

# 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	2,262.4
Series A NAV \$	9.68
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE TMX Canada Universe Bond 10% 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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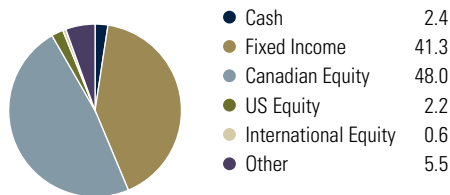
Web Site	www.rbcgam.com
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## Notes

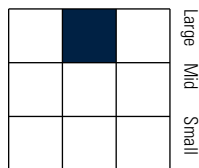
This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of October 31, 2017

### Asset Mix



### Equity Style



Value Blend Growth

### Statistics

P/B Ratio	1.9
P/E Ratio	16.2
Avg. Mkt Cap. \$B	30.4

### Top 5 Sectors

Sector	% Equity
Financials	41.8
Energy	20.3
Industrials	9.2
Consumer Discretionary	8.3
Real Estate	4.7

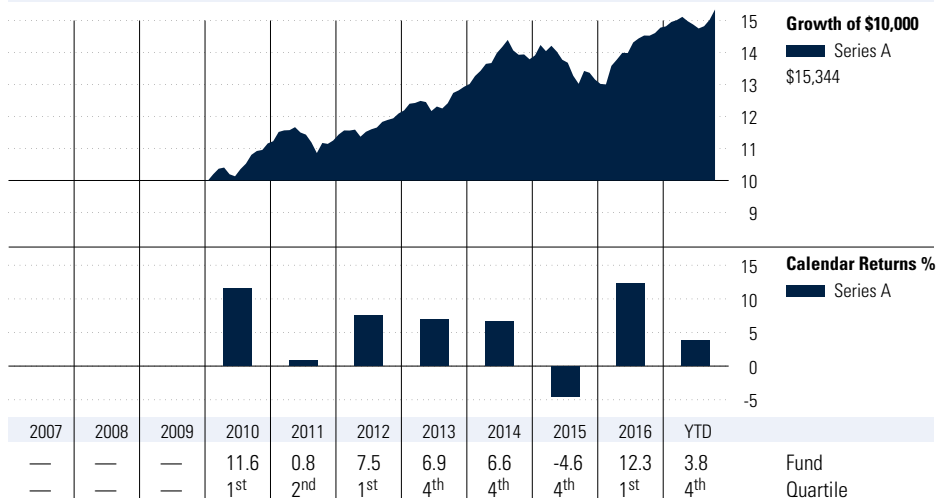
### Fixed Income Breakdown

Category	% Fixed Income
Government Bonds	55.5
Corporate Bonds	37.6
Other Bonds	0.4
Mortgage Backed Securities	1.0
ST Investments (Cash & Other)	5.5
Asset Backed Securities	0.0

### Top 10 Holdings

Holder	% Assets
RBC High Yield Bond Fund	5.6
PH&N High Yield Bond Fund	4.2
Royal Bank of Canada	3.7
The Toronto-Dominion Bank	3.7
Enbridge Inc	3.3
Bank of Nova Scotia	2.5
Canadian Imperial Bank of Commerce	2.0
Alimentation Couche-Tard Inc B	1.8
Brookfield Asset Management Inc Class A	1.8
Bank of Montreal	1.8
Total % of Top 10 Holdings	30.5
Total Number of Portfolio Holdings	345
Total Number of Stock Holdings	54
Total Number of Bond Holdings	1,568
Total Number of Other Holdings	82
<b>Total Number of Underlying Holdings</b>	<b>1,704</b>

## Performance Analysis as of October 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
2.2	4.0	1.5	5.6	3.3	5.2	—	5.6	Fund
4 <sup>th</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	—	—	Quartile
636	635	631	617	471	357	150	—	No. of Funds in Category

# PH&N Monthly Income Fund

## Management Overview

### Manager Bios

#### Scott Lysakowski

#### Phillips, Hager & North Investment Management

Scott is the Co-Head of Canadian equity research and a portfolio manager at Phillips, Hager & North Investment Management. He is the lead manager of the PH&N Canadian Income Fund and the Co-Manager of the Canadian equity portion of the PH&N Monthly Income Fund. Scott joined the firm in 2002 and remains focused on researching and managing Canadian equities with a specialization in dividend and income-producing portfolios.

#### 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	0.41	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—	—
Interest	0.41	0.07	0.01	0.08	0.15	0.14	0.23	0.50	—	—	—
Dividends	—	0.18	0.20	0.17	0.19	0.20	0.19	—	—	—	—
Capital Gains	—	0.08	0.04	0.86	0.36	0.12	0.08	—	—	—	—
Return Of Capital	—	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		5.5		5.1		5.1		—
No. of Periods		83		59		35		—
Pct. Positive		83.1		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2017

The Canadian equity market, as measured by the S&P/TSX Capped Composite Index, exceeded most global markets over the past quarter. Persistently improving oil prices, positive economic results and a strong Canadian dollar were the main drivers responsible for this outperformance. The Energy sector's insistent hindrance on the Canadian equity market subsided during the period, particularly in the latter half of the quarter. Oil prices increased as result of declining inventory levels, which elevated stock prices for many producers in the industry. Strong performance in the Financials sector raised the level of the Canadian equity market as well. The Bank of Canada's most recent interest rate hike, on the back of a strong GDP report, boded well for numerous stocks in the Financials sector. More specifically, insurance companies were the main beneficiaries of higher domestic bond yields over the past three months.

In equities, the Fund's overweight exposure to the Energy sector was the largest inhibitor to relative performance this quarter as positions in Tourmaline Oil Corp. and Seven Generations Energy Ltd. were significant detractors. While returns began to improve as oil prices recovered,

the prolonged weakness that preceded the recent recovery muted performance for the two firms during the period. The Fund's overweight exposure in the Financials sector had meaningful contribution as positions in Fairfax Financial Holdings Limited and TD Bank contributed positively to returns for the quarter.

In fixed income, the Fund took advantage of interest rate instability over the period and captured returns based on short-term dislocations in the bond market, ending the quarter with a close-to-neutral benchmark duration profile. Overall, interest rate anticipation and corporate strategies contributed to relative performance. The Fund was defensively positioned over the quarter as reward-for-risk opportunities in the current fixed-income environment have been less attractive than in the past.

The Fund's trading activity is a function of our disciplined fundamental research process and approach to portfolio construction, which optimize position sizes to match fundamental conviction and minimize exposure to less repeatable, unintended 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 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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