

PH&N Total Return Bond Fund

Investment Objective

To provide stability of capital and maximum total return by investing primarily in a well-diversified portfolio of Canadian fixed income securities and derivatives based on the value of fixed income instruments.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7340
Adv	Front End	CAD	RBF6340
Adv	Low Load	CAD	RBF4340

Inception Date	November 2008
Total Fund Assets \$Mil	8,223.2
Series A NAV \$	11.44
Series A MER %	1.10
Series A Adjusted MER %	1.05
Benchmark	FTSE TMX Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

Fund Category	Canadian Fixed Income
---------------	-----------------------

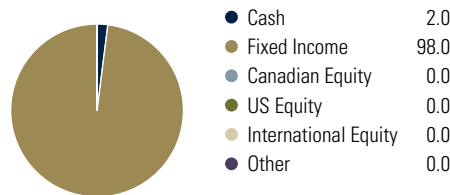
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Notes

Top Holdings:
The holdings are shown on a look through basis whereby if the fund holds units of an RBC GAM fund, the individual holdings of that fund are shown based on their proportional ownership in the fund as a whole.

Portfolio Analysis as of June 30, 2017

Asset Mix



Fixed Income Breakdown

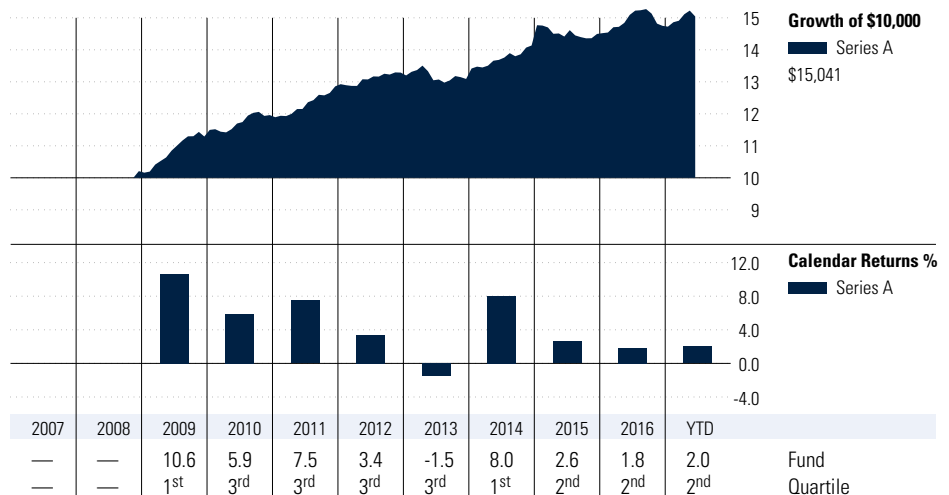
Fixed Income Category	% Fixed Income
Government Bonds	69.4
Corporate Bonds	27.8
Other Bonds	0.0
Mortgage Backed Securities	0.1
ST Investments (Cash & Other)	2.7
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	2.7	Under 1 year	5.3
AAA	38.1	1 - 5 Yrs	41.5
AA	32.7	5 - 10 Yrs	24.6
A	12.5	Over 10 Yrs	28.6
BBB	13.9		
Below BBB	0.0	Avg. Term to maturity (Yrs)	10.0
Mortgages	0.1	Duration (Yrs)	7.3
NR/NA	0.0	Yield to Maturity	2.3

Geographic Allocations

Geographic Allocation	% Assets
Canada	100.0
United States	0.0
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Performance Analysis as of June 30, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
-1.2	0.9	2.0	-0.3	3.2	2.8	—	4.9	Fund
3 rd	2 nd	2 nd	3 rd	2 nd	2 nd	—	—	Quartile
647	641	634	602	476	373	136	—	No. of Funds in Category

PH&N Total Return Bond Fund

Management Overview

Manager Bios

PH&N Fixed Income Team

With one of the largest bond desks in Canada consisting of over 30 investment professionals, Phillips, Hager & North Investment Management (PH&N IM) has been managing bonds since 1970 and currently manages fixed income portfolios according to strict quality and diversification guidelines. PH&N IM's strengths as a bond manager are directly related to its depth of resources – both people and technology – dedicated to the management of fixed income portfolios.

Performance Analysis Cont'd as of June 30, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.13	0.38	0.47	0.32	0.40	0.32	0.39	0.52	0.56	—	—
Interest	0.13	0.24	0.25	0.27	0.31	0.32	0.35	0.35	0.46	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.14	0.22	0.05	0.09	—	0.04	0.17	0.10	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2009	14.3	1-2012	8.4	2-2014	5.7	—	—
Worst	1-2016	-1.7	11-2015	2.6	1-2017	2.6	—	—
Average		4.7		4.4		4.2		—
No. of Periods		92		68		44		—
Pct. Positive		88.0		100.0		100.0		—

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

Quarterly Commentary as at June 30, 2017

The Fund enjoyed another strong quarter, with the final result masking the intra-period volatility as yields were on the decline during most of the quarter before increasing considerably at quarter end. The Fund entered the second quarter cautiously positioned with a modest short duration compared to its benchmark (the Fund was positioned for interest rates to rise) and then became even shorter as interest rates declined. This strategy was modestly helpful to performance when rates rebounded toward the end of the quarter.

On the credit side, our view remained cautious. As credit spreads continued to tighten throughout the quarter, we reduced the Fund's modest overweight position in corporate bonds to a neutral position. In the high-yield sector, which we use in the Fund when we believe the reward compensates for the risk, we eliminated the Fund's position entirely. Provincial bonds were also reduced to a modest

overweight versus the benchmark by the end of the quarter. The small size of these positions, and relative calm in credit markets this quarter, meant that these strategies were neutral to relative performance. We would like to see better valuations (i.e., higher yield spreads) in these sectors in order to take more meaningful positions. In the meantime, we are content with being patient.

We also engaged in out-of-benchmark strategies in the Fund, including small positions in inflation-linked bonds, U.S. Treasuries, and maple bonds (U.S. companies that issue bonds in Canada in Canadian dollars). These strategies help diversify the portfolio in sectors where we see opportunities to outperform traditional Canadian bonds, and were moderately helpful to performance.

PH&N Total Return 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 Investment Services. RBC GAM is an indirect, wholly-owned subsidiary of Royal Bank of

Canada.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, 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, 2016, 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, 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 May 31, 2017.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2017