



RBC Phillips, Hager & North Monthly Income Fund

Fund Category

Canadian Neutral Balanced

Morningstar Rating™

★★★

No. of Funds in Category

396

Investment Objective

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. The fund invests its assets primarily in units of the Phillips, Hager & North Monthly Income Fund (called, the underlying Fund). The analyses and quarterly commentary reflect the underlying Fund.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF501
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Inception Date	April 2010		
Total Fund Assets \$Mil	2,129.6		
Series A NAV \$	10.60		
Series A MER %	1.93		
Benchmark	45% FTSE TMX CUB 20% S&P/TSX Capped Composite Total Return 20% S&P 500 Total Return (C\$) 15% MSCI EAFE Total Return Net (C\$)		
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Income Distribution	Monthly		
Capital Gains Distribution	Monthly		
Monthly Distribution (¢/unit)	4.3		
Current Payout Rate (%)*	4.9		

*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

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

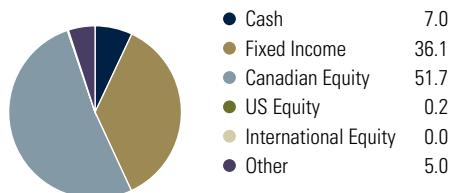
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Notes

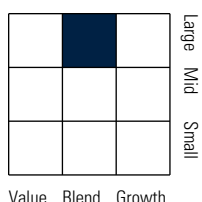
This fund is available to RBC Bank clients only.

Portfolio Analysis as of March 31, 2014

Asset Mix



Equity Style



Top 5 Sectors

	% Equity
Financials	42.5
Energy	27.9
Utilities	6.8
Telecommunication Services	6.6
Consumer Staples	5.0

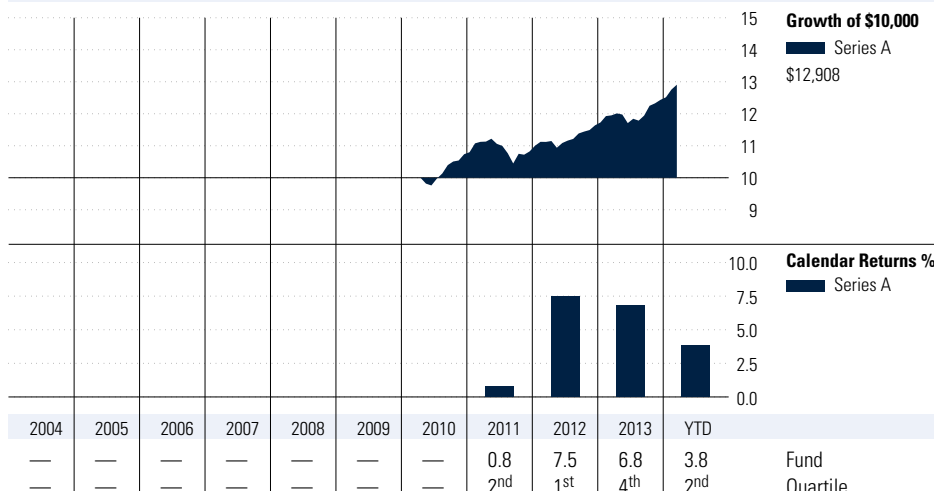
Income-Generating Asset-Class

	% Assets
Common Shares	51.9
Government Bonds	14.1
High Yield Bonds	11.0
Investment-Grade Corporate Bonds	11.0
Other	7.0
Preferred Shares	5.0

Top 25 Holdings

	% Assets
Royal Bank Of Canada	3.7
Bank of Nova Scotia	3.1
Toronto-Dominion Bank	3.1
Cenovus Energy, Inc.	2.5
Enbridge, Inc.	2.2
TransCanada Corp	2.0
ARC Resources Ltd.	1.9
Rogers Communications, Inc. Class B	1.8
TELUS Corp	1.6
Power Corporation Of Canada	1.6
Ind Alliance Insur and Finan Svc	1.5
Brookfield Asset Management Inc Class A	1.5
National Bank of Canada	1.3
Ontario Prov Cda 7.6% 02-06-2027	1.3
CIBC	1.3
Empire Company Limited Class A	1.2
Ontario Prov Cda 5.6% 02-06-2035	1.1
Province Of Ontario 3.5% 02-06-2024	1.0
Talisman Energy Inc	1.0
Suncor Energy Inc	1.0
Pure Industrial Real Estate Trust	0.9
H&R Real Estate Investment Trust	0.9
Brookfield Infrastructure Partners LP	0.9
Fortis, Inc.	0.9
Shaw Communications, Inc. Class B	0.8
Total % of Top 25 Holdings	40.1
Total Number of Stock Holdings	54
Total Number of Bond Holdings	408
Total Number of Other Holdings	82
Total Number of Holdings	544

