

# 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	217.7
Series A NAV \$	15.68
Series A MER %	1.87
Benchmark	S&P 500 Total Return Index (C\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

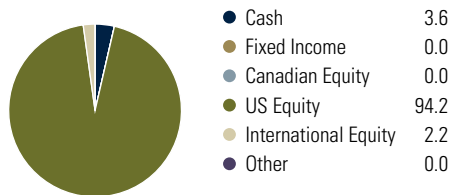
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	US Equity
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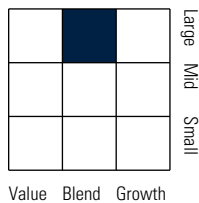
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of October 31, 2017

### Asset Mix



### Equity Style



### Equity Statistics

P/B Ratio	2.5
P/E Ratio	19.2
Avg. Mkt Cap. \$B	159.7

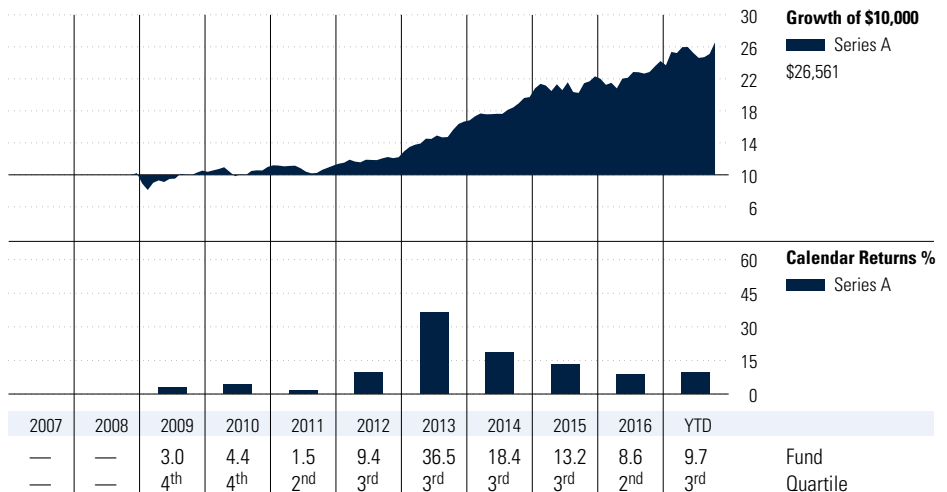
### Top 10 Holdings

Company	% Assets
Microsoft Corp	4.9
Johnson & Johnson	4.6
Apple Inc	4.3
UnitedHealth Group Inc	4.1
Bank of America Corporation	2.9
Citigroup Inc	2.6
JPMorgan Chase & Co	2.6
PepsiCo Inc	2.6
McDonald's Corp	2.6
Philip Morris International Inc	2.6
Total % of Top 10 Holdings	34.0
Total Number of Stock Holdings	340
Total Number of Bond Holdings	0
Total Number of Other Holdings	7
<b>Total Number of Holdings</b>	<b>347</b>

### Global Equity Sectors

Sector	% Equity
Information Technology	22.7
Financials	17.5
Health Care	16.0
Consumer Staples	9.7
Industrials	8.4
Energy	6.7
Consumer Discretionary	6.0
Utilities	3.9
Real Estate	3.8
Materials	3.0
Telecommunication Services	2.3
Unclassified	0.0

## Performance Analysis as of October 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
5.8	7.9	2.3	16.2	12.0	16.8	—	11.6	Fund
2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	—	—	Quartile
1405	1385	1375	1310	874	527	246	—	No. of Funds in Category

# PH&N U.S. Dividend Income Fund

## 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 October 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	—	0.38	0.15	0.06	0.03	0.04	0.05	0.03	0.09	0.08	—
Interest	—	0.08	0.15	0.06	0.03	0.04	0.05	0.03	0.09	0.08	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	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	5-2017	17.6	—	—
Worst	9-2011	-2.4	11-2011	2.9	12-2013	10.3	—	—
Average		13.3		14.5		15.0		—
No. of Periods		96		72		48		—
Pct. Positive		96.9		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2017

The U.S. stock market made progress again in the third quarter, rising 0.4% (in CAD terms). Strong performances from the Technology, Energy and Telecom sectors powered the advance while the Discretionary and Staples sectors detracted.

The S&P 500 (CAD) is up roughly 10.3% since the November election, but corporate fundamentals rather than politics have been the driving force for the market. After three years of essentially flat earnings, the S&P 500 is expected to generate roughly 10% earnings growth in 2017. Our indicators suggest that the odds of a recession remain fairly low, but the risks of a correction have increased.

During the quarter, security selection and underweight positioning in the struggling Discretionary sector aided returns in PH&N U.S. Dividend Income Fund. An overweight position in Delphi Automotive PLC boosted returns as the company focuses on its software capabilities. In Industrials, an overweight position in the Boeing

Company has lifted relative performance as the company has been cutting costs to improve profit and cash flow.

Conversely, our overweight allocation and security selection in Health Care hurt performance. Drug distributors, including an overweight position in Cardinal Health Inc., have been a drag, partly as a result of generic drug pricing pressures.

Stocks continue to be supported by a global synchronized expansion and renewed corporate-profit growth. With many equity markets at or near all-time highs, investors are rightly concerned about the sustainability of the bull market in equities. While stocks are not as cheap as they were when the cycle began, they remain somewhat attractive. Markets have benefited from rising earnings and price-to-earnings ratios through this bull market, but earnings rather than valuations may now be the force needed to propel the market higher.

## 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 and PH&N 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 full-year period, April 1, 2016 to March 31, 2017, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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 October 31, 2017.

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