

PH&N Inflation-Linked Bond Fund

Investment Objective

The fundamental investment objective of the Fund is to generate interest income that is hedged against inflation by investing primarily in real return bonds and inflation linked bonds issued or guaranteed by Canadian and foreign governments and corporations.

Fund Details

| Series | Load Structure | Currency | Fund Code |
|--------|----------------|----------|-----------|
| A | No Load | CAD | RBF7650 |
| Adv | Front End | CAD | RBF6650 |
| Adv | Low Load | CAD | RBF4650 |

| | |
|-------------------------|--|
| Inception Date | June 2009 |
| Total Fund Assets \$Mil | 95.6 |
| Series A NAV \$ | 10.59 |
| Series A MER % | 0.93 |
| Benchmark | FTSE TMX Canada Real Return Bond Index |

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

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

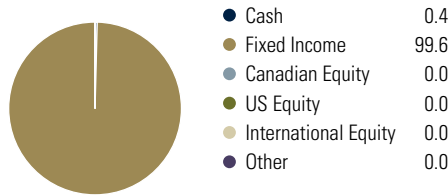
| | |
|---------------|---|
| Fund Category | Canadian Inflation Protected Fixed Income |
|---------------|---|

| | |
|--------------------|----------------------------------|
| Management Company | RBC Global Asset Management Inc. |
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| Web Site | www.rbcgam.com |
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Portfolio Analysis as of October 31, 2017

Asset Mix



Fixed Income Breakdown

| Fixed Income Category | % Fixed Income |
|-------------------------------|----------------|
| Government Bonds | 99.7 |
| Corporate Bonds | 0.0 |
| Other Bonds | 0.0 |
| Mortgage Backed Securities | 0.0 |
| ST Investments (Cash & Other) | 0.3 |
| Asset Backed Securities | 0.0 |

| Bond Rating | % | Term to Maturity | % |
|--------------------|------|-----------------------------|------|
| Cash / Cash Equiv. | 0.3 | Under 1 year | 0.3 |
| AAA | 82.9 | 1 - 5 Yrs | 15.3 |
| AA | 16.8 | 5 - 10 Yrs | 18.7 |
| A | 0.0 | Over 10 Yrs | 65.7 |
| BBB | 0.0 | | |
| Below BBB | 0.0 | Avg. Term to maturity (Yrs) | 17.7 |
| Mortgages | — | Duration (Yrs) | 15.0 |
| NR/NA | 0.0 | Yield to Maturity | 2.2 |

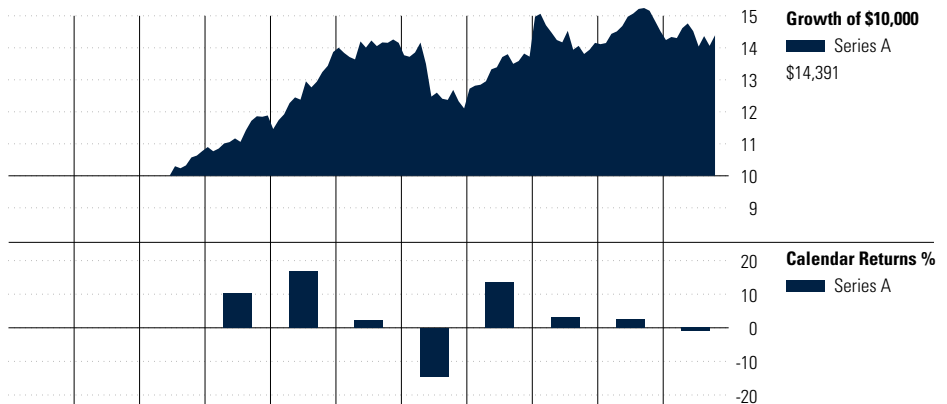
Geographic Allocations

| Geographic Allocation | % Assets |
|-------------------------------------|----------|
| Canada | 100.0 |
| United States | 0.0 |
| International (ex-Emerging Markets) | 0.0 |
| Emerging Markets | 0.0 |