Performance Analysis as of March 31, 2014



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
1.2	3.8	8.1	8.0	5.1	—	—	6.8	Fund
1 st	2 nd	3 rd	4 th	3 rd	—	—	—	Quartile
673	660	631	584	396	267	105	—	No. of Funds in Category



RBC Phillips, Hager & North Monthly Income Fund

Management Overview

Manager Bios

Scott Lamont

Phillips, Hager & North Investment Management

Scott is Head of Fixed Income at RBC Global Asset Management Inc. He is accountable for the investment strategy, trading execution and performance of fixed income funds and portfolios with a Universe or short-term mandate. He has more than 20 years' experience managing fixed income assets. Scott joined Phillips, Hager & North Investment Management in 1989 and was the Head of Fixed Income and the Lead Director of the firm. Scott became a CFA charterholder in 1992.

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 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.

Performance Analysis Cont'd as of March 31, 2014

Distributions (\$)/Unit	YTD*	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Distributions	0.13	0.51	0.51	0.53	0.38	—	—	—	—	—	—
Interest	0.13	—	—	0.01	0.01	—	—	—	—	—	—
Dividends	—	0.13	0.15	0.18	0.14	—	—	—	—	—	—
Capital Gains	—	0.29	0.12	0.08	0.21	—	—	—	—	—	—
Return Of Capital	—	0.10	0.25	0.27	0.02	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	5-2011	14.3	5-2013	6.9	—	—	—	—
Worst	5-2012	-2.5	9-2013	4.7	—	—	—	—
Average		5.6		5.5		—		—
No. of Periods		36		12		—		—
Pct. Positive		94.4		100.0		—		—

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

Quarterly Commentary as at March 31, 2014

The RBC Phillips, Hager and North Monthly Income Fund (Series A) posted 3.8% in Q1 versus 4.1% for its benchmark.

The fixed income portion of the Fund bounced back formidably this quarter from last year's tough year, earning back all of 2013's loss and then some. With fear of possibly raining on the parade, we tentatively point out that strong returns that are the result of falling interest rates, while terrific in the short term, are not particularly helpful for long-term returns. This is because the resulting lower yield environment means that interest accrues at a slower rate going forward.

The Fund is positioned with a modestly shorter duration than its benchmark in anticipation that interest rates will rise over time. With corporate credit spreads for the most part recovered from the 2008 crisis, we are being defensive with our

corporate position.

The equity portion of the Fund performed positively this quarter as equity markets continued their strength from 2013. One of the major drivers of performance this quarter was the Energy sector, as the Fund's holdings of high-quality natural gas stocks continued to help performance, with Peyto Exploration & Development, Tourmaline Oil and Encana all performing well this quarter.

We also continue to focus on stocks that help the portfolio achieve its goal of generating above-average yield with below-average volatility. Although the Fund is exposed to higher-yielding sectors, we are well positioned for a rising rate environment. Our focus remains on building a portfolio around companies that are growing their free cash flow as well as their dividends, and that stand to benefit from an improving economy.



RBC Phillips, Hager & North Monthly Income Fund

Disclosure

RBC 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 of the mutual fund 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 funds are not guaranteed or covered by the Canadian 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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completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at www.sedar.com.

MER (%) for RBC Funds and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2013, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period April 1, 2013 to March 31, 2014, expressed on an annualized basis.

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 units of the Fund as of March 31, 2014. Morningstar ratings are overall ratings reflecting risk adjusted performance as of March 31, 2014. The ratings are subject to change every month. The ratings are calculated for funds with a minimum of 3 years of performance, calculated from the funds' 1 and 3 year average annual returns measured against a 91-day Treasury Bill return with appropriate fee adjustments. The top 10% of the funds in a category receive 5 stars (high); if the funds fall in the next 22.5%, they receive 4 stars (above average); a place in the middle 35% earns a fund 3 stars (neutral or average); those in the next 22.5% receive 2 stars (below average); and the lowest 10% get 1 star (low). Ratings are just one factor to consider when investing. For more information, please see www.morningstar.ca.

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