

# PH&N Canadian Income Fund

## Investment Objective

To provide a reasonably consistent level of income while attempting to preserve capital by investing primarily in a well-diversified portfolio of income-producing Canadian common stocks, bonds, income trusts, real estate investment trusts, and money market securities.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7490
Adv	Front End	CAD	RBF6490
Adv	Low Load	CAD	RBF4490

Inception Date	November 2008
Total Fund Assets \$Mil	878.4
Series A NAV \$	15.42
Series A MER %	1.86
Benchmark	66.67% S&P/TSX Dividend TR; 33.33% S&P/TSX Dividend TR ex Energy & Materials, but including Oil & Gas Refining & Marketing and Oil & Gas Storage & Transportation Sub-industries

Income Distribution	Monthly
Capital Gains Distribution	Annually

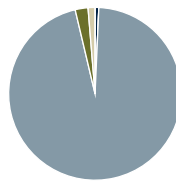
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 May 31, 2018

### Asset Mix

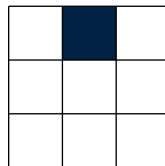


	% Assets
Cash	0.7
Fixed Income	0.0
Canadian Equity	95.6
US Equity	2.4
International Equity	1.3
Other	0.0

### Top 10 Holdings

	% Assets
The Toronto-Dominion Bank	8.0
Royal Bank of Canada	7.6
Bank of Nova Scotia	5.4
Canadian National Railway Co	4.6
Enbridge Inc	4.6
Brookfield Asset Management Inc Class A	4.0
Bank of Montreal	3.9
Manulife Financial Corp	3.1
Canadian Natural Resources Ltd	2.9
CIBC	2.8
Total % of Top 10 Holdings	46.7
Total Number of Stock Holdings	57
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>58</b>

### Equity Style



Value Blend Growth

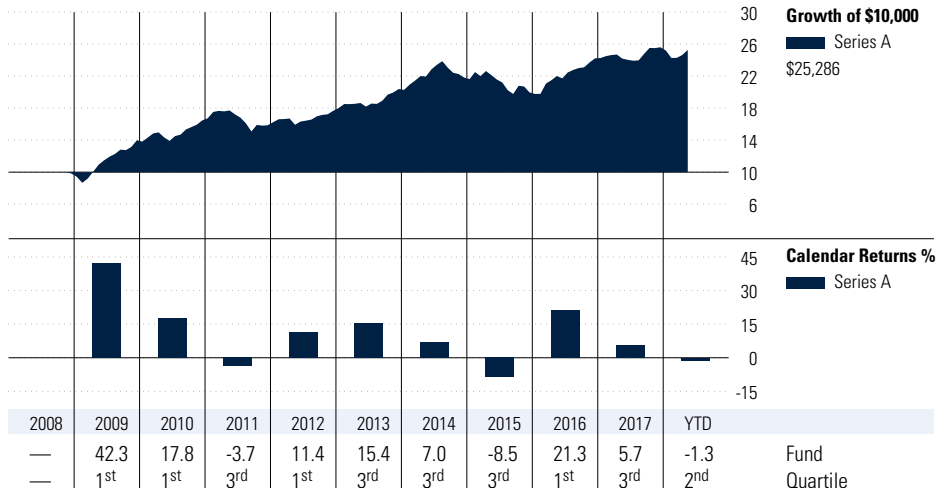
### Equity Statistics

P/B Ratio	1.7
P/E Ratio	14.7
Avg. Mkt Cap. \$B	33.1

### Global Equity Sectors

	% Equity
Financials	41.1
Energy	18.2
Industrials	13.2
Materials	8.4
Consumer Discretionary	6.1
Utilities	3.8
Information Technology	3.2
Real Estate	2.9
Consumer Staples	2.3
Telecommunication Services	0.8
Health Care	0.0
Unclassified	0.0

## Performance Analysis as of May 31, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
2.6	2.6	4.2	-0.9	4.5	4.6	6.3	—	10.3	Fund
1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	—	—	Quartile
553	553	548	528	405	326	167	—	—	No. of Funds in Category

# PH&N Canadian 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 May 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.05	0.82	0.21	0.08	0.12	0.11	0.12	0.16	0.24	0.27	0.01
Interest	0.05	0.00	0.00	—	—	—	—	0.16	0.24	0.15	0.01
Dividends	—	0.14	0.21	0.08	0.11	0.11	0.12	—	—	0.12	0.00
Capital Gains	—	0.68	—	—	0.01	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	65.3	2-2012	24.2	2-2014	19.3	—	—
Worst	8-2015	-15.2	8-2017	0.1	2-2016	2.5	—	—
Average		11.1		8.4		9.2		—
No. of Periods		103		79		55		—
Pct. Positive		75.7		100.0		100.0		—

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

### Quarterly Commentary as at March 31, 2018

The Canadian equity market declined this quarter, lagging all major markets amid a global equity sell-off triggered by major spikes in U.S. market volatility in February and March. The Canadian market suffered due to concerns about rising yields, uncertainty surrounding NAFTA negotiations and increased U.S. protectionism.

This quarter, the Fund underperformed its custom benchmark. The Financials sector was the biggest drag on performance for the period. A holding in Element Fleet Management Corp. was the single largest detractor as the Toronto-based company faced unexpected challenges while merging IT systems following two large acquisitions which resulted in the loss of a few large customers and negatively affected the stock price. Despite the setback, we remain comfortable in our position due to the recovery plan in place, and believe that clarity surrounding a joint venture the company is involved in will support improvement in the share price going forward. The Fund's exposure to the Energy sector was a modest inhibitor to relative performance due to continued weakness of

domestic prices for crude oil. Positions in Tourmaline Oil Corp. and Seven Generations Energy Ltd. held back the Fund's returns.

The Fund's holdings in the Information Technology sector were the largest positive contributor over the quarter. A key position in the consulting and systems integration company, CGI Group, contributed significantly on the positive side of the ledger. The Fund's holdings in the Materials sector were also an area of strength for the period as the global label maker, CCL Industries Inc., had excellent fourth quarter 2017 results with outstanding sales gains from Europe and emerging markets.

The Fund's trading activity is a function of our investment process. Our disciplined fundamental research process and approach to portfolio construction seek to optimize position sizes to match fundamental conviction and minimize exposure to unpredictable risk factors.

## PH&N Canadian 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 full year period, January 1 to December 31, 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 May 31, 2018.

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