

# PH&N Monthly Income Fund

## Investment Objective

The fundamental investment objective of the Fund is to provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth, by investing in a well-diversified balanced portfolio of income-producing equity securities including, but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed income securities such as preferred shares, government and corporate bonds, debentures and notes.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7660
Adv	Front End	CAD	RBF6660
Adv	Low Load	CAD	RBF4660
H	No Load	CAD	RBF2660

Inception Date	December 2009
Total Fund Assets \$Mil	1,922.4
Series A NAV \$	9.20
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE Canada Universe Bond 10% ICE BofA Merrill Lynch Cdn High Yield 5% S&P/TSX Preferred Share Total Return

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

Fund Category	Canadian Neutral Balanced
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Management Company	RBC Global Asset Management Inc.
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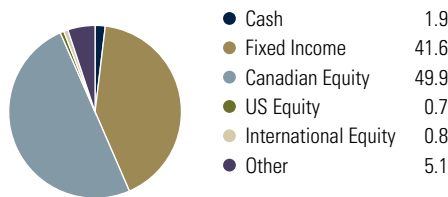
Web Site	www.rbcgam.com
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## Notes

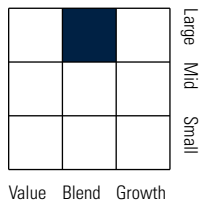
This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of September 30, 2018

### Asset Mix



### Equity Style



Statistics	Value
P/B Ratio	1.7
P/E Ratio	14.8
Avg. Mkt Cap. \$B	35.4

### Top 5 Sectors

Sector	% Equity
Financials	42.9
Energy	19.3
Industrials	12.0
Materials	6.0
Communication Services	5.7

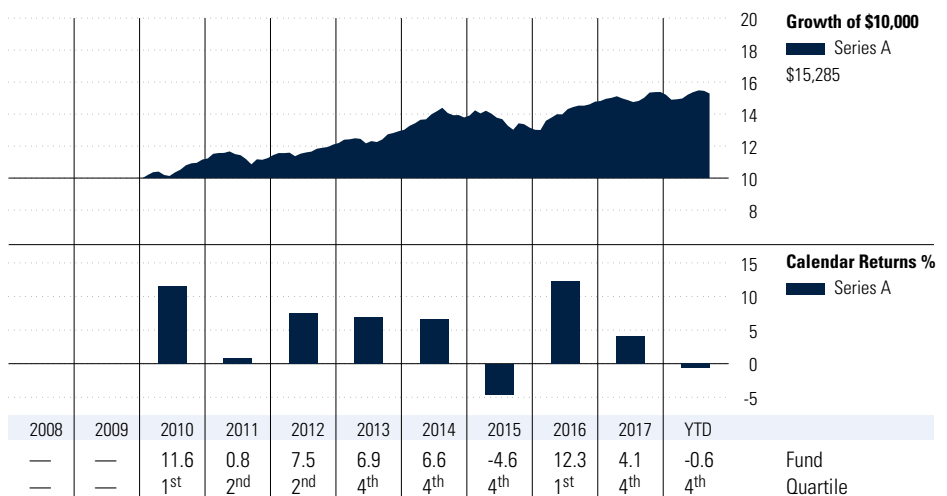
### Fixed Income Breakdown

Category	% Fixed Income
Government Bonds	50.7
Corporate Bonds	44.2
Other Bonds	0.5
Mortgage Backed Securities	0.3
ST Investments (Cash & Other)	4.4
Asset Backed Securities	0.0

