

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

## Fund Details

| Series | Load Structure | Currency | Fund Code |
|--------|----------------|----------|-----------|
| A      | No Load        | CAD      | RBF7460   |
| Adv    | Front End      | CAD      | RBF6460   |
| Adv    | Low Load       | CAD      | RBF4460   |

|                         |                                  |
|-------------------------|----------------------------------|
| Inception Date          | November 2008                    |
| Total Fund Assets \$Mil | 218.1                            |
| Series A NAV \$         | 16.00                            |
| Series A MER %          | 1.87                             |
| Benchmark               | S&P 500 Total Return Index (C\$) |

|                            |          |
|----------------------------|----------|
| Income Distribution        | Annually |
| Capital Gains Distribution | Annually |

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

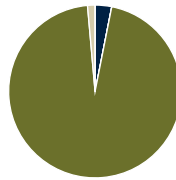
|               |           |
|---------------|-----------|
| Fund Category | US Equity |
|---------------|-----------|

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

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

## Portfolio Analysis as of January 31, 2018

### Asset Mix

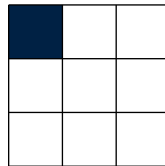


|                      | % Assets |
|----------------------|----------|
| Cash                 | 3.1      |
| Fixed Income         | 0.0      |
| Canadian Equity      | 0.0      |
| US Equity            | 95.5     |
| International Equity | 1.4      |
| Other                | 0.0      |

### Top 10 Holdings

|                                 | % Assets   |
|---------------------------------|------------|
| Microsoft Corp                  | 5.4        |
| UnitedHealth Group Inc          | 4.4        |
| Apple Inc                       | 3.6        |
| Bank of America Corporation     | 3.4        |
| JPMorgan Chase & Co             | 3.1        |
| Citigroup Inc                   | 2.8        |
| PepsiCo Inc                     | 2.7        |
| Comcast Corp Class A            | 2.7        |
| Cisco Systems Inc               | 2.7        |
| McDonald's Corp                 | 2.5        |
| Total % of Top 10 Holdings      | 33.2       |
| Total Number of Stock Holdings  | 376        |
| Total Number of Bond Holdings   | 0          |
| Total Number of Other Holdings  | 6          |
| <b>Total Number of Holdings</b> | <b>382</b> |

### Equity Style



Value Blend Growth

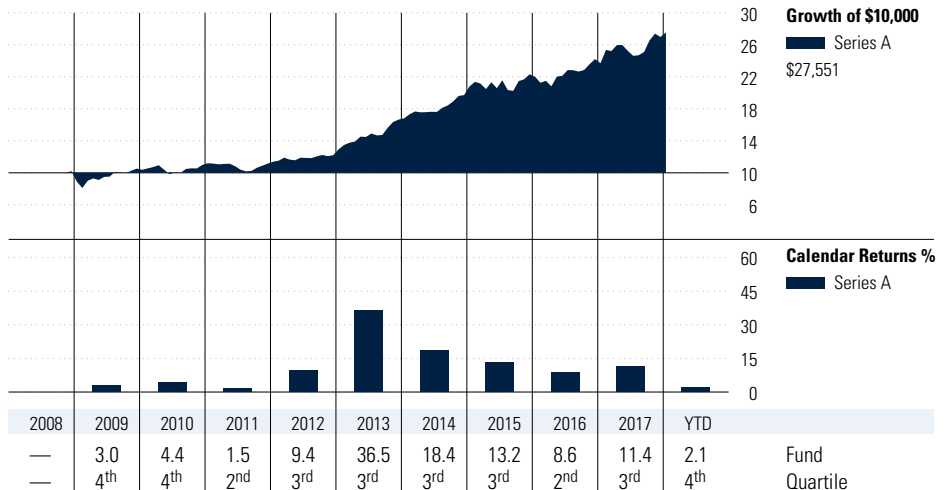
### Equity Statistics

|                   |       |
|-------------------|-------|
| P/B Ratio         | 2.6   |
| P/E Ratio         | 17.8  |
| Avg. Mkt Cap. \$B | 170.1 |

### Global Equity Sectors

|                            | % Equity |
|----------------------------|----------|
| Information Technology     | 22.4     |
| Financials                 | 18.0     |
| Health Care                | 15.6     |
| Consumer Staples           | 10.0     |
| Industrials                | 8.6      |
| Energy                     | 7.2      |
| Consumer Discretionary     | 6.9      |
| Utilities                  | 4.2      |
| Real Estate                | 2.8      |
| Telecommunication Services | 2.5      |
| Materials                  | 1.8      |
| Unclassified               | 0.0      |

