

# PH&N Balanced Fund

## Investment Objective

To provide long-term capital growth and income by investing primarily in a well-diversified, balanced portfolio of Canadian common stocks, bonds and money market securities. This fund also holds a portion of its assets in foreign common stock.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7350
Adv	Front End	CAD	RBF6350
Adv	Low Load	CAD	RBF4350

Inception Date	November 2008
Total Fund Assets \$Mil	1,035.6
Series A NAV \$	20.95
Series A MER %	1.97
Benchmark	38% FTSE Canada Universe Bond Index 30% S&P/TSX Capped Composite Total Return Index 26% MSCI World Total Return Net Index (CAD) 4% MSCI Emerging Markets Total Return Net Index (CAD) 2% FTSE Canada 30 Day TBill Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

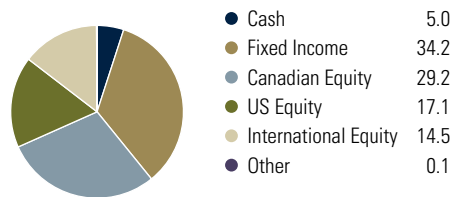
Fund Category	Canadian Neutral Balanced
---------------	---------------------------

Management Company	RBC Global Asset Management Inc.
--------------------	----------------------------------

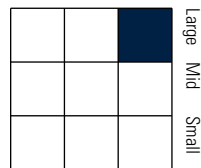
Web Site	www.rbcgam.com
----------	----------------

## Portfolio Analysis as of August 31, 2018

### Asset Mix



### Equity Style



Value Blend Growth

Statistics	Value
P/B Ratio	2.3
P/E Ratio	17.2
Avg. Mkt Cap. \$B	44.2

### Top 5 Sectors

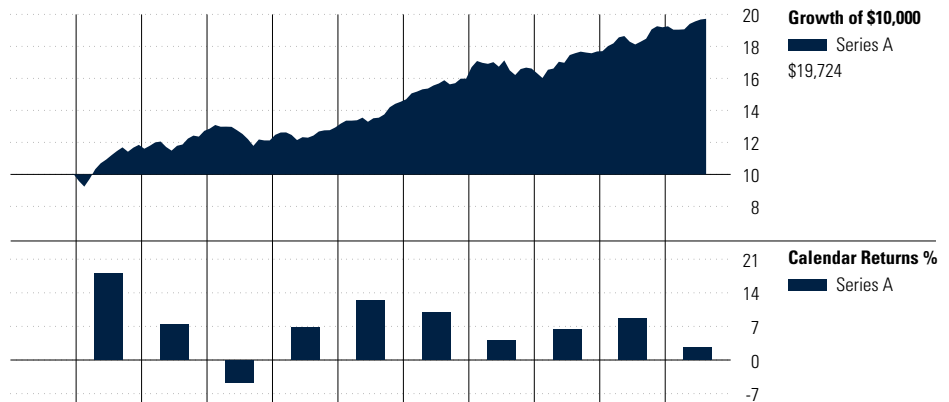
Sector	% Equity
Financials	29.1
Energy	12.7
Consumer Discretionary	11.6
Industrials	11.5
Information Technology	10.5

### Fixed Income Breakdown

Category	%
Govt. Bonds	63.5
Corp. Bonds	31.3
Other Bonds	0.9
MBS	0.4
Cash & Other	3.9
ABS	0.0

Characteristics	%
Avg. Term to maturity (Yrs)	10.4
Modified Duration (Yrs)	7.4
Yield to Maturity	2.8

## Performance Analysis as of August 31, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	—	18.1	7.4	-4.7	6.7	12.4	9.9	4.0	6.4	8.6	2.7	Fund
Quartile	—	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	Quartile

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return	0.2	1.6	3.6	7.8	6.1	7.8	—	7.2	Fund
Quartile	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	—	—	Quartile
No. of Funds in Category	686	675	673	658	533	433	152	—	No. of Funds in Category

# PH&N Balanced Fund

## 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 August 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	0.58	0.51	0.90	2.06	0.17	0.28	0.46	0.29	0.28	0.02
Interest	—	0.13	0.15	0.14	0.07	0.13	0.14	0.13	0.23	0.19	0.02
Dividends	—	0.11	0.12	0.12	0.06	0.05	0.08	0.08	—	0.10	0.01
Capital Gains	—	0.34	0.25	0.64	1.93	—	0.05	0.24	0.06	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	27.6	5-2015	11.9	2-2014	10.3	—	—
Worst	5-2012	-6.4	8-2012	2.7	2-2016	4.1	—	—
Average		7.3		6.7		7.3		—
No. of Periods		106		82		58		—
Pct. Positive		85.8		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2018

The second quarter of 2018 was marked by escalating trade tensions between the U.S. and much of the world as President Trump made good on his promise to institute billions of dollars in tariffs. Against this backdrop, U.S. economic growth accelerated while the expansion appeared to slow in Europe and emerging markets.

The Fund was neutrally positioned for most of the quarter, which had a negative impact on performance. Global government bonds were mixed, with U.S. Treasuries finishing the period essentially flat while German and Japanese bonds rose. Canadian bonds posted modest gains during the period as the trade conflict and slowing global growth capped yields on Government of Canada debt. The Fund's sole fixed-income holding, PH&N Bond Fund, had a positive impact on performance.

Global equity markets continued to fluctuate in the

quarter as the trade conflict moved beyond the U.S. and China to engulf Europe and Canada. Chinese equity prices slumped while Canadian stocks rebounded, supported by rising oil prices. The Fund's global and Canadian equity holdings had a positive impact on returns while RBC Emerging Markets Equity Fund detracted from performance.

Economic growth slowed in the first half of 2018, but remains at its most solid since the financial crisis amid U.S. fiscal stimulus and business and consumer optimism. The portfolio manager expects continued expansion, encouraging central banks to nudge rates higher and acting as a headwind for bond returns. As a result, the Fund recently moved to an underweight position in fixed income and an overweight position in equities as stocks offer more attractive prospects.

## PH&N Balanced 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](http://www.sedar.com).

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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018