

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	109.6
Series A NAV \$	8.66
Series A MER %	0.93
Benchmark	FTSE Canada Real Return Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

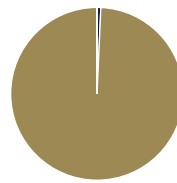
Fund Category	Canadian Inflation Protected Fixed Income
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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Portfolio Analysis as of November 30, 2018

Asset Mix



	% Assets
Cash	0.7
Fixed Income	99.3
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	98.2
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.8
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.8	Under 1 year	1.8
AAA	73.4	1 - 5 Yrs	24.6
AA	24.8	5 - 10 Yrs	1.8
A	0.0	Over 10 Yrs	71.8
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	16.7
Mortgages	0.0	Duration (Yrs)	14.4
NR/NA	0.0	Yield to Maturity	2.4

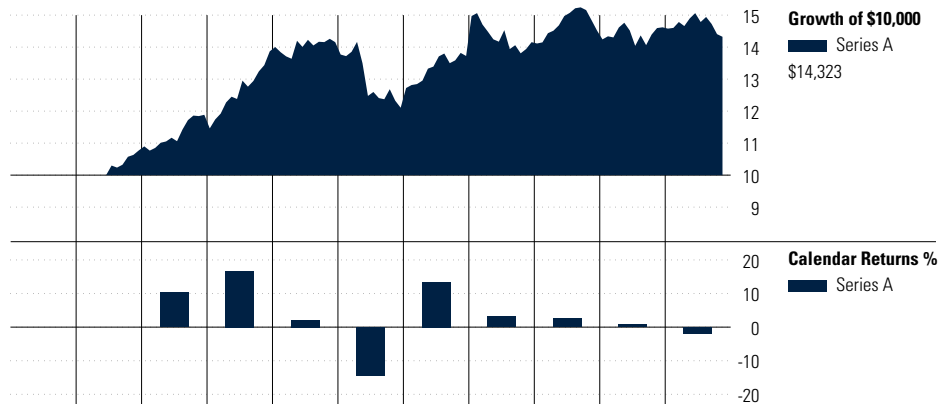
Geographic Allocations

	% Assets
Canada	98.8
United States	1.2
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 10 Holdings

	% Assets
Canada (Government of) 4% 01-12-2031	22.5
Canada (Government of) 1.5% 01-12-2044	17.7
Quebec (Province Of) 4.5% 01-12-2021	17.6
Canada (Government of) 0.5% 01-12-2050	16.4
Canada (Government of) 2% 01-12-2041	10.3
Canada (Government of) 4.25% 01-12-2021	7.3
Ontario (Province Of) 2% 01-12-2036	3.4
Quebec (Province Of) 4.25% 01-12-2031	2.2
Quebec (Province Of) 4.5% 01-12-2026	1.8
Canada (Government of) 2.75% 01-12-2048	0.0
Total % of Top 10 Holdings	99.3
Total Number of Stock Holdings	0
Total Number of Bond Holdings	13
Total Number of Other Holdings	1
Total Number of Holdings	14

Performance Analysis as of November 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Return %	—	—	10.3	16.7	2.1	-14.5	13.4	3.1	2.6	0.7	-2.0	Fund
Quartile	—	—	2 nd	3 rd	3 rd	4 th	1 st	1 st	1 st	1 st	2 nd	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	-0.6	-4.1	-3.9	-1.9	0.9	3.0	—	3.9	Fund
Quartile	3 rd	3 rd	1 st	2 nd	1 st	1 st	—	—	Quartile
No. of Funds in Category	29	29	26	26	23	19	9	—	No. of Funds in Category

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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 November 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.11	2.40	0.15	0.21	0.61	0.53	0.46	0.44	0.52	0.05	—
Interest	0.11	0.29	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	—	2.11	—	—	—	—	—	—	—	—	—

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	2-2018	-1.0	7-2017	-0.3	—	—
Average		4.2		3.4		3.2		—
No. of Periods		102		78		54		—
Pct. Positive		74.5		89.7		96.3		—

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

Quarterly Commentary as at September 30, 2018

Long-term real return bond (RRB) yields moved higher by 0.2% during the third quarter. Since bond prices move in the opposite direction of yields, this resulted in negative absolute returns. The primary driver of higher real yields was the continued growth of the Canadian economy, which was supported by a low unemployment rate and positive economic surprises.

In response, the Bank of Canada (BoC) raised its overnight rate in July to 1.5%. Headline inflation (as reflected in the Consumer Price Index), also benefitted from this growth. The principal amount of RRBs in the Fund is linked to the CPI. The Index ended August at a 2.8% year-over-year pace, which is at the upper end of the BoC's target range of 1-3%. While inflation has historically been higher during the summer months, it received added support from increases in minimum wages, higher oil prices and ongoing trade disputes.

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 consumer prices. This typically results in high levels of investment income. Investors should discuss the potential tax impacts of owning RRBs in a taxable account with their advisor.

During the quarter, the Fund earned a return ahead of its benchmark. This result was primarily due to the tactical management of positions intended to benefit from price inefficiencies among various maturities of RRBs. A position in long-term U.S. Treasury Inflation Protected Securities also positively impacted relative returns. These U.S. securities outperformed similar term Government of Canada RRBs.

While the Fund's real yield increased to 0.7% from 0.5% over the quarter, it remains low compared to historical levels. At low real yield levels, the Fund remains susceptible to negative absolute performance should real rates continue to move higher.

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, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

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 November 30, 2018.

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