

# PH&N U.S. Dividend Income Fund

## Investment Objective

To provide long-term capital growth and income, by investing primarily in a well-diversified portfolio of dividend income-producing U.S. securities that have a relatively high yield.

## Fund Details

Series	Load Structure	Currency	Fund Code
F	No Load	CAD	RBF5460

Inception Date	October 2008
Total Fund Assets \$Mil	203.3
Series F NAV \$	14.54
Series F MER %	0.76
Benchmark	S&P 500 Total Return Index (C\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

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

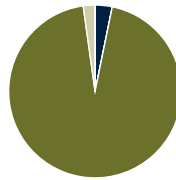
Fund Category	US Equity
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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## Portfolio Analysis as of August 31, 2017

### Asset Mix

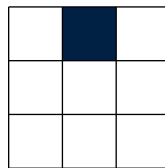


Asset Class	% Assets
Cash	3.2
Fixed Income	0.0
Canadian Equity	0.0
US Equity	94.6
International Equity	2.2
Other	0.0

### Top 10 Holdings

Company	% Assets
Apple Inc	5.2
Microsoft Corp	4.6
Johnson & Johnson	4.6
UnitedHealth Group Inc	4.1
Philip Morris International Inc	3.0
PepsiCo Inc	2.9
McDonald's Corp	2.6
Altria Group Inc	2.5
Citigroup Inc	2.5
Chevron Corp	2.5
Total % of Top 10 Holdings	34.4
Total Number of Stock Holdings	188
Total Number of Bond Holdings	0
Total Number of Other Holdings	3
<b>Total Number of Holdings</b>	<b>191</b>

### Equity Style



Value Blend Growth

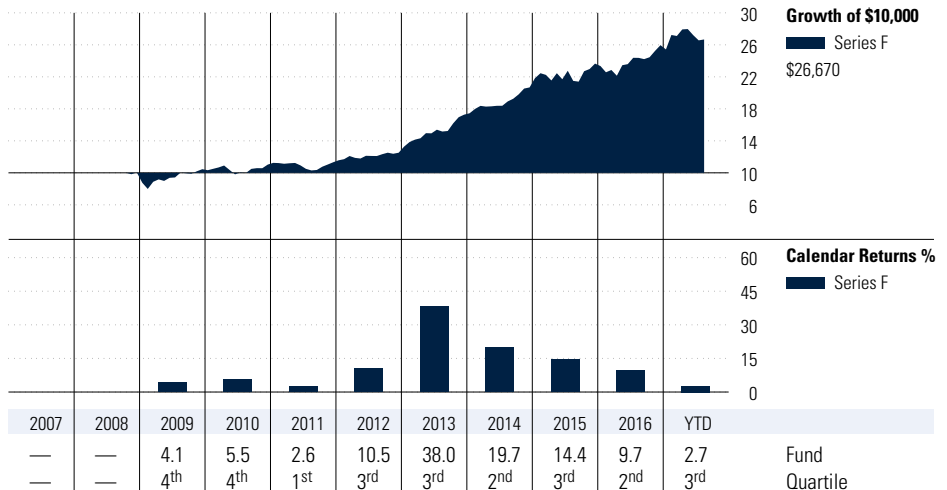
### Equity Statistics

P/B Ratio	2.6
P/E Ratio	18.7
Avg. Mkt Cap. \$B	153.2

### Global Equity Sectors

Sector	% Equity
Information Technology	20.9
Health Care	17.1
Financials	14.6
Consumer Staples	10.5
Industrials	9.0
Consumer Discretionary	6.9
Energy	6.2
Utilities	5.0
Real Estate	4.0
Materials	3.2
Telecommunication Services	2.6
Unclassified	0.0

## Performance Analysis as of August 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
0.4	-4.6	-2.1	9.4	12.1	17.1	—	11.7	Fund
2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	—	—	Quartile
1387	1379	1344	1282	866	518	228	—	No. of Funds in Category

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## Management Overview

### Manager Bios

#### Brad Willock

#### RBC Global Asset Management Inc.

Brad Willock joined RBC in May 1996 and RBC Global Asset Management in July 2002. In his current role, he is responsible for core and income-oriented U.S. equity mandates. Brad has a Bachelor of Commerce and a Bachelor of Science, and is a CFA charterholder.

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

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	—	0.56	0.30	0.20	0.14	0.12	0.12	0.11	0.16	0.15	—
Interest	—	0.25	0.30	—	0.14	0.12	0.12	0.11	0.16	0.15	—
Dividends	—	—	—	0.20	—	—	—	—	—	—	—
Capital Gains	—	0.31	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2013	38.0	2-2015	24.2	5-2017	18.9	—	—
Worst	9-2011	-1.3	10-2011	2.5	10-2013	10.1	—	—
Average		14.3		15.7		16.1		—
No. of Periods		95		71		47		—
Pct. Positive		96.8		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2017

The Fund focused on Financials and Energy this quarter, with an emphasis on stocks with increasing dividend streams, superior yields and attractive valuations.

We increased exposure to the Financials sector because early in the quarter, as interest rates fell and yield curves flattened, investors sold stocks due to concerns that future earnings would be disappointing. In contrast, our view was that interest rates would likely move higher as economic data continued to suggest the economy was growing and the labour market was tightening. In addition, we expected all the largest, highly regulated banks to pass their tests for capital adequacy, allowing them to return more capital to shareholders in the form of dividends and buybacks. During the quarter, we added to existing positions in Citigroup and PNC Financial, and added a position in super-regional U.S. Bancorp. In Energy, we added positions in midstream players ONEOK, Inc. and Williams Companies.

This quarter, the price of oil fell over 10% as rapid

development of U.S. shale plays and continued improvement in well productivity, combined with new production from Nigeria and Libya, led to less progress on reducing the supply glut than expected. As a result, we have reduced our expectations for oil producers but raised our expectations for midstream players, which should benefit from increased production volumes.

In our view, recent economic data suggests the global economy is still expanding, yet slowly and from a low level. Earnings growth turned positive in the third quarter of last year and we expect further earnings improvements to drive markets somewhat higher in 2017. However, if the Trump administration enacts protectionist trade policies, we would expect corporate earnings to weaken and the stock market to come under pressure. At the moment, prospects for major tax reform and a huge infrastructure bill seem remote, so we are not factoring these outcomes into our base case. We do, however, expect significant regulatory changes and cash repatriation to provide some support for growth in 2018.

## PH&N U.S. Dividend Income 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 full-year period, January 1 to December 31, 2016, 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 July 31, 2017.

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