

PH&N High Yield Bond Fund

Investment Objective

To provide a high level of income and the opportunity for capital appreciation by investing primarily in a well-diversified portfolio of fixed income securities issued by Canadian and/or foreign corporations and governments.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7280
Adv	Front End	CAD	RBF6280
Adv	Low Load	CAD	RBF4280

Inception Date	November 2008
Total Fund Assets \$Mil	3,945.8
Series A NAV \$	11.82
Series A MER %	1.43
Benchmark	FTSE TMX Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

Sales Status	Partially Reopen to existing unit holder
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	High Yield Fixed Income
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

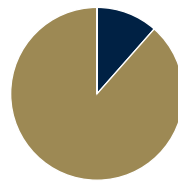
Notes

Effective April 7, 2016, units of this fund will not be available for purchases by new investors. Existing investors who hold units of the fund can continue to make additional investments into the fund.

Fund's investment objective changed November 28, 2011.

Portfolio Analysis as of March 31, 2018

Asset Mix



	% Assets
Cash	11.5
Fixed Income	88.5
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	1.3
Corporate Bonds	88.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	10.7
Asset Backed Securities	0.0

Bond Rating

	%	Term to Maturity	%
Cash / Cash Equiv.	10.7	Under 1 year	13.1
AAA	1.3	1 - 5 Yrs	47.8
AA	0.0	5 - 10 Yrs	37.4
A	0.0	Over 10 Yrs	1.7
BBB	5.7		
Below BBB	81.8	Avg. Term to maturity (Yrs)	4.7
Mortgages	0.0	Duration (Yrs)	3.1
NR/NA	0.5	Yield to Maturity	4.8

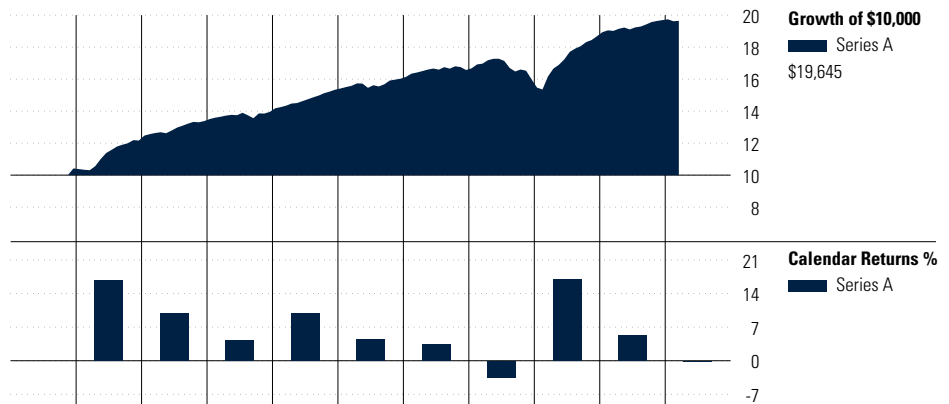
Geographic Allocations

	% Assets
Canada	50.6
United States	49.4
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

	% Assets
Enbridge FRN 27-09-2077	6.1
Quebecor Media 144A 6.625% 15-01-2023	5.9
Numericable Grp Sa 7.375% 01-05-2026	5.0
Baytex Engy 6.625% 19-07-2022	4.1
Trilogy Engy 144A 7.25% 13-12-2019	3.9
Teine Energy Ltd. Usd 6.875% 30-09-2022	3.8
Trilogy Intl Partners 8.875% 01-05-2022	3.2
Baytex Energy Corp. Usd 6.75% 17-02-2021	2.6
Newalta Corp New 7.75% 14-11-2019	2.5
Seven Generations Engy 6.75% 01-05-2023	2.3
Icahn Enterprises Lp 6.25% 01-02-2022	2.2
Baytex Engy 144A 5.625% 01-06-2024	1.9
Telesat Cda / 144A 8.875% 15-11-2024	1.9
Atlantic Pwr Ltd Part 5.95% 23-06-2036	1.6
Parkland Fuel 144A 5.625% 09-05-2025	1.6
Crombie REIT 3.962% 01-06-2021	1.6
Numericable Grp Sa 144A 6.25% 15-05-2024	1.5
Parkland Fuel 6% 21-11-2022	1.4
Baytex Engy 144A 5.125% 01-06-2021	1.4
T Mobile Usa 6.5% 15-01-2026	1.4
Crew Engy 6.5% 14-03-2024	1.3
Great Canadian Gaming 6.625% 25-07-2022	1.3
Paramount Resources 6.875% 30-06-2023	1.3
Autocanada 5.625% 25-05-2021	1.3
Morguard 4.333% 15-09-2022	1.3
Total % of Top 25 Holdings	62.4
Total Number of Stock Holdings	0
Total Number of Bond Holdings	67
Total Number of Other Holdings	1
Total Number of Holdings	68

