

PH&N Monthly Income Fund

Investment Objective

The fundamental investment objective of the Fund is to provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth, by investing in a well-diversified balanced portfolio of income-producing equity securities including, but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed income securities such as preferred shares, government and corporate bonds, debentures and notes.

Fund Details

Series	Load Structure	Currency	Fund Code
F	No Load	CAD	RBF5660
I	No Load	CAD	RBF8660

Inception Date	December 2009
Total Fund Assets \$Mil	2,327.9
Series F NAV \$	10.52
Series F MER %	0.83
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE TMX Canada Universe Bond 10% Merrill Lynch Cdn High Yield 5% S&P/TSX Preferred Share Total Return

Income Distribution	Monthly
Capital Gains Distribution	Annually

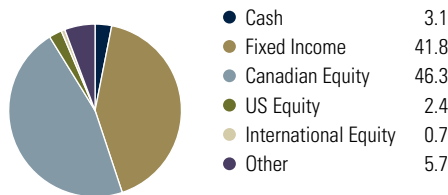
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	Canadian Neutral Balanced
---------------	------------------------------

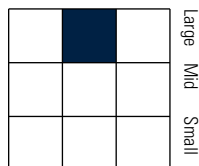
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Portfolio Analysis as of May 31, 2017

Asset Mix



Equity Style



Value Blend Growth

Statistics

P/B Ratio	1.8
P/E Ratio	16.6
Avg. Mkt Cap. \$B	29.2

Top 5 Sectors

Sector	% Equity
Financials	41.2
Energy	21.3
Industrials	10.6
Consumer Discretionary	7.4
Materials	5.9

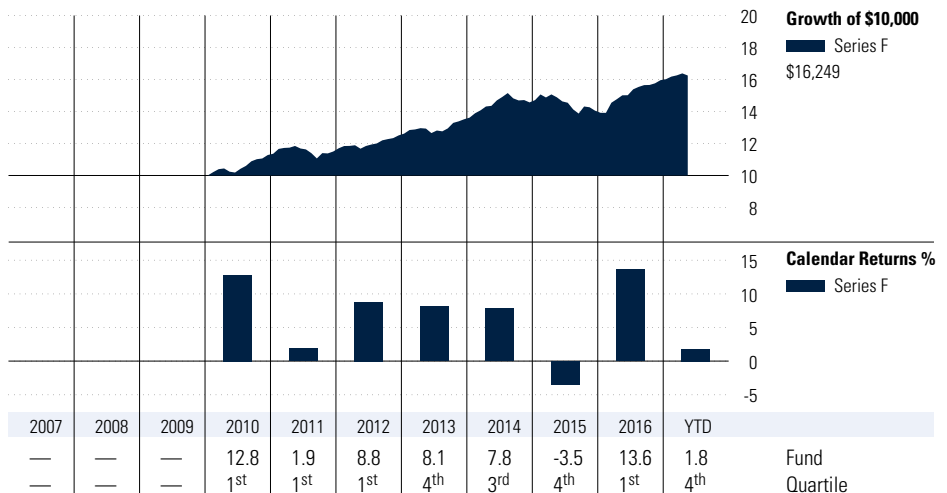
Income-Generating Asset-Class

Asset-Class	% Assets
Common Shares	49.4
Government Bonds	22.8
High Yield Bonds	11.2
Investment-Grade Corporate Bonds	7.8
Preferred Shares	5.6
Other	3.2

Top 10 Holdings

Holder	% Assets
RBC High Yield Bond Fund	5.7
The Toronto-Dominion Bank	4.3
PH&N High Yield Bond Fund	4.3
Royal Bank of Canada	4.0
Bank of Nova Scotia	3.6
Enbridge Inc	3.4
Brookfield Asset Management Inc Class A	2.1
Canadian Imperial Bank of Commerce	2.0
Alimentation Couche-Tard Inc B	1.6
Manulife Financial Corp	1.5
Total % of Top 10 Holdings	32.5
Total Number of Portfolio Holdings	378
Total Number of Stock Holdings	56
Total Number of Bond Holdings	1,590
Total Number of Other Holdings	85
Total Number of Underlying Holdings	1,731

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 %
-0.8	0.4	3.1	8.3	4.2	6.8	—	6.8	Fund
4 th	4 th	4 th	2 nd	3 rd	3 rd	—	—	Quartile
660	659	656	628	490	364	143	—	No. of Funds in Category

PH&N Monthly 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.

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 May 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.22	0.49	0.53	1.15	0.71	0.52	0.53	0.50	—	—	—
Interest	0.22	0.08	0.01	0.08	0.54	0.15	0.23	0.50	—	—	—
Dividends	—	0.19	0.21	0.18	—	0.20	0.19	—	—	—	—
Capital Gains	—	0.08	0.04	0.89	0.17	0.13	0.08	—	—	—	—
Return Of Capital	—	0.14	0.28	—	—	0.04	0.03	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2014	18.8	9-2014	10.2	2-2015	8.1	—	—
Worst	2-2016	-7.6	2-2016	2.7	2-2016	3.6	—	—
Average		6.8		6.6		6.2		
No. of Periods		78		54		30		
Pct. Positive		84.6		100.0		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 to begin 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 Monthly Income Fund underperformed its custom benchmark. In Equities, the Fund's overweight exposure to companies most sensitive to oil prices was the largest detractor from relative performance this quarter. 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.

On the fixed income side of the ledger, interest rates paused from the abrupt upward turn that occurred late last year, and ended the first quarter slightly below where they began. Corporate and provincial bonds continued to outperform Government of Canada bonds this quarter, as low interest rates fueled investor demand for additional yield, and slow-but-persistent economic growth provided the required confidence in creditworthiness.

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 Monthly 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.

Phillips, Hager & North Investment Management (PH&N IM) is a division of RBC Global Asset Management Inc. (RBC GAM). RBC GAM is the fund manager and the principal portfolio adviser of PH&N Funds. The principal distributor of PH&N Funds is Phillips, Hager & North Investment Funds Ltd. (PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at www.sedar.com.

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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2017