### Top 25 Holdings

Holder	% Assets
RBC High Yield Bond Fund	5.6
PH&N High Yield Bond Fund	4.3
Royal Bank of Canada	4.3
The Toronto-Dominion Bank	3.9
Bank of Nova Scotia	3.2
Enbridge Inc	2.7
Canadian National Railway Co	2.6
Brookfield Asset Mgmt Inc Cl A	2.1
Bank of Montreal	2.0
Canadian Natural Resources Ltd	1.6
Manulife Financial Corp	1.6
Ontario (Province Of) 6.5% 02-06-2043	1.2
Sun Life Financial Inc	1.2
Canada (Government of) 3.25% 01-06-2021	1.1
Shaw Communications Inc Class B	1.1
Fairfax Financial Holdings Ltd	1.1
Alimentation Couche-Tard Inc B	1.1
Canadian Imperial Bank of Commerce	1.0
Canada Hsg Tr No 1 1.75% 15-06-2022	1.0
Nutrien Ltd	1.0
Canadian Pacific Railway Ltd	1.0
Ontario (Province Of) 6.2% 02-06-2031	0.9
Canada (Government of) 2.75% 01-12-2048	0.9
Suncor Energy Inc	0.9
Fortis Inc	0.9
<b>Total % of Top 25 Holdings</b>	<b>48.3</b>
<b>Total Number of Portfolio Holdings</b>	<b>365</b>
<b>Total Number of Stock Holdings</b>	<b>55</b>
<b>Total Number of Bond Holdings</b>	<b>2,350</b>
<b>Total Number of Other Holdings</b>	<b>78</b>
<b>Total Number of Underlying Holdings</b>	<b>2,483</b>

## Performance Analysis as of September 30, 2018



Period	Trailing Return %	No. of Funds in Category
1 Mth	-1.1	703
3 Mth	-0.6	679
6 Mth	2.4	676
1 Yr	1.8	661
3 Yr	5.5	538
5 Yr	4.2	436
10 Yr	—	155
Since Incep.	5.0	—

# PH&N Monthly Income Fund

## Management Overview

### Manager Bios

#### Scott Lysakowski

#### Phillips, Hager & North Investment Management

Scott is the Head of Canadian Equities for PH&N Investment Management and Senior Portfolio Manager on the team's core Canadian equity strategies. He joined the firm in 2002, where he was a senior research analyst and portfolio manager with the Toronto-based Canadian equity team before moving to Vancouver to join the PH&N IM team in 2009. Prior to being named Head in 2018, Scott was Co-Head of the team since 2012. Scott is a CFA charterholder.

#### 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 September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.36	0.49	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—
Interest	0.36	0.00	0.07	0.01	0.08	0.15	0.14	0.23	0.50	—	—
Dividends	—	0.09	0.18	0.20	0.17	0.19	0.20	0.19	—	—	—
Capital Gains	—	0.30	0.08	0.04	0.86	0.36	0.12	0.08	—	—	—
Return Of Capital	—	0.10	0.13	0.26	—	—	0.04	0.03	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2014	17.5	9-2014	9.0	2-2015	6.9	—	—
Worst	2-2016	-8.6	8-2017	1.0	2-2016	2.5	—	—
Average		5.2		4.8		4.9		—
No. of Periods		94		70		46		—
Pct. Positive		81.9		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2018

Economic headlines over the quarter were dominated by uncertainty surrounding Canada's participation in an updated NAFTA deal, as well as increased U.S. protectionism and the potential for further tariffs. In addition, rising bond yields and their impact on household debt continued to loom over the economy. The S&P/TSX Capped Composite Index was down 0.6% during the quarter, finishing behind U.S. and global equity markets.

Within the equity portion of the Fund, the Financials sector benefitted from the prospect of rising interest rates, along with better-than-expected earnings reports. Brookfield Asset Management, a core portfolio holding, was the second-largest contributor as the company continued to experience solid growth across its entire investment platform.

The Materials sector was the largest detractor for the period. Mining and metals-based companies Agnico Eagle Mines Ltd. and First Quantum Minerals Ltd. detracted from returns. Their share prices were depressed as a result of continued weakness in gold and copper.

Within Fixed Income, bond yields pushed higher as central banks continued on their path of normalizing monetary policy. We began the quarter with duration modestly shorter than the benchmark. We further shortened portfolio duration as yields moved higher through July. As interest rates tapered off through August, we shifted our duration positioning to neutral. At the end of the quarter, we took profits and adjusted the Fund's duration slightly longer.

We continue to take a conservative view of corporate bonds and have maintained a close-to-neutral position relative to the benchmark over the quarter, with a bias towards higher-quality, less-cyclical issuers.

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

# PH&N Monthly 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.

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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, 2018, 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, 2018.

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, 2018.

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