

# PH&N Canadian Equity Fund

## Investment Objective

The fundamental investment objectives of the Fund are to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of Canadian common stocks.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7130
Adv	Front End	CAD	RBF6130
Adv	Low Load	CAD	RBF4130

Inception Date	November 2008
Total Fund Assets \$Mil	1,077.5
Series A NAV \$	101.77
Series A MER %	1.84
Benchmark	S&P/TSX Capped Composite Total Return Index

Income Distribution	Annually
Capital Gains Distribution	Annually

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

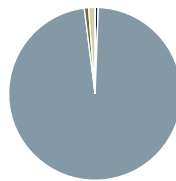
Fund Category	Canadian Equity
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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## Portfolio Analysis as of September 30, 2018

### Asset Mix

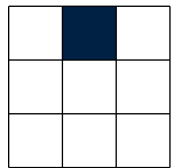


	% Assets
Cash	0.6
Fixed Income	0.0
Canadian Equity	97.4
US Equity	0.8
International Equity	1.2
Other	0.0

### Top 25 Holdings

	% Assets
Royal Bank of Canada	7.5
The Toronto-Dominion Bank	6.8
Bank of Nova Scotia	5.1
Enbridge Inc	4.2
Canadian National Railway Co	4.1
Brookfield Asset Mgmt Inc CI A	3.8
Bank of Montreal	3.4
Canadian Natural Resources Ltd	3.0
Suncor Energy Inc	2.7
Manulife Financial Corp	2.7
Alimentation Couche-Tard Inc B	2.2
CGI Group Inc A	2.0
Nutrien Ltd	1.8
Sun Life Financial Inc	1.8
CIBC	1.7
Shaw Communications Inc Class B	1.6
Open Text Corp	1.6
TransCanada Corp	1.6
Fortis Inc	1.5
Fairfax Financial Holdings Ltd	1.3
Dollarama Inc	1.3
Waste Connections Inc	1.2
Intact Financial Corp	1.2
Quebecor Inc Class B	1.1
SNC-Lavalin Group Inc	1.1
Total % of Top 25 Holdings	66.3
Total Number of Stock Holdings	97
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>98</b>

### Equity Style



Value Blend Growth

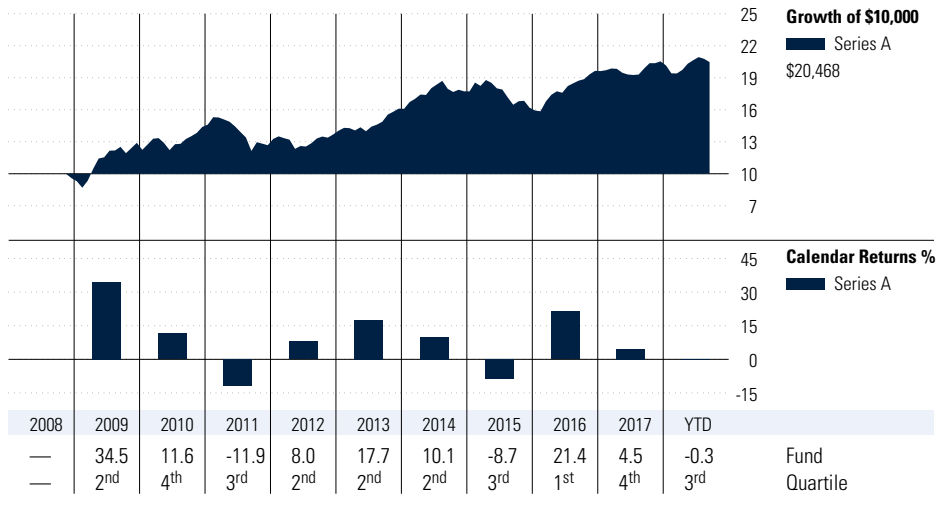
### Equity Statistics

P/B Ratio	1.7
P/E Ratio	15.6
Avg. Mkt Cap. \$B	26.1

### Global Equity Sectors

	% Equity
Financials	38.2
Energy	19.9
Industrials	11.8
Materials	8.5
Information Technology	5.1
Consumer Discretionary	4.4
Communication Services	3.7
Consumer Staples	3.5
Real Estate	2.5
Utilities	2.2
Health Care	0.0
Unclassified	0.0

## Performance Analysis as of September 30, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-1.5	-0.9	5.5	3.0	7.5	6.6	—	7.6	Fund
		4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	—	—	Quartile
	648	619	612	594	436	342	161	—	No. of Funds in Category

# PH&N Canadian Equity 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.

### Performance Analysis Cont'd as of September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	4.15	0.67	1.76	6.35	0.45	0.51	2.87	0.70	0.62	0.59
Interest	—	0.01	—	—	—	—	—	—	0.70	—	—
Dividends	—	0.64	0.67	0.75	0.60	0.45	0.51	0.07	—	0.62	0.59
Capital Gains	—	3.50	—	1.01	5.75	—	—	2.80	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	46.8	2-2012	15.8	2-2014	14.0	—	—
Worst	5-2012	-17.1	8-2017	1.0	2-2016	0.7	—	—
Average		8.1		6.4		7.5		—
No. of Periods		107		83		59		—
Pct. Positive		73.8		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2018

Economic headlines over the quarter were dominated by uncertainty surrounding Canada's participation in an updated NAFTA deal. We also saw increased U.S. protectionism and the potential for further tariffs. In addition, rising bond yields and their impact on household debt continued to loom over the economy.

The S&P/TSX Capped Composite Index was down 0.6% during the quarter, finishing behind U.S. and global equity markets. The PH&N Canadian Equity Fund finished the period roughly in line with its benchmark. Within the fund, the Financials sector benefitted from the prospect of rising interest rates, along with better-than-expected earnings reports.

Among individual securities, the largest contributor to relative performance was Stars Group. Unlike the benchmark, we do not hold a position in this gaming and online gambling company. Its stock depreciated significantly during the quarter due to a combination of weak quarterly results and increased debt, which the company

took on to fund acquisition growth. Brookfield Asset Management, one of our core portfolio holdings, was the second-largest contributor. The company continued to experience solid growth across its entire investment platform.

The Health Care sector was the largest detractor this quarter, as Canopy Growth Corp. and Aurora Cannabis Inc. appreciated significantly. In our view, most of the sector's gains thus far have come from valuation expansion due to growing expectations for the marijuana industry post-legalization, both in Canada and beyond. We expect the market's focus will shift to fundamentals, where the outlook is far from certain.

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

# PH&N Canadian Equity 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 September 30, 2018.

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