

PH&N Canadian Income Fund

Investment Objective

To provide a reasonably consistent level of income while attempting to preserve capital by investing primarily in a well-diversified portfolio of income-producing Canadian common stocks, bonds, income trusts, real estate investment trusts, and money market securities.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7490
Adv	Front End	CAD	RBF6490
Adv	Low Load	CAD	RBF4490

Inception Date	November 2008
Total Fund Assets \$Mil	933.4
Series A NAV \$	15.67
Series A MER %	1.86
Benchmark	66.67% S&P/TSX Dividend TR; 33.33% S&P/TSX Dividend TR ex Energy & Materials, but including Oil & Gas Refining & Marketing and Oil & Gas Storage & Transportation Sub-industries

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

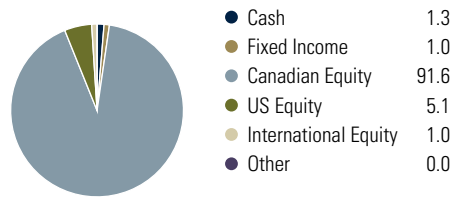
Fund Category	Canadian Dividend and Income Equity
---------------	-------------------------------------

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

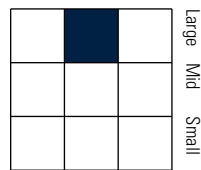
Web Site	www.rbcgam.com
----------	----------------

Portfolio Analysis as of December 31, 2017

Asset Mix



Equity Style

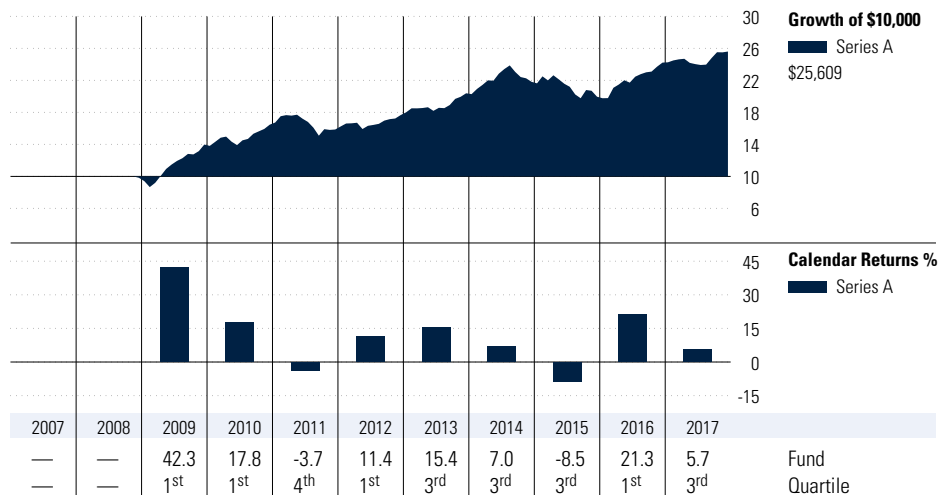


Value Blend Growth

Global Equity Sectors

Sector	% Equity
Financials	43.2
Energy	22.6
Industrials	9.5
Consumer Discretionary	6.4
Information Technology	4.7
Real Estate	3.9
Materials	3.4
Consumer Staples	3.0
Telecommunication Services	1.7
Utilities	1.5
Health Care	0.0
Unclassified	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	0.4	3.3	6.5	5.7	5.5	7.7	—	10.9	Fund
Quartile	2 nd	3 rd	2 nd	3 rd	3 rd	3 rd	—	—	Quartile
No. of Funds in Category	553	551	539	513	399	309	154	—	No. of Funds in Category

PH&N Canadian Income Fund

Management Overview

Manager Bios

Scott Lysakowski

Phillips, Hager & North Investment Management

Scott is the Co-Head of Canadian equity research and a portfolio manager at Phillips, Hager & North Investment Management. He is the lead manager of the PH&N Canadian Income Fund and the Co-Manager of the Canadian equity portion of the PH&N Monthly Income Fund. Scott joined the firm in 2002 and remains focused on researching and managing Canadian equities with a specialization in dividend and income-producing portfolios.

Performance Analysis Cont'd as of December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.82	0.21	0.08	0.12	0.11	0.12	0.16	0.24	0.27	0.01	—
Interest	0.14	0.00	—	—	—	—	0.16	0.24	0.15	0.01	—
Dividends	—	0.21	0.08	0.11	0.11	0.12	—	—	0.12	0.00	—
Capital Gains	0.68	—	—	0.01	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	65.3	2-2012	24.2	2-2014	19.3	—	—
Worst	8-2015	-15.2	8-2017	0.1	2-2016	2.5	—	—
Average		11.7		8.7		9.5		—
No. of Periods		98		74		50		—
Pct. Positive		77.6		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 Canadian equity market performed positively during the last quarter, though it lagged other major equity markets. Economic headlines over the last three months were dominated by the Bank of Canada's cautionary stance on monetary policy tightening and changes in Canadian mortgage rules, with consumer debt levels and NAFTA negotiations posing uncertainty in the near term. All sectors contributed to positive S&P/TSX Composite Index performance this quarter. While the Health Care sector had the highest returns thanks to positive momentum in pharmaceutical stocks, its overall contribution was moderate, given a small sector weight. Consumer Staples and Real Estate were the Fund's second- and third-strongest performers. Within Real Estate, REIT returns were strong despite the current rising interest-rate environment.

This quarter, the Fund underperformed its benchmark, the S&P/TSX Capped Composite Total Return Index. The Fund's overweight exposure to Energy dampened relative performance over the period. Energy was the weakest-performing sector, though it still managed to generate a small positive return as short-term supply disruptions

and a renewed OPEC supply cap helped stabilize oil prices. Unfortunately, the Fund's key positions in companies such as Enbridge Inc. and ARC Resources Ltd. lagged the oil price recovery and held back overall returns.

Consumer Staples was an area of strength over the quarter, with significant contribution from the Fund's position in Alimentation Couche-Tard Inc. The Fund's overweight position in Information Technology also delivered promising results. Canadian enterprise information management software creator, OpenText Corp., continues to demonstrate strong fundamentals. The company has grown its recurring revenue and operating margins to record levels and continues to benefit from acquiring Dell Enterprise Content Division.

The Fund's trading activity is a function of our disciplined fundamental research process and approach to portfolio construction, which serve to optimize position sizes to match fundamental conviction and minimize exposure to unpredictable, unintended risk factors.

PH&N Canadian 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.

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