

PH&N Balanced Fund

Investment Objective

To provide long-term capital growth and income by investing primarily in a well-diversified, balanced portfolio of Canadian common stocks, bonds and money market securities. This fund also holds a portion of its assets in foreign common stock.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7350
Adv	Front End	CAD	RBF6350
Adv	Low Load	CAD	RBF4350

Inception Date	November 2008
Total Fund Assets \$Mil	976.0
Series A NAV \$	20.39
Series A MER %	2.00
Benchmark	38% FTSE TMX Canada Universe Bond Index 30% S&P/TSX Capped Composite Total Return Index 26% MSCI World Total Return Net Index (CAD) 4% MSCI Emerging Markets Total Return Net Index (CAD) 2% FTSE TMX Canada 30 Day TBill Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

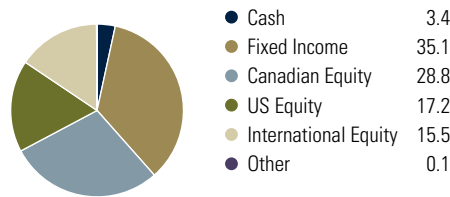
Fund Category	Canadian Neutral Balanced
---------------	---------------------------

Management Company	RBC Global Asset Management Inc.
--------------------	----------------------------------

Web Site	www.rbcgam.com
----------	----------------

Portfolio Analysis as of December 31, 2017

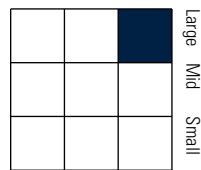
Asset Mix



Top 25 Holdings

Top 25 Holdings	% Assets
PH&N Bond Fund	35.7
PH&N Canadian Equity Underlying Fund	30.7
RBC Global Equity Focus Fund	20.7
RBC QUBE Global Equity Fund	6.8
RBC Emerging Markets Equity Fund	4.0
PH&N Canadian Money Market Fund	1.5
Total % of Top 25 Holdings	99.4
Total Number of Portfolio Holdings	7
Total Number of Stock Holdings	289
Total Number of Bond Holdings	379
Total Number of Other Holdings	121
Total Number of Underlying Holdings	789

Equity Style



Value Blend Growth

Statistics

P/B Ratio	2.5
P/E Ratio	18.7
Avg. Mkt Cap. \$B	41.8

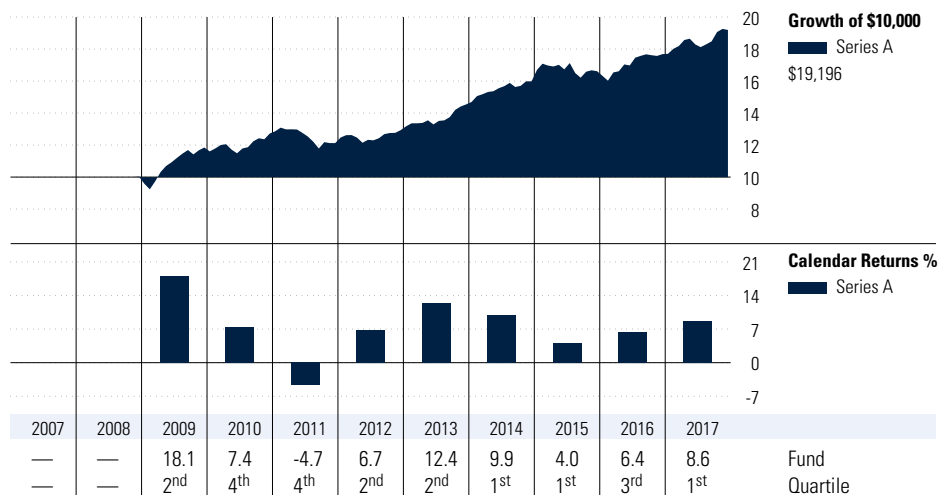
Top 5 Sectors

Top 5 Sectors	% Equity
Financials	29.0
Energy	13.2
Information Technology	12.1
Consumer Discretionary	11.9
Industrials	10.1

Fixed Income Breakdown

Fixed Income Breakdown	%	Characteristics	%
Govt. Bonds	70.6	Avg. Term to maturity (Yrs)	10.1
Corp. Bonds	25.9	Modified Duration (Yrs)	7.4
Other Bonds	0.5	Yield to Maturity	2.5
MBS	0.6		
Cash & Other	2.4		
ABS	0.0		

Performance Analysis as of December 31, 2017



Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	-0.3	3.9	4.9	8.6	6.3	8.2	—	7.4	Fund
Quartile	3 rd	1 st	1 st	1 st	1 st	1 st	—	—	Quartile
No. of Funds in Category	628	624	622	611	467	365	152	—	No. of Funds in Category

PH&N Balanced Fund

Management Overview

Manager Bios

Sarah Riopelle

RBC Global Asset Management Inc.

Sarah Riopelle is Vice President and Senior Portfolio Manager, Investment Solutions. Sarah began her investment career in 1996. She is a member of the RBC Investment Strategy Committee and is responsible for the firm's Portfolio Solutions. Sarah has a Bachelor of Commerce in Finance and International Management from the University of Ottawa and is a CFA charterholder.

Performance Analysis Cont'd as of December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.58	0.51	0.90	2.06	0.17	0.28	0.46	0.29	0.28	0.02	—
Interest	0.24	0.15	0.14	0.07	0.13	0.14	0.13	0.23	0.19	0.02	—
Dividends	—	0.12	0.12	0.06	0.05	0.08	0.08	—	0.10	0.01	—
Capital Gains	0.34	0.25	0.64	1.93	—	0.05	0.24	0.06	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	27.6	5-2015	11.9	2-2014	10.3	—	—
Worst	5-2012	-6.4	8-2012	2.7	2-2016	4.1	—	—
Average		7.4		6.9		7.3		—
No. of Periods		98		74		50		—
Pct. Positive		84.7		100.0		100.0		—

* Final distribution attribution (interest, dividends, capital gains and return of capital) for 2017 will be reflected with January month-end profiles.

Quarterly Commentary as at December 31, 2017

The global economy is running at its fastest clip in seven years, supported by an increasingly broad-based expansion, favourable financial conditions and optimism among businesses and consumers. As a result, we nudged our global growth forecasts higher for 2018 and expect firming inflation. Our forecasts for growth and inflation are slightly above consensus.

The Fund's overweight position in equities and underweight position in fixed income had a neutral impact on performance. Bonds issued by national governments posted modest returns in the fourth quarter of 2017 as inflation remained subdued and several major central banks extended bond-buying programs designed to hold down longer-term yields. Longer-maturity bonds outperformed short-dated securities on expectations that central banks will push up benchmark interest rates. The Fund's sole fixed-income holding, PH&N Bond Fund, had a positive impact on performance.

Global equities gained in all major regions,

benefiting from the synchronized expansion and renewed profit growth. Japanese stocks outperformed on fiscal stimulus and pro-growth reforms while the U.S. rallied on corporate tax cuts. Europe and Canada also gained, but underperformed given their lower exposure to technology. The Fund's equity positions contributed positively to performance, led by RBC Global Equity Focus Fund.

We expect bond yields to move higher at a gradual pace, supported by the improving economy and monetary tightening. Meanwhile, earnings have been coming through and analysts are optimistic that the trend can persist. U.S. corporate tax cuts could provide an additional boost to profits. Against this backdrop, equities continue to offer superior total-return potential compared to fixed income and we have maintained our moderate overweight position in stocks and underweight position in bonds as a result.

PH&N Balanced 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, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 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 December 31, 2017.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018