

# 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	1,967.1
Series A NAV \$	9.34
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE 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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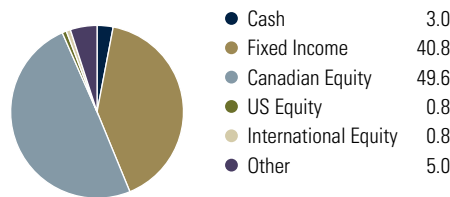
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Notes

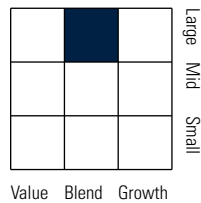
This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of August 31, 2018

### Asset Mix



### Equity Style



### Statistics

P/B Ratio	1.7
P/E Ratio	14.9
Avg. Mkt Cap. \$B	34.0

### Top 5 Sectors

Sector	% Equity
Financials	41.3
Energy	20.0
Industrials	12.1
Materials	7.7
Consumer Discretionary	5.9

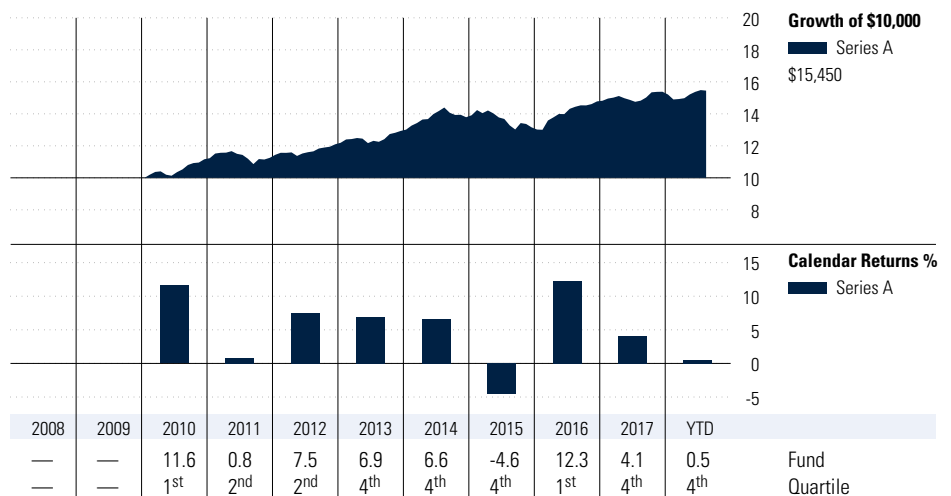
### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	49.4
Corporate Bonds	43.1
Other Bonds	0.5
Mortgage Backed Securities	0.2
ST Investments (Cash & Other)	6.9
Asset Backed Securities	0.0

### Top 10 Holdings

Top 10 Holdings	% Assets
RBC High Yield Bond Fund	5.5
PH&N High Yield Bond Fund	4.3
Royal Bank of Canada	4.2
The Toronto-Dominion Bank	4.0
Bank of Nova Scotia 24-10-2018	3.1
Enbridge Inc	2.6
Canadian National Railway Co	2.5
Bank of Montreal	2.2
Brookfield Asset Management Inc Class A 24-10-2018	2.0
Manulife Financial Corp	1.6
Total % of Top 10 Holdings	32.1
Total Number of Portfolio Holdings	368
Total Number of Stock Holdings	57
Total Number of Bond Holdings	2,334
Total Number of Other Holdings	74
<b>Total Number of Underlying Holdings</b>	<b>2,465</b>

## Performance Analysis as of August 31, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-0.2	1.6	3.7	4.2	5.2	4.7	—	5.1	Fund
	4th	3rd	2nd	4th	2nd	4th	—	—	Quartile
	686	675	673	658	533	433	152	—	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 August 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.32	0.49	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—
Interest	0.32	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		5.2		4.8		4.9		—
No. of Periods		93		69		45		—
Pct. Positive		81.7		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2018

Over the period, investors were increasingly concerned about uncertainty surrounding NAFTA negotiations, increased U.S. protectionism, and the impact of steel and aluminum tariffs. Rising bond yields and their impact on household debt also continues to loom over the economy. Despite these headwinds, all sectors in the Canadian market except Utilities experienced positive performance.

Within the Fund's equity portion, 6 of 11 sectors contributed positively, led by Telecommunication Services and Financials. Our relative performance in Telecommunications benefited from avoiding exposure to BCE Inc. as competition within the wireless segment intensified. The portfolio's exposure to the wireless segment continues to focus on Shaw Communications Inc. and Quebecor Inc., both of which delivered positive performance over the quarter and are poised to continue capturing market share. The Energy sector was the largest detractor this quarter. Commodity prices continue to recover globally; however, domestic oil prices currently trade at a significant discount to their U.S. counterparts. While Canadian companies are profitable at these prices, the

largest beneficiaries were energy refiners such as Suncor Energy Inc. and Imperial Oil Ltd., where the portfolio remains underweight.

Within fixed income, we decreased the Fund's exposure to provincial bonds, ending the quarter slightly underweight. We continue to prefer government-agency bonds, specifically Canada Housing Trust bonds, which are fully guaranteed by the federal government. We maintained a cautious view on corporate bonds and a close-to-neutral position relative to the benchmark during the quarter, with a bias toward higher-quality, less-cyclical issuers. We would like to see better valuations in these sectors to take more meaningful positions. In the meantime, we are content to be patient.

The Fund's trading activity is a function of our investment process. Our disciplined fundamental research process and approach to portfolio construction optimize position sizes 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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(PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of Canada.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 2018, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full year period, April 1, 2017 to March 31, 2018.

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 July 31, 2018.

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