

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	4,101.2
Series A NAV \$	12.22
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

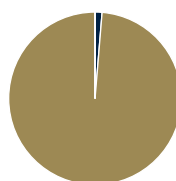
Notes

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 September 30, 2017

Asset Mix



	% Assets
Cash	1.3
Fixed Income	98.7
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Top 25 Holdings

	% Assets
Canada Govt 0.75% 01-08-2019	27.6
Quebecor Media 144A 6.625% 15-01-2023	5.8
Baytex Eng 6.625% 19-07-2022	3.9
Trilogy Eng 144A 7.25% 13-12-2019	3.8
Teine Energy Ltd. Usd 6.875% 30-09-2022	2.6
Canadian Eng Svcs&Tech 7.375% 17-04-2020	2.5
Western Eng Svcs 7.875% 30-01-2019	2.5
Baytex Energy Corp. Usd 6.75% 17-02-2021	2.4
Newalta Corp New 7.75% 14-11-2019	2.3
Gibson Eng 6.75% 15-07-2021	2.1
Enbridge FRN 27-09-2077	2.0
Baytex Eng 144A 5.625% 01-06-2024	2.0
Superior Plus 6.5% 09-12-2021	2.0
Parkland Fuel 5.625% 09-05-2025	1.7
Morguard 4.333% 15-09-2022	1.6
Precision Drilling Co 6.625% 15-11-2020	1.6
Atlantic Pwr Partnership 5.95% 23-06-2036	1.6
Crombie REIT 3.962% 01-06-2021	1.5
Baytex Eng 144A 5.125% 01-06-2021	1.4
Parkland Fuel 6% 21-11-2022	1.4
Great Canadian Gaming 6.625% 25-07-2022	1.3
Autocanada 5.625% 25-05-2021	1.3
Cap Pwr 4.284% 18-09-2024	1.2
Sherritt Intl 7.875% 11-10-2025	1.2
Crew Eng 6.5% 14-03-2024	1.1
Total % of Top 25 Holdings	78.3
Total Number of Stock Holdings	0
Total Number of Bond Holdings	61
Total Number of Other Holdings	1
Total Number of Holdings	62

Fixed Income Breakdown

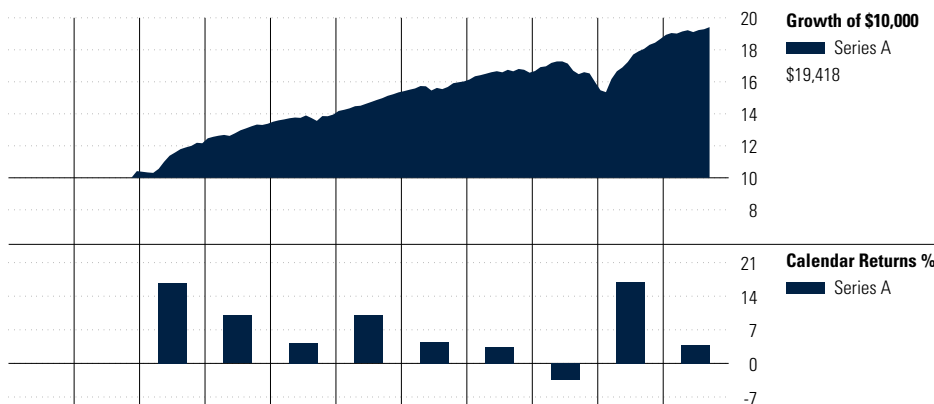
	% Fixed Income
Government Bonds	27.2
Corporate Bonds	71.2
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.6
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.6	Under 1 year	2.6
AAA	27.2	1 - 5 Yrs	68.5
AA	0.0	5 - 10 Yrs	27.3
A	0.0	Over 10 Yrs	1.6
BBB	6.1		
Below BBB	64.6	Avg. Term to maturity (Yrs)	4.0
Mortgages	—	Duration (Yrs)	2.7
NR/NA	0.5	Yield to Maturity	4.1

Geographic Allocations

	% Assets
Canada	70.9
United States	29.1
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Performance Analysis as of September 30, 2017



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	
Return %	—	—	16.7	10.0	4.3	10.0	4.5	3.4	-3.5	16.9	3.9	Fund
Quartile	—	—	4 th	3 rd	2 nd	3 rd	3 rd	3 rd	3 rd	1 st	3 rd	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	0.7	1.6	2.1	7.5	5.2	5.3	—	7.8	Fund
Quartile	1 st	1 st	2 nd	1 st	2 nd	2 nd	—	—	Quartile
No. of Funds in Category	571	569	506	490	351	216	48	—	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 September 30, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.42	0.62	0.60	0.62	0.58	0.73	0.62	0.91	0.48	0.10	—
Interest	0.42	0.53	0.60	0.62	0.58	0.58	0.62	0.51	0.44	0.04	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	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		7.4		6.1		6.1		—
No. of Periods		95		71		47		—
Pct. Positive		88.4		98.6		100.0		—

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

Quarterly Commentary as at September 30, 2017

The high yield market had another strong quarter despite already high valuations, rising interest rates and plenty of geopolitical risk.

The overall market currently yields about 5.5%, with an average spread of about +375 basis points. This appears expensive by historical standards, yet an increasingly positive global economic backdrop, low levels of default and investors' relentless search for yield have kept the market buoyant.

In response to this market environment, PH&N High Yield Bond Fund has maintained its large foundation of cash, near-cash substitutes and short-duration investment-grade corporate bonds to provide stability and liquidity. Layered above is a core of Canadian high-yield names with low sensitivity to broader market movements that are in stable, non-cyclical/non-resource industries, but still provide good running yields. Finally, there

remain a few higher-yielding opportunistic positions (both energy and non-energy) that could provide some modest capital appreciation.

A potentially rising interest rate environment can pose challenges to maintaining current allocations to fixed income, but the need for stability in the portfolio to balance the volatility of equities remains. In our minds, high-yield bonds (managed tactically to provide a low-risk and low-duration profile) may offer an effective route to remaining invested in fixed income with decreased exposure to a higher government bond yield curve.

Furthermore, we believe that our unique portfolio structure will provide the right balance of low interest rate sensitivity, high liquidity, modest credit risk and reasonable running yields/upside potential while we wait for better entry points in the credit cycle to add traditional high-yield bonds.

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.

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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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