## Performance Analysis as of January 31, 2018



|  | 1 Mth           | 3 Mth           | 6 Mth           | 1 Yr            | 3 Yr            | 5 Yr            | 10 Yr | Since Incep. | Trailing Return %        |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------|--------------|--------------------------|
|  | 2.1             | 3.7             | 11.9            | 16.3            | 9.8             | 16.3            | —     | 11.7         | Fund                     |
|  | 4 <sup>th</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 3 <sup>rd</sup> | 3 <sup>rd</sup> | 3 <sup>rd</sup> | —     | —            | Quartile                 |
|  | 1412            | 1410            | 1386            | 1324            | 906             | 606             | 258   | —            | No. of Funds in Category |

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## Management Overview

### Manager Bios

**Brad Willock**
**RBC Global Asset Management Inc.**

Brad Willock joined RBC in May 1996 and RBC Global Asset Management in July 2002. In his current role, he is responsible for core and income-oriented U.S. equity mandates. Brad has a Bachelor of Commerce and a Bachelor of Science, and is a CFA charterholder.

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

| Distributions (\$)/Unit | YTD* | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | —    | 0.26 | 0.38 | 0.15 | 0.06 | 0.03 | 0.04 | 0.05 | 0.03 | 0.09 | 0.08 |
| Interest                | —    | 0.06 | 0.08 | 0.15 | 0.06 | 0.03 | 0.04 | 0.05 | 0.03 | 0.09 | 0.08 |
| Dividends               | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |
| Capital Gains           | —    | 0.20 | 0.30 | —    | —    | —    | —    | —    | —    | —    | —    |
| Return Of Capital       | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |

| Best/Worst Periods % | Ended   | 1 Yr | Ended   | 3 Yr  | Ended   | 5 Yr  | Ended | 10 Yr |
|----------------------|---------|------|---------|-------|---------|-------|-------|-------|
| Best                 | 12-2013 | 36.5 | 2-2015  | 22.9  | 11-2017 | 17.8  | —     | —     |
| Worst                | 9-2011  | -2.4 | 11-2011 | 2.9   | 12-2013 | 10.3  | —     | —     |
| Average              |         | 13.3 |         | 14.3  |         | 15.1  |       |       |
| No. of Periods       |         | 99   |         | 75    |         | 51    |       |       |
| Pct. Positive        |         | 97.0 |         | 100.0 |         | 100.0 |       |       |

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

### Quarterly Commentary as at December 31, 2017

The U.S. stock market made significant progress again this past quarter, rising 8.0% (in CAD terms). Strong performances from Consumer Discretionary, Technology and Financials powered the advance while the interest rate-sensitive Utilities, Real Estate and Telecommunications sectors, along with the relatively defensive Health Care sector, were detractors.

The S&P 500 (CAD) is up roughly 11% year to date, driven by a synchronized global economic expansion, accommodative global monetary policy and U.S. tax reform. The S&P 500 is on track to generate roughly 10% earnings growth in 2017. In addition, recent economic data suggest that earnings momentum should remain strong at least through the first quarter of 2018.

During the quarter, security selection and overweight positioning to the rising Financials sector aided returns. Overweight positions in Citizen's Financial Group Inc. and Bank of America Corp. boosted returns as the market rewarded

stocks that benefited from rising short-term interest rates. In Health Care, an overweight position to UnitedHealth Group Inc. lifted relative performance as the company continues to gain share and generate double-digit earnings growth.

Conversely, our overweight allocation and security selection in Consumer Staples weakened performance. An overweight position in Phillip Morris International Inc. hurt performance as investors avoided stocks with high dividend yields in favour of companies with faster growth prospects. Our position in CVS Health Corp. also hurt performance as investors fled, given competitive threats from Amazon.com Inc.

Stocks continue to be supported by global expansion and strong global corporate-profit growth. Given the economy's strong performance over the year, investors should temper expectations going forward.

#### Major Buys

Allergan PLC  
 Parker Hannifin Corp.  
 Cummins Inc.

#### Major Sells

Duke Energy Corp.  
 KeyCorp  
 Dominion Energy Inc.

## PH&N U.S. 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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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, 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 January 31, 2018.

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