

# PH&N Monthly Income Fund

## Investment Objective

The fundamental investment objective of the Fund is to provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth, by investing in a well-diversified balanced portfolio of income-producing equity securities including, but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed income securities such as preferred shares, government and corporate bonds, debentures and notes.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7660
Adv	Front End	CAD	RBF6660
Adv	Low Load	CAD	RBF4660
H	No Load	CAD	RBF2660

Inception Date	December 2009
Total Fund Assets \$Mil	2,019.1
Series A NAV \$	9.21
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE TMX Canada Universe Bond 10% ICE BofA Merrill Lynch Cdn High Yield 5% S&P/TSX Preferred Share Total Return

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

Fund Category	Canadian Neutral Balanced
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Management Company	RBC Global Asset Management Inc.
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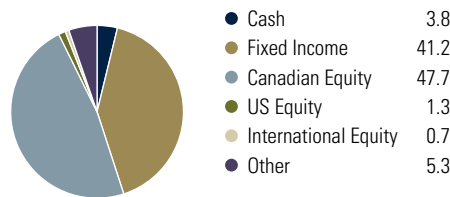
Web Site	www.rbcgam.com
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## Notes

This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of April 30, 2018

### Asset Mix



### Equity Style

Equity Style	Statistics
Large	P/B Ratio 1.6
Mid	P/E Ratio 14.9
Small	Avg. Mkt Cap. \$B 32.7
Value	
Blend	
Growth	

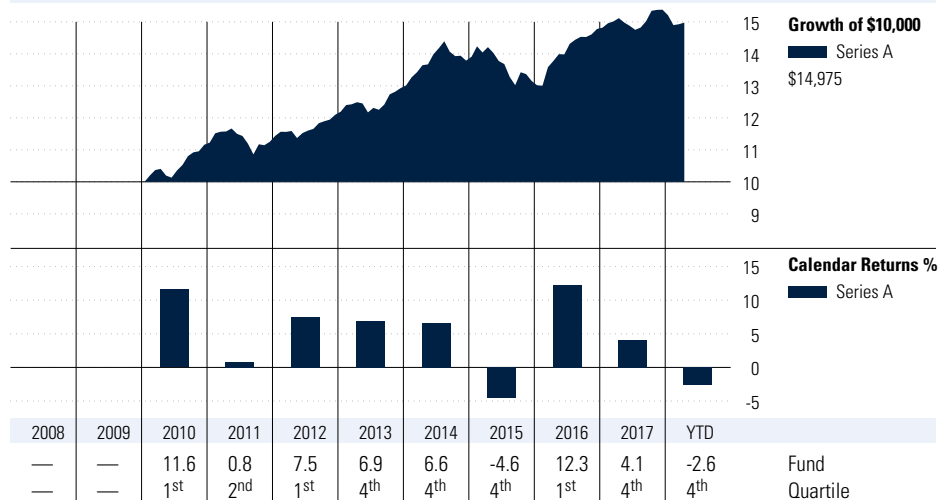
### Top 5 Sectors

Sector	% Equity
Financials	43.2
Energy	18.2
Industrials	12.1
Materials	7.1
Consumer Discretionary	5.9

### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	52.6
Corporate Bonds	37.5
Other Bonds	0.4
Mortgage Backed Securities	1.0
ST Investments (Cash & Other)	8.5
Asset Backed Securities	0.0

## Performance Analysis as of April 30, 2018



Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	0.3	-1.5	-2.4	-0.9	1.8	3.7	—	5.0	Fund
Quartile	2nd	4th	4th	4th	4th	4th	—	—	Quartile
No. of Funds in Category	613	613	610	602	458	368	149	—	No. of Funds in Category

# PH&N Monthly 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.

#### 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 April 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.16	0.49	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—
Interest	0.16	0.00	0.07	0.01	0.08	0.15	0.14	0.23	0.50	—	—
Dividends	—	0.09	0.18	0.20	0.17	0.19	0.20	0.19	—	—	—
Capital Gains	—	0.30	0.08	0.04	0.86	0.36	0.12	0.08	—	—	—
Return Of Capital	—	0.10	0.13	0.26	—	—	0.04	0.03	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2014	17.5	9-2014	9.0	2-2015	6.9	—	—
Worst	2-2016	-8.6	8-2017	1.0	2-2016	2.5	—	—
Average		5.3		4.9		5.0		—
No. of Periods		89		65		41		—
Pct. Positive		80.9		100.0		100.0		—

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

### Quarterly Commentary as at March 31, 2018

The Canadian equity market performed negatively 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, PH&N Monthly Income Fund underperformed its custom benchmark. In equities, the Financials sector was the biggest drag on performance for the period, the single-largest detractor to which was a holding in Element Fleet Management Corp. The Toronto-based company faced unexpected challenges while merging information-technology (IT) systems following two large acquisitions, which resulted in the loss of some large customers and negatively affected its stock price. Despite the setback, we remain comfortable in our position due to the recovery plan in place. The Fund's holdings in the IT sector were an area of strength over the quarter as a key position in the consulting and systems integration company, CGI Group Inc., contributed significantly

to the positive side of the ledger.

In fixed income, interest rates were volatile over the quarter and the Fund's interest-rate positioning worked well to take advantage of the volatility. We increased the Fund's exposure to provincial bonds during the quarter as provincial spreads widened, making them more attractive to buy. Nonetheless, we continue to prefer government-agency bonds, specifically Canada Housing Trust No. 1 bonds, which are fully guaranteed by the federal government. We continue to have a cautious view on corporate bonds and have maintained a close-to-neutral position with a bias toward higher-quality, less-cyclical issuers.

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

# PH&N Monthly 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 April 30, 2018.

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