

# 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	2,229.7
Series A NAV \$	9.43
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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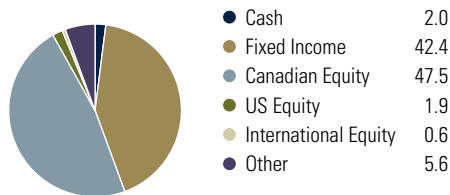
Web Site	www.rbcgam.com
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## Notes

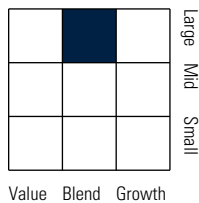
This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of August 31, 2017

### Asset Mix



### Equity Style



### Statistics

P/B Ratio	1.8
P/E Ratio	16.0
Avg. Mkt Cap. \$B	27.6

### Top 5 Sectors

Sector	% Equity
Financials	39.2
Energy	24.1
Industrials	9.1
Consumer Discretionary	8.6
Materials	5.8

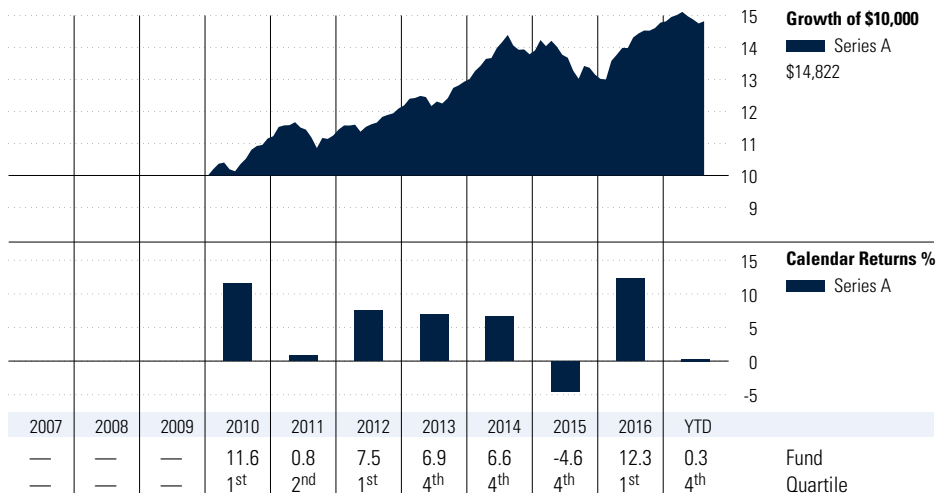
### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	58.3
Corporate Bonds	36.7
Other Bonds	0.5
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	4.5
Asset Backed Securities	0.0

### Top 10 Holdings

Top 10 Holdings	% Assets
RBC High Yield Bond Fund	5.6
PH&N High Yield Bond Fund	4.2
The Toronto-Dominion Bank	3.9
Royal Bank of Canada	3.7
Enbridge Inc	3.4
Bank of Nova Scotia	2.1
Canadian Imperial Bank of Commerce	2.0
Brookfield Asset Management Inc Class A	1.8
Alimentation Couche-Tard Inc B	1.7
Manulife Financial Corp	1.6
Total % of Top 10 Holdings	30.1
Total Number of Portfolio Holdings	355
Total Number of Stock Holdings	57
Total Number of Bond Holdings	1,549
Total Number of Other Holdings	77
<b>Total Number of Underlying Holdings</b>	<b>1,683</b>

## Performance Analysis as of August 31, 2017



Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Value	0.5	-1.0	-0.9	2.6	1.0	4.9	—	5.3	Fund
Ranking	3rd	1st	4th	3rd	4th	4th	—	—	Quartile
No. of Funds in Category	646	645	634	617	468	352	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 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 August 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.32	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—	—
Interest	0.32	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		5.2		5.1		
No. of Periods		81		57		33		
Pct. Positive		82.7		100.0		100.0		

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

### Quarterly Commentary as at June 30, 2017

After hitting an all-time high in February, the Canadian equity market, as measured by the S&P/TSX Capped Composite Index, underperformed global equity markets over the past three months. The moderately underwhelming results were a product of poor performance in the Financials, Energy and Materials sectors. Investor concerns over Canadian housing and consumer credit levels outweighed the double-digit earnings growth of most diversified banks. Furthermore, despite OPEC's action to cut production, global inventory levels remain elevated and the price of oil softened during the most recent period. Strength exhibited by the Telecommunication Services, Utilities and Real Estate sectors has been a bright spot this quarter.

This quarter the Fund underperformed its custom benchmark. In equities, the Fund's overweight exposure to Cenovus Energy and Crescent Point Energy was the largest detractor from relative performance due to their sensitivity to oil prices. The Fund's overweight position in the Consumer Discretionary sector had a meaningful benefit.

Positions in Dollarama, Sleep Country Canada and Gildan Activewear were positive contributors.

On the fixed income side of the ledger, bonds provided strong returns to the Fund. Yields were on the decline during most of the second quarter before increasing considerably at quarter end. The Fund entered the quarter cautiously positioned with a modest short duration compared to its benchmark (the Fund was positioned for interest rates to rise) and then became even shorter as interest rates declined. This strategy was modestly helpful to performance when rates rebounded toward the end of the quarter.

The Fund's trading activity is a function of our investment process. Our disciplined fundamental research process and approach to portfolio construction serve as a base to 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.

Phillips, Hager & North Investment Management (PH&N IM) is a division of RBC Global Asset Management Inc. (RBC GAM). RBC GAM is the fund manager and the principal portfolio adviser of PH&N Funds. The principal distributor of PH&N Funds is Phillips, Hager & North Investment Funds Ltd. (PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of

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MER (%) for RBC Funds and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2016, 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 July 31, 2017.

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