



# RBC Managed Payout Solution

## Investment Objective

To provide a high regular monthly income with a potential for modest capital appreciation and to provide relatively tax efficient distributions consisting primarily of interest income and, to a lesser degree, dividend income, realized capital gains and a return of capital.

## Fund Details

| Series | Load Structure | Currency | Fund Code |
|--------|----------------|----------|-----------|
| A      | No Load        | CAD      | RBF581    |
| Adv    | Deferred Sales | CAD      | RBF854    |
| Adv    | Front End      | CAD      | RBF754    |
| Adv    | Low Load       | CAD      | RBF121    |

|                         |  |
|-------------------------|--|
| Inception Date          | August 2004  |
| Total Fund Assets \$Mil | 3,615.9  |
| Series A NAV \$         | 8.77   |
| Series A MER %          | 1.63   |
| Benchmark               | 2% FTSE TMX Canadian 30 Day T-Bill Index<br>18% FTSE TMX Canada Short Term Overall Bond Index<br>50% FTSE TMX Canada Universe Bond Index<br>2.5% ICE BofA Merrill Lynch U.S. High Yield BB-B Index (Hedged to C\$)<br>2.5% JP Morgan EMBI Global Diversified Index (Hedged to C\$)<br>20% S&P/TSX Capped Composite Total Return Index<br>5% S&P 500 Total Return Index (C\$) |

|                               |          |
|-------------------------------|----------|
| Income Distribution           | Monthly  |
| Capital Gains Distribution    | Annually |
| Monthly Distribution (¢/unit) | 3.75     |
| Current Payout Rate (%)*      | 5.13     |

\*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

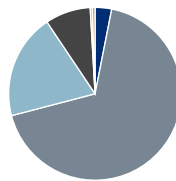
|                          |      |
|--------------------------|------|
| Sales Status             | Open |
| Min. Investment \$       | 500  |
| Subsequent Investment \$ | 25   |

|               |                                   |
|---------------|-----------------------------------|
| Fund Category | Canadian Fixed Income<br>Balanced |
|---------------|-----------------------------------|

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

## Portfolio Analysis as of May 31, 2018

### Asset Mix

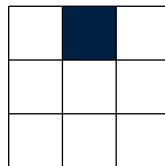


|                      | % Assets |
|----------------------|----------|
| Cash                 | 3.1      |
| Fixed Income         | 67.9     |
| Canadian Equity      | 19.7     |
| US Equity            | 8.5      |
| International Equity | 0.4      |
| Other                | 0.5      |

### Top 10 Holdings

|  | % Assets     |
|--|--------------|
| RBC Bond Fund                              | 20.9         |
| RBC Global Corporate Bond Fund             | 19.3         |
| RBC Canadian Short -Term Income Fund       | 17.3         |
| RBC Monthly Income Fund                    | 15.1         |
| PH&N Canadian Income Fund                  | 7.8          |
| RBC Canadian Dividend Fund                 | 7.2          |
| RBC Global High Yield Bond Fund            | 4.8          |
| PH&N US Multi-Style All-Cap Equity Fund    | 3.5          |
| RBC QUBE US Equity Fund                    | 3.5          |
| Total % of Top 10 Holdings                 | 99.4         |
| Total Number of Portfolio Holdings         | 10           |
| Total Number of Stock Holdings             | 937          |
| Total Number of Bond Holdings              | 6,006        |
| Total Number of Other Holdings             | 97           |
| <b>Total Number of Underlying Holdings</b> | <b>7,040</b> |

### Equity Style



Value Blend Growth

### Statistics

|                   |      |
|-------------------|------|
| P/B Ratio         | 1.9  |
| P/E Ratio         | 15.2 |
| Avg. Mkt Cap. \$B | 45.7 |

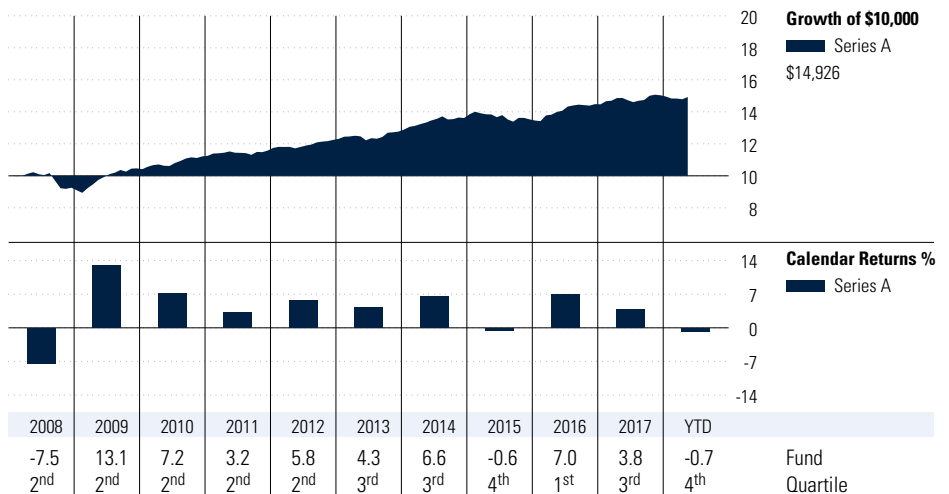
### Top 5 Sectors

|                        | % Equity |
|------------------------|----------|
| Financials             | 35.4     |
| Energy                 | 14.9     |
| Industrials            | 10.9     |
| Information Technology | 8.4      |
| Consumer Discretionary | 7.1      |

