

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	2,214.7
Series A NAV \$	9.62
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE TMX Canada Universe Bond 10% 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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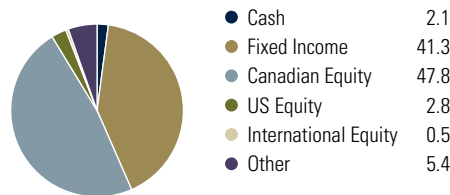
Web Site	www.rbcgam.com
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Notes

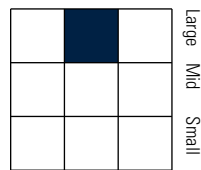
This is a continuing fund resulting from a merger effective June 27, 2014.

Portfolio Analysis as of December 31, 2017

Asset Mix



Equity Style



Value Blend Growth

Statistics

P/B Ratio	1.9
P/E Ratio	16.8
Avg. Mkt Cap. \$B	31.9

Top 5 Sectors

Sector	% Equity
Financials	42.9
Energy	22.9
Industrials	9.6
Consumer Discretionary	6.3
Information Technology	4.7

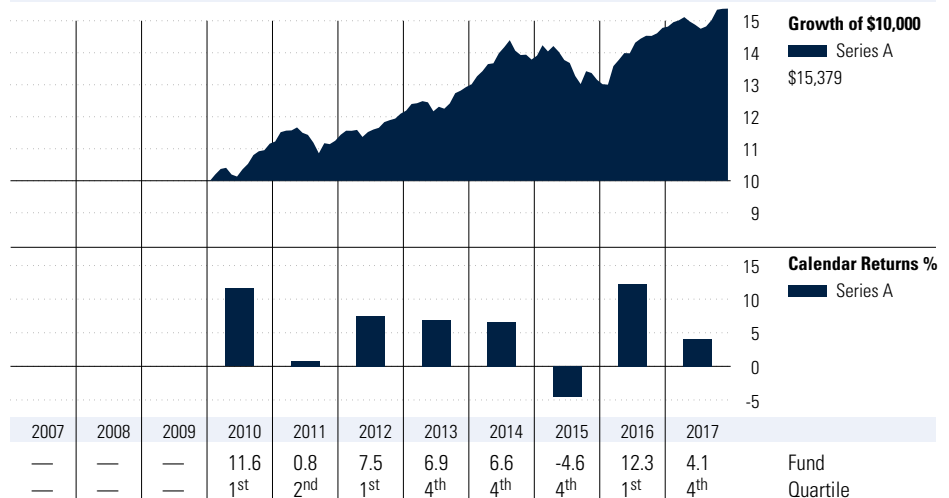
Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	54.5
Corporate Bonds	39.3
Other Bonds	0.3
Mortgage Backed Securities	1.1
ST Investments (Cash & Other)	4.8
Asset Backed Securities	0.0

Top 25 Holdings

Top 25 Holdings	% Assets
RBC High Yield Bond Fund	5.6
The Toronto-Dominion Bank	4.4
PH&N High Yield Bond Fund	4.2
Royal Bank of Canada	4.2
Enbridge Inc	3.1
Bank of Nova Scotia	2.1
Brookfield Asset Management Inc Class A	2.0
Canadian Imperial Bank of Commerce	2.0
Manulife Financial