

# PH&N 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 Canadian securities that have a relatively high yield.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7150
Adv	Front End	CAD	RBF6150
Adv	Low Load	CAD	RBF4150

Inception Date	November 2008
Total Fund Assets \$Mil	2,566.5
Series A NAV \$	108.11
Series A MER %	1.87
Benchmark	S&P/TSX Capped Composite Total Return Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

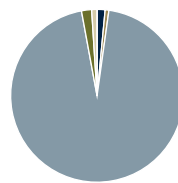
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	Canadian Dividend and Income Equity
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of August 31, 2018

### Asset Mix

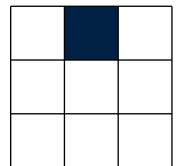


	% Assets
Cash	1.5
Fixed Income	0.7
Canadian Equity	95.0
US Equity	1.9
International Equity	1.0
Other	0.0

### Top 10 Holdings

	% Assets
Royal Bank of Canada	8.8
The Toronto-Dominion Bank	8.0
Bank of Nova Scotia 24-10-2018	5.8
Canadian National Railway Co	4.7
Enbridge Inc	3.9
Brookfield Asset Management Inc Class A 24-10-2018	3.8
Bank of Montreal	3.8
Suncor Energy Inc 15-12-2021	3.5
CIBC	2.9
Manulife Financial Corp	2.7
Total % of Top 10 Holdings	47.9
Total Number of Stock Holdings	80
Total Number of Bond Holdings	0
Total Number of Other Holdings	3
<b>Total Number of Holdings</b>	<b>83</b>

### Equity Style



Value Blend Growth

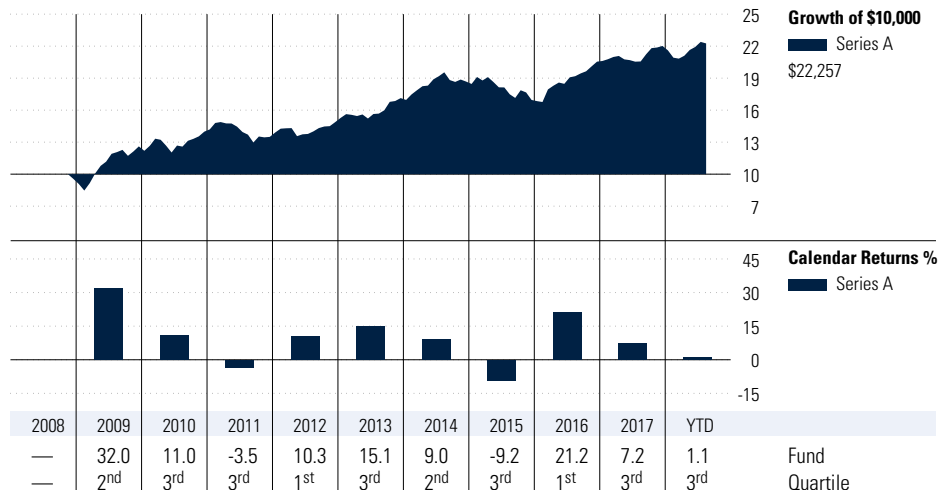
### Equity Statistics

P/B Ratio	1.7
P/E Ratio	15.1
Avg. Mkt Cap. \$B	35.6

### Global Equity Sectors

	% Equity
Financials	42.5
Energy	20.6
Industrials	9.8
Materials	5.4
Telecommunication Services	5.1
Consumer Staples	4.2
Utilities	4.1
Consumer Discretionary	3.6
Real Estate	3.4
Information Technology	0.8
Health Care	0.4
Unclassified	0.0

## Performance Analysis as of August 31, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	-0.6	2.8	6.4	8.2	8.4	7.3	—	8.5	Fund
Quartile	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	—	—	Quartile
No. of Funds in Category	620	618	609	587	432	351	171	—	No. of Funds in Category

# PH&N Dividend Income Fund

## Management Overview

### Manager Bios

#### Scott Lysakowski

#### Phillips, Hager & North Investment Management

Scott is the Head of Canadian Equities for PH&N Investment Management and Senior Portfolio Manager on the team's core Canadian equity strategies. He joined the firm in 2002, where he was a senior research analyst and portfolio manager with the Toronto-based Canadian equity team before moving to Vancouver to join the PH&N IM team in 2009. Prior to being named Head in 2018, Scott was Co-Head of the team since 2012. Scott is a CFA charterholder.

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

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.83	3.46	1.44	1.45	1.48	1.06	1.94	1.77	0.70	1.05	0.56
Interest	0.83	0.01	—	—	—	—	—	—	0.70	—	—
Dividends	—	1.34	1.44	1.45	1.17	1.06	0.73	0.33	—	1.05	0.56
Capital Gains	—	2.11	—	—	0.31	—	1.21	1.44	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	49.5	2-2012	19.0	2-2014	15.6	—	—
Worst	2-2016	-12.3	8-2017	1.7	2-2016	2.5	—	—
Average		9.1		7.4		8.2		—
No. of Periods		106		82		58		—
Pct. Positive		78.3		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2018

The Fund's performance in the second quarter was driven by Cardinal Energy Inc., Cott Corp. and Jamieson Wellness Inc.

Cardinal continues to return capital to shareholders with one of the most attractive dividend yields in the energy sector, backed by a sustainable payout level. The company remains leveraged to a high oil price environment with attractive cash-flow generation potential, which has helped to buoy the stock. Cardinal remains focused on growing production, reserves and cash flow while maintaining a low decline rate. We continue to like the company's inexpensive valuation, attractive yield and upside potential.

Cott had a solid quarter, driven by solid earnings growth and positive commentary on capital allocation. Another quarter of good performance should provide confidence in the predictability and sustainability of the "new Cott," which we believe will help the company continue to narrow its valuation gap to peers. We see solid upside and flexibility, given Cott's strong cash-flow generation

and various capital deployment opportunities.

Jamieson continues to benefit from strong and dominant brand positions. The company exhibits a strong organic growth profile, driven by secular tailwinds and supplemented by its innovation pipeline. The opportunity to license some of its products in China is attractive as even a modest market-share gain could provide meaningful upside. We remain confident in Jamieson's prospects to outgrow the market, given new product launches and increased global market penetration resulting from its broad range of products for all ages and lifestyles.

During the quarter, we added Boralex Inc., Minto Apartments REIT and Tourmaline Oil Corp. We also increased weights in Allied Properties Inc., SNC-Lavalin Group Inc. and Teck Resources Ltd. We reduced weighting in Enercare Inc., Intact Financial Corp. and Jamieson. Finally, we eliminated our position in Bonavista Energy Corp.

## PH&N 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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(PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 2018, 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, 2018.

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, 2018.

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