

# PH&N Dividend Income Fund

## Investment Objective

To provide long-term capital growth and income by investing primarily in a well-diversified portfolio of dividend income-producing Canadian securities that have a relatively high yield.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7150
Adv	Front End	CAD	RBF6150
Adv	Low Load	CAD	RBF4150

Inception Date	November 2008
Total Fund Assets \$Mil	2,581.9
Series A NAV \$	106.33
Series A MER %	1.87
Benchmark	S&P/TSX Capped Composite Total Return Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

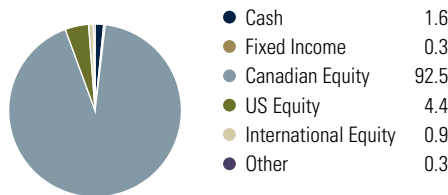
Fund Category	Canadian Dividend and Income Equity
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Management Company	RBC Global Asset Management Inc.
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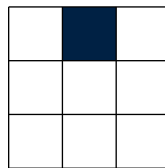
Web Site	www.rbcgam.com
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## Portfolio Analysis as of September 30, 2017

### Asset Mix



### Equity Style



Value Blend Growth

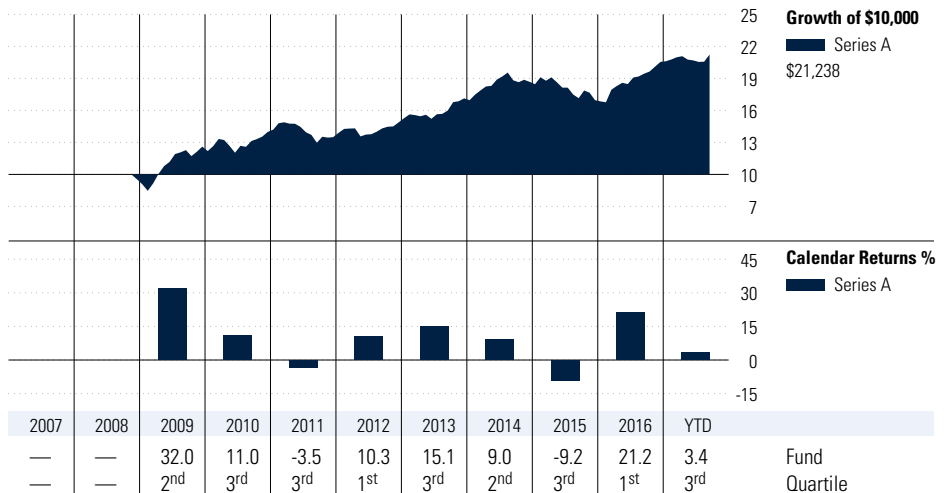
### Global Equity Sectors

Sector	% Equity
Financials	44.2
Energy	20.2
Industrials	8.7
Telecommunication Services	5.1
Materials	4.7
Utilities	4.4
Consumer Discretionary	4.3
Consumer Staples	3.9
Real Estate	3.4
Information Technology	0.7
Health Care	0.3
Unclassified	0.0

### Top 25 Holdings

Company	% Assets
Royal Bank of Canada	8.7
The Toronto-Dominion Bank	7.5
Bank of Nova Scotia	6.0
Canadian National Railway Co	4.7
Enbridge Inc	4.3
Bank of Montreal	3.8
Brookfield Asset Management Inc Class A	3.6
Suncor Energy Inc	3.5
Manulife Financial Corp	3.2
TransCanada Corp	2.9
CIBC	2.7
BCE Inc	2.4
Sun Life Financial Inc	2.1
Canadian Natural Resources Ltd	1.9
Loblaw Companies Ltd	1.7
Magna International Inc Class A	1.6
Intact Financial Corp	1.5
Canadian Pacific Railway Ltd	1.4
Rogers Communications Inc Class B	1.4
Waste Connections Inc	1.4
TELUS Corp	1.2
Power Corporation of Canada	1.2
Cenovus Energy Inc	1.1
Pembina Pipeline Corp	1.1
Thomson Reuters Corp	1.0
Total % of Top 25 Holdings	71.8
Total Number of Stock Holdings	77
Total Number of Bond Holdings	0
Total Number of Other Holdings	3
<b>Total Number of Holdings</b>	<b>80</b>

## Performance Analysis as of September 30, 2017



Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	3.3	2.7	1.2	9.2	4.1	8.2	—	8.9	Fund
Quartile	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	—	—	Quartile
No. of Funds in Category	586	586	566	557	426	321	156	—	No. of Funds in Category

# PH&N Dividend Income Fund

## Management Overview

### Manager Bios

#### Warner Sulz

#### RBC Global Asset Management Inc.

Warner Sulz is Vice President and Senior Portfolio Manager, Canadian Equities. He has been in the investment industry since 1986.

### Performance Analysis Cont'd as of September 30, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	1.05	1.44	1.45	1.48	1.06	1.94	1.77	0.70	1.05	0.56	—
Interest	1.05	—	—	—	—	—	—	0.70	—	—	—
Dividends	—	1.44	1.45	1.17	1.06	0.73	0.33	—	1.05	0.56	—
Capital Gains	—	—	—	0.31	—	1.21	1.44	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	49.5	2-2012	19.0	2-2014	15.6	—	—
Worst	2-2016	-12.3	8-2017	1.7	2-2016	2.5	—	—
Average		9.5		7.7		8.4		—
No. of Periods		95		71		47		—
Pct. Positive		76.8		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2017

The Fund's third quarter performance was driven by holdings such as Cenovus Energy Inc., Chemtrade Logistics Income Fund and Magna International Inc.

Cenovus continues to execute its asset divestiture plan to right-size its balance sheet. The company's Pelican Lake and Suffield assets were sold with proceeds totalling approximately \$1.5 billion, higher than expected. We continue to view Cenovus as attractively valued, given that it trades at a discount to its peers. Ongoing execution of its divestiture plan should improve sentiment for the stock and narrow this discount. Furthermore, Cenovus benefited from the rebound in oil prices during the quarter.

Chemtrade posted a great quarter with results well ahead of expectations. The recently acquired Canexus Corporation assets produced strong results and should continue to buoy the company, which will benefit from realized synergies and improving chemical fundamentals. We continue to like the stock, given its inexpensive valuation and attractive (and safe) dividend. As chemical prices

continue to edge higher from healthy demand in the industry, the stock has room to run.

Despite cycle concerns that continue to pressure the auto industry, Magna consistently exhibits solid results. While a slowdown is happening, recent results indicate a moderate pace. Management has addressed many concerns recently, including vehicle electrification, and self-driving cars and ride-sharing, which it either see as an opportunity or less of a threat than people expect. Magna continues to trade at an attractive valuation, despite its strong positioning in both traditional and emerging auto segments.

During the quarter, we added Tricon Capital Group. As well, we raised our weight in Cardinal Energy Ltd., Pure Industrial Real Estate Trust and WPT Industrial Real Estate Investment Trust, and reduced our weightings in Brookfield Property Partners L.P., CI Financial Corp. and Restaurant Brands International. We also eliminated Northland Power Inc. from the Fund.

## PH&N Dividend 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 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 September 30, 2017.

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