

# PH&N Canadian Income Fund

## Investment Objective

To provide a reasonably consistent level of income while attempting to preserve capital by investing primarily in a well-diversified portfolio of income-producing Canadian common stocks, bonds, income trusts, real estate investment trusts, and money market securities.

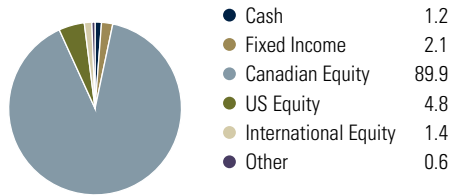
## Fund Details

Series	Load Structure	Currency	Fund Code
F	No Load	CAD	RBF5490
<b>Inception Date</b> June 2007			
<b>Total Fund Assets \$Mil</b> 923.8			
<b>Series F NAV \$</b> 15.51			
<b>Series F MER %</b> 0.85			
<b>Series F Adjusted MER %</b> 0.77			
<b>Benchmark</b> 66.67% S&P/TSX Dividend TR; 33.33% S&P/TSX Dividend TR ex Energy & Materials, but including Oil & Gas Refining & Marketing and Oil & Gas Storage & Transportation Sub-industries			
<b>Income Distribution</b> Monthly			
<b>Capital Gains Distribution</b> Annually			
<b>Sales Status</b> Open			
<b>Min. Investment \$</b> 500			
<b>Subsequent Investment \$</b> 25			
<b>Fund Category</b> Canadian Dividend and Income Equity			

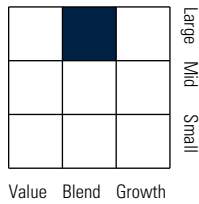
**Management Company** RBC Global Asset Management Inc.  
**Web Site** www.rbcgam.com

## Portfolio Analysis as of May 31, 2017

### Asset Mix



### Equity Style



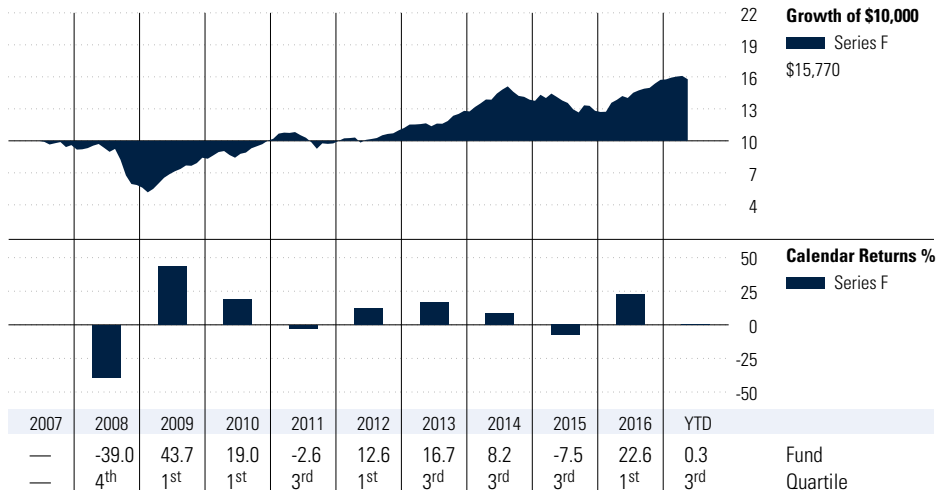
### Global Equity Sectors

Sector	% Equity
Financials	41.5
Energy	21.0
Industrials	10.5
Consumer Discretionary	7.4
Materials	5.7
Utilities	4.1
Consumer Staples	3.2
Real Estate	3.0
Information Technology	2.1
Telecommunication Services	1.6
Health Care	0.0
Unclassified	0.0

### Top 10 Holdings

Company	% Assets
The Toronto-Dominion Bank	8.4
Royal Bank of Canada	7.8
Bank of Nova Scotia	6.9
Enbridge Inc	6.7
Brookfield Asset Management Inc Class A	4.2
CIBC	4.0
Manulife Financial Corp	3.1
Alimentation Couche-Tard Inc B	3.1
Quebecor Inc Class B	2.6
Waste Connections Inc	2.6
<b>Total % of Top 10 Holdings</b>	<b>49.4</b>
<b>Total Number of Stock Holdings</b>	<b>54</b>
<b>Total Number of Bond Holdings</b>	<b>4</b>
<b>Total Number of Other Holdings</b>	<b>3</b>
<b>Total Number of Holdings</b>	<b>61</b>

## Performance Analysis as of May 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
-2.0	-1.0	2.6	11.1	4.4	9.9	—	4.7	Fund
4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	—	—	Quartile
570	569	560	537	421	308	126	—	No. of Funds in Category

# PH&N Canadian Income 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 May 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.14	0.40	0.21	0.29	0.28	0.29	0.28	0.30	0.37	0.58	2.01
Interest	0.14	0.01	—	—	0.28	—	0.03	0.30	0.21	0.40	0.22
Dividends	—	0.39	0.21	0.28	—	0.29	0.25	—	0.17	0.19	0.07
Capital Gains	—	—	—	0.01	—	—	—	—	—	—	1.72
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	67.0	2-2012	25.6	2-2014	20.6	—	—
Worst	2-2009	-43.8	6-2010	-5.6	6-2012	0.2	—	—
Average		7.4		8.9		9.2		—
No. of Periods		108		84		60		—
Pct. Positive		66.7		94.0		100.0		—

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

### Quarterly Commentary as at March 31, 2017

The Canadian equity market continued its ascent in the first quarter of the year. Many themes that were prevalent in the market, including increased optimism over the possibility of tax cuts and higher infrastructure spending, along with improving global economic growth and stronger corporate earnings, – resulted in positive absolute performance for the Canadian equity market. Despite a slight contraction in the latter half of the quarter due to uncertainties surrounding the implementation of proposed Trump policies, 9 of 11 sectors ended in positive territory. This was led by Utilities, which benefitted this quarter after interest rates retraced following the sharp rise after the U.S. election. While equity performance was generally positive, the Energy sector was negative this quarter due to falling oil prices, which represented a reversal from the past few quarters.

This quarter the PH&N Canadian Income Fund underperformed its custom benchmark. The Fund's overweight exposure to companies most sensitive to oil prices was the largest detractor from relative performance this quarter. After a remarkable

recovery in 2016, the rise in the price of oil has recently slowed. Higher-than-expected U.S. inventory data, along with uncertainty over an extension of the OPEC agreement on production cuts, caused the price of oil to drop below US\$50 per barrel higher leverage to oil prices.

The Utilities sector rebounded this quarter after recent weakness stemming from rising interest rates along with defensive sector rotations. After adding to our overweight position last quarter, Brookfield Infrastructure Partners contributed positively this quarter. Brookfield is a capable operator with a unique portfolio of irreplaceable global infrastructure assets and significant visible growth.

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

# PH&N Canadian 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, 2017 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.

PH&N Funds Series A formerly known as Series C.

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 May 31, 2017.

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