

PH&N Total Return Bond Fund

Investment Objective

To provide stability of capital and maximum total return by investing primarily in a well-diversified portfolio of Canadian fixed income securities and derivatives based on the value of fixed income instruments.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7340
Adv	Front End	CAD	RBF6340
Adv	Low Load	CAD	RBF4340

Inception Date	November 2008
Total Fund Assets \$Mil	8,404.3
Series A NAV \$	11.04
Series A MER %	1.05
Benchmark	FTSE Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

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

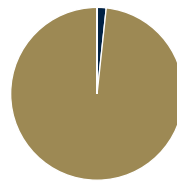
Notes

Top Holdings:

The holdings are shown on a look through basis whereby if the fund holds units of an RBC GAM fund, the individual holdings of that fund are shown based on their proportional ownership in the fund as a whole.

Portfolio Analysis as of November 30, 2018

Asset Mix



	% Assets
Cash	1.7
Fixed Income	98.3
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	62.9
Corporate Bonds	34.4
Other Bonds	0.6
Mortgage Backed Securities	0.2
ST Investments (Cash & Other)	1.9
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.9	Under 1 year	5.1
AAA	31.0	1 - 5 Yrs	40.1
AA	35.9	5 - 10 Yrs	21.9
A	16.1	Over 10 Yrs	32.9
BBB	14.0		
Below BBB	0.9	Avg. Term to maturity (Yrs)	10.2
Mortgages	0.2	Duration (Yrs)	7.3
NR/NA	0.0	Yield to Maturity	3.0

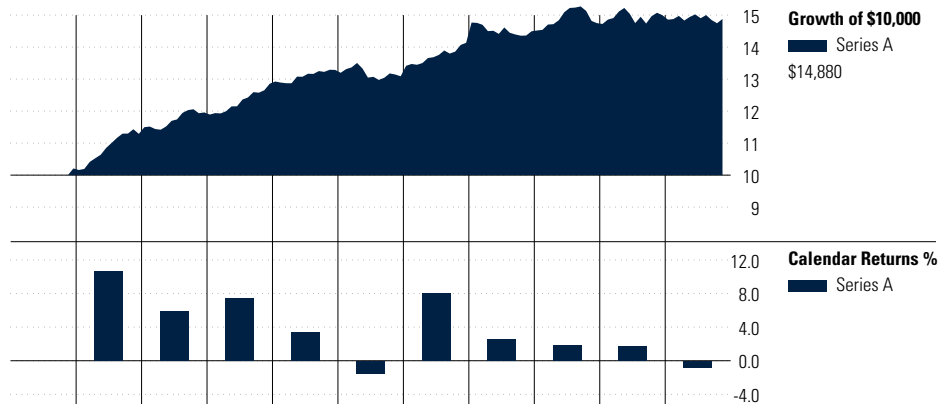
Geographic Allocations

	% Assets
Canada	97.6
United States	2.4
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 10 Holdings

	% Assets
Canada (Government of) 2% 01-09-2023	5.2
Canada Hsg Tr No 1 2.4% 15-12-2022	3.3
Canada Hsg Tr No 1 1.75% 15-06-2022	3.0
Canada (Government of) 2.25% 01-02-2021	2.8
Canada (Government of) 2.75% 01-12-2048	2.7
Ontario (Province Of) 6.2% 02-06-2031	2.5
Ontario (Province Of) 3.5% 02-06-2043	2.4
Ontario (Province Of) 4.6% 02-06-2039	2.2
Ontario (Province Of) 2.9% 02-06-2049	2.0
Ontario (Province Of) 3.5% 02-06-2024	1.9
Total % of Top 10 Holdings	28.1
Total Number of Stock Holdings	0
Total Number of Bond Holdings	2,477
Total Number of Other Holdings	31
Total Number of Holdings	2,508

Performance Analysis as of November 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	—	10.6	5.9	7.5	3.4	-1.5	8.0	2.6	1.8	1.7	-0.8	Fund
	—	1 st	3 rd	3 rd	3 rd	2 nd	2 nd	2 nd	2 nd	3 rd	3 rd	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.9	-0.8	-0.4	-1.3	1.2	2.5	4.1	4.1	Fund
	2 nd	3 rd	3 rd	3 rd	2 nd	2 nd	1 st	—	Quartile
	535	525	515	497	413	343	154	—	No. of Funds in Category

PH&N Total Return Bond Fund

Management Overview

Manager Bios

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 November 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.17	0.23	0.38	0.47	0.32	0.40	0.32	0.39	0.52	0.56	—
Interest	0.17	0.23	0.24	0.25	0.27	0.31	0.32	0.35	0.35	0.46	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.14	0.22	0.05	0.09	—	0.04	0.17	0.10	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2009	14.3	1-2012	8.4	2-2014	5.7	11-2018	4.1
Worst	9-2017	-3.5	1-2018	0.2	4-2018	1.9	11-2018	4.1
Average		3.9		3.8		3.7		4.1
No. of Periods		109		85		61		1
Pct. Positive		81.7		100.0		100.0		100.0

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

Quarterly Commentary as at September 30, 2018

The main driver of positive relative returns this quarter was our tactical duration positioning. Bond yields pushed higher throughout the third quarter as central banks continue on their path of normalizing monetary policy. We began the quarter modestly shorter than the benchmark. We then further shortened the duration positioning as yields moved higher through July.

As interest rates tapered off through August, we reduced the relative short-duration position and moved closer to neutral relative to the benchmark. At the end of the quarter, after interest rates resumed their climb higher, we took profits. We also adjusted the Fund's duration to end the quarter slightly longer than that of the benchmark.

At the same time, we increased the Fund's exposure to provincial bonds, ending the quarter neutral. We also continue to prefer government agency bonds, specifically Canada Housing Trust bonds, which are fully guaranteed by the federal government.

We continue to have a conservative view when it comes to corporate bonds and have maintained a close-to-neutral position relative to the benchmark during the quarter, with a bias towards higher-quality, less-cyclical issuers. The reward-for-risk associated with high-yield bonds continued to look unappealing. As a result, the Fund retained a zero weight in high yield. We would like to see better valuations (i.e., wider yield spreads) in these sectors in order to take more meaningful positions. In the meantime, we are content to be patient.

We also continue to engage in out-of-benchmark strategies. These include small positions in inflation-linked bonds, U.S. Treasuries and maple bonds (non-Canadian companies that issue bonds in Canada in Canadian dollars). These strategies help diversify the Fund in sectors where we see opportunities to outperform traditional Canadian bonds.

PH&N Total Return Bond 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, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

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.

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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 November 30, 2018.

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