E Ratio	18.8
Avg. Mkt Cap. \$B	36.9

### Top 5 Sectors

Top 5 Sectors	% Equity
Financials	29.4
Energy	14.1
Information Technology	11.5
Consumer Discretionary	11.4
Industrials	10.1

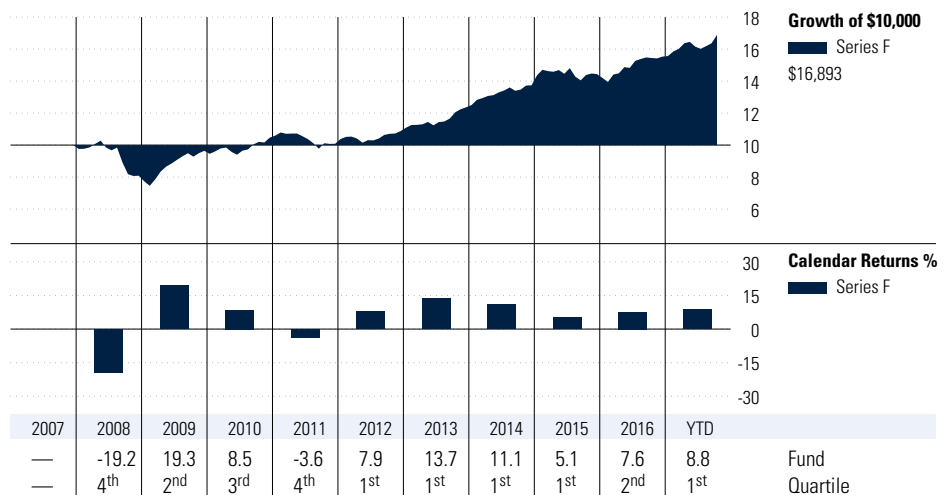
### Fixed Income Breakdown

Fixed Income Breakdown	%
Govt. Bonds	72.7
Corp. Bonds	25.7
Other Bonds	0.5
MBS	0.6
Cash & Other	0.5
ABS	0.0

### Characteristics

Characteristics	%
Avg. Term to maturity (Yrs)	10.2
Modified Duration (Yrs)	7.4
Yield to Maturity	2.4

## 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 %
3.2	5.5	3.2	9.4	7.8	9.6	—	5.5	Fund
1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	—	—	Quartile
636	635	631	617	471	357	150	—	No. of Funds in Category

# 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 charterholder.

### Performance Analysis Cont'd as of October 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.03	0.61	1.03	2.27	0.36	0.46	0.66	0.46	0.44	0.27	—
Interest	0.03	0.20	0.19	0.18	0.36	0.25	0.42	0.40	0.29	0.19	—
Dividends	—	0.16	0.17	0.16	—	0.15	—	—	0.15	0.07	—
Capital Gains	—	0.26	0.67	1.93	—	0.05	0.24	0.06	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	28.9	5-2015	13.1	2-2014	11.5	—	—
Worst	2-2009	-23.7	8-2011	0.9	12-2012	1.7	—	—
Average		6.5		7.4		7.5		—
No. of Periods		107		83		59		—
Pct. Positive		77.6		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2017

The global acceleration in economic growth that began last year has been largely sustained. The need for extreme monetary stimulus is fading and central banks including the U.S. Federal Reserve and the Bank of Canada (BoC) are gradually shifting toward tighter policy.

PH&N Balanced Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Returns on global government bonds were low to slightly negative during the period. Canadian bonds underperformed after the BoC boosted short-term interest rates given faster-than-expected economic growth. The Fund's fixed-income segment had a negative impact on performance, with PH&N Bond Fund as the biggest detractor.

Global equities posted gains, led by emerging market and Canadian equities, as prices for oil and other commodities strengthened. The S&P 500

finished the period at a record high, but a weaker U.S. dollar offset most of the returns when translated back into Canadian dollars. The Fund's equity positions contributed positively to performance, led by PH&N Canadian Equity Underlying Fund.

Our models continue to suggest the long-term direction for bond yields is higher, which would weigh on total returns for bondholders. Prospective returns for equities are much better than for fixed income, but the valuation tailwind from falling interest rates may be exhausted so earnings growth is now critical for the continuity of the bull market. The Fund has been dialing back the risk exposure in the asset mix as the business cycle matures, trimming the equity overweight allocation and splitting the proceeds between cash and fixed income.

## PH&N Balanced 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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