Performance Analysis as of March 31, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	—	16.7	10.0	4.3	10.0	4.5	3.4	-3.5	16.9	5.4	-0.2	Fund
		4 th	3 rd	2 nd	3 rd	3 rd	2 nd	3 rd	1 st	2 nd	2 nd	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.1	-0.2	1.2	3.3	5.0	4.7	—	7.5	Fund
	1 st	2 nd	2 nd	1 st	1 st	1 st	—	—	Quartile
	486	480	466	424	307	197	45	—	No. of Funds in Category

PH&N High Yield Bond Fund

Management Overview

Manager Bios

Hanif Mamdani

Phillips, Hager & North Investment Management

Hanif is Head of Alternative Investments and a member of the Asset Mix Committee at RBC Global Asset Management Inc. Hanif has expertise in corporate finance, options valuation, credit analysis and risk management. He is accountable for the portfolio strategy for all corporate bonds and for the investment strategy and performance of the PH&N High Yield Bond Fund and a multi-strategy hedge fund.

Performance Analysis Cont'd as of March 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.15	0.81	0.62	0.60	0.62	0.58	0.73	0.62	0.91	0.48	0.10
Interest	0.15	0.51	0.53	0.60	0.62	0.58	0.58	0.62	0.51	0.44	0.04
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.30	0.09	—	—	—	0.14	—	0.41	0.05	0.07
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2017	24.1	3-2012	11.6	11-2013	9.8	—	—
Worst	2-2016	-9.3	2-2016	-0.3	2-2016	2.5	—	—
Average		7.2		6.0		6.0		—
No. of Periods		101		77		53		—
Pct. Positive		89.1		98.7		100.0		—

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

Quarterly Commentary as at March 31, 2018

The high-yield market had a particularly challenging first quarter as rising interest rates, increasing corporate defaults, persistent outflows from the corporate-bond asset class, a sharp spike in equity-market volatility and ongoing geopolitical risk created a stormy backdrop for credit markets. Simultaneously, high-yield bond valuations were near the most expensive levels seen post-crisis, leaving investors little margin of protection. Nevertheless, the high-yield market's retracement thus far has been fairly orderly with only modest declines in most market sectors. Thanks to its unique portfolio structure, PH&N High Yield Bond Fund held fairly steady through this challenging first quarter.

With the February-March sell-off, the overall high-yield market currently stands at approximately 6.375% yield with an average spread of about +380 basis points. This is still expensive by historical standards and leaves the market somewhat vulnerable if this is, in fact, the late stage of the current credit cycle.

In response to this more dangerous phase of the cycle, the Fund has started to reduce risk more proactively by trimming longer-dated and/or

higher-beta positions. This risk reduction has added to the Fund's already-large foundation of cash and near-cash substitutes, which may pressure near-term performance if markets temporarily rebound later this year, but will ultimately provide stability and liquidity as we potentially enter a bear credit market in the next 12 to 24 months. The Fund continues to hold core positions in lower-beta names at decent running yields and a few select opportunistic positions that could provide capital appreciation. We believe this combined portfolio can achieve reasonable returns, even in a more challenging credit environment.

Despite caution regarding the overall high-yield asset class at this stage of the cycle, high-yield bonds (correctly and tactically managed with a focus on lower-risk/shorter-duration instruments) can still play an important role for fixed-income investors in a rising interest-rate environment. Furthermore, we believe the Fund's unique structure and opportunistic approach to managing credit risk will provide reasonable risk-adjusted returns over the tricky phase of the cycle that may be approaching.

PH&N High Yield Bond 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

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the full year period, January 1 to December 31, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

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 March 31, 2018.

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