### Income-Generating Asset-Class

|                                  | % Assets |
|----------------------------------|----------|
| Common Shares                    | 28.5     |
| Government Bonds                 | 28.3     |
| Investment-Grade Corporate Bonds | 26.8     |
| High Yield Bonds                 | 11.4     |
| Other                            | 4.6      |
| Preferred Shares                 | 0.4      |

## Performance Analysis as of May 31, 2018



|  | 1 Mth           | 3 Mth           | 6 Mth           | 1 Yr            | 3 Yr            | 5 Yr            | 10 Yr           | Since Incep. | Trailing Return %        |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------------|
|  | 1.0             | 0.6             | -1.0            | 0.4             | 2.6             | 3.7             | 3.9             | 4.2          | Fund                     |
|  | 1 <sup>st</sup> | 2 <sup>nd</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 2 <sup>nd</sup> | 3 <sup>rd</sup> | 3 <sup>rd</sup> | —            | Quartile                 |
|  | 560             | 559             | 550             | 534             | 422             | 320             | 132             | —            | No. of Funds in Category |



# RBC Managed Payout Solution

## 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 charter holder.

### Performance Analysis Cont'd as of May 31, 2018

| Distributions (\$)/Unit | YTD* | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | 0.19 | 0.46 | 0.45 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.46 | 0.45 | 0.51 |
| Interest                | 0.19 | 0.06 | 0.06 | 0.09 | 0.07 | 0.09 | 0.09 | 0.07 | 0.15 | 0.14 | 0.16 |
| Dividends               | —    | 0.05 | 0.06 | 0.06 | 0.07 | 0.07 | 0.07 | 0.06 | 0.07 | 0.06 | 0.06 |
| Capital Gains           | —    | 0.07 | 0.02 | 0.21 | 0.19 | 0.05 | 0.03 | 0.02 | —    | —    | —    |
| Return Of Capital       | —    | 0.28 | 0.30 | 0.11 | 0.13 | 0.26 | 0.28 | 0.32 | 0.24 | 0.25 | 0.30 |

| Best/Worst Periods % | Ended  | 1 Yr  | Ended  | 3 Yr | Ended  | 5 Yr  | Ended  | 10 Yr |
|----------------------|--------|-------|--------|------|--------|-------|--------|-------|
| Best                 | 2-2010 | 18.2  | 2-2012 | 9.7  | 2-2014 | 7.9   | 8-2014 | 4.9   |
| Worst                | 2-2009 | -10.4 | 2-2009 | -1.5 | 6-2010 | 3.3   | 2-2016 | 3.7   |
| Average              |        | 4.3   |        | 4.2  |        | 4.5   |        | 4.2   |
| No. of Periods       |        | 154   |        | 130  |        | 106   |        | 46    |
| Pct. Positive        |        | 87.7  |        | 96.2 |        | 100.0 |        | 100.0 |

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

### Quarterly Commentary as at March 31, 2018

Global trade suffered a setback in the first quarter of 2018 as U.S. President Trump threatened to impose trade tariffs on China and, to a lesser degree, allies in Europe and North America. However, economic growth remained robust in most areas of the world.

The Fund's overweight position in equities and underweight position in fixed income had a positive impact on performance. Government-bond yields rose significantly around the globe during the first quarter, especially in the U.S. and Europe. Canada's bond market outperformed as the country's weakening economy held yields down. Returns were negatively impacted by exposure to RBC Global Corporate Bond Fund while RBC Canadian Short-Term Income Fund had a positive impact on performance.

Global equities posted modest losses, reversing gains earlier in the period, on concerns about

rising inflation and the potential for a trade war. Canadian stocks underperformed due in part to a housing slowdown and worries that the Energy sector is falling behind on pipeline infrastructure. PH&N Canadian Income Fund and RBC Canadian Dividend Fund had a negative effect on returns.

We expect the global economy to grow at its fastest pace since the financial crisis, allowing central banks to continue dialling back monetary accommodation. In our view, stocks will continue to outperform bonds in this rising-rate environment, but we recently added to our fixed-income exposure as bonds can help offset equity-market volatility in a balanced portfolio. We remain overweight stocks and underweight bonds, but our asset mix is closer to neutral than it has been in many years, given the maturation in the business cycle and demanding valuations.



# RBC Managed Payout Solution

## 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 funds are not guaranteed or covered by the Canadian 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, PH&N Funds and BlueBay Funds is based on actual expenses for the full year period, January 1 to December 31, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

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 May 31, 2018.

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