Top 10 Holdings

| Top 10 Holdings | % Assets |
|-----------------------------------|-------------|
| Canada Govt 4% 01-12-2031 | 14.2 |
| Canada Govt 0.5% 01-12-2050 | 11.5 |
| Canada Govt 2% 01-12-2041 | 10.9 |
| Canada Govt 4.25% 01-12-2026 | 9.8 |
| Canada Govt 1.5% 01-12-2044 | 8.7 |
| Canada Govt 1.25% 01-12-2047 | 8.2 |
| Quebec Prov Cda 4.5% 01-12-2021 | 8.0 |
| Canada Govt 4.25% 01-12-2021 | 7.2 |
| Canada Govt 1.5% 01-06-2026 | 6.7 |
| Canada Govt 3% 01-12-2036 | 5.7 |
| Total % of Top 10 Holdings | 90.9 |
| Total Number of Stock Holdings | 0 |
| Total Number of Bond Holdings | 17 |
| Total Number of Other Holdings | 1 |
| Total Number of Holdings | 18 |

Performance Analysis as of October 31, 2017



| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | YTD | Fund Quartile |
|------|------|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| — | — | — | 10.3 | 16.7 | 2.1 | -14.5 | 13.4 | 3.1 | 2.6 | -0.9 | -0.9 | Fund Quartile |
| — | — | — | 2 nd | 3 rd | 3 rd | 4 th | 1 st | 1 st | 1 st | 1 st | 1 st | Quartile |

| Period | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Since Incep. | Trailing Return % |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------|--------------|--------------------------|
| Value | 2.3 | 2.5 | -1.5 | -5.1 | 1.9 | 0.3 | — | 4.5 | Fund |
| Rank | 1 st | 1 st | 1 st | 1 st | 1 st | 1 st | — | — | Quartile |
| No. of Funds in Category | 28 | 27 | 27 | 27 | 23 | 18 | 10 | — | No. of Funds in Category |

PH&N Inflation-Linked 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 October 31, 2017

| Distributions (\$)/Unit | YTD* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions | 0.59 | 0.15 | 0.21 | 0.61 | 0.53 | 0.46 | 0.44 | 0.52 | 0.05 | — | — |
| Interest | 0.59 | 0.15 | 0.21 | 0.61 | 0.53 | 0.46 | 0.44 | 0.31 | 0.04 | — | — |
| Dividends | — | — | — | — | — | — | — | — | — | — | — |
| Capital Gains | — | — | — | — | — | — | — | 0.21 | 0.01 | — | — |
| Return Of Capital | — | — | — | — | — | — | — | — | — | — | — |

| Best/Worst Periods % | Ended | 1 Yr | Ended | 3 Yr | Ended | 5 Yr | Ended | 10 Yr |
|----------------------|---------|-------|---------|------|--------|------|-------|-------|
| Best | 1-2012 | 22.2 | 6-2012 | 11.9 | 2-2015 | 6.9 | — | — |
| Worst | 12-2013 | -14.5 | 10-2015 | -0.8 | 7-2017 | -0.3 | — | — |
| Average | | 4.6 | | 3.9 | | 3.5 | | — |
| No. of Periods | | 89 | | 65 | | 41 | | — |
| Pct. Positive | | 73.0 | | 90.8 | | 95.1 | | — |

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

Quarterly Commentary as at September 30, 2017

Real return bond (RRB) yields moved higher in the third quarter, largely influenced by actions from the Bank of Canada (BoC). Because of PH&N Inflation-Linked Bond Fund's sensitivity to changes in real interest rates, the impact of a 0.3% rise in real yields on performance resulted in a negative absolute return for the Fund. Headline inflation (CPI), to which the principal amounts of bonds in the Fund are linked, ended August at 1.4% on a year-over-year basis. While this is 0.4% higher than it was in June, it remains well below the 2% target set by the BoC, which views this low level of inflation as temporary given the recent strong growth of the Canadian economy. For investors in the Fund, real purchasing power will be maintained over the long term regardless of the magnitude of actual inflation, thanks to the linkage to CPI.

The Fund's performance benefited from tactical positions used to take advantage of "inefficiencies" in the RRB market, including price differences among the various maturities of RRBs. These strategies were the most significant contributors to performance over the quarter. The Fund's allocation to provincial RRBs, which enhance yield, was maintained. While these are attractive, a limited supply of available bonds constrains the size of their position in the Fund. During the quarter, the fund sold its only corporate RRB position at an attractive valuation based on concerns over the credit fundamentals of the issuer. With the Fund's real yield of approximately 0.7%, which is still low by historical standards, the Fund remains susceptible to negative performance if real rates continue to rise.

PH&N Inflation-Linked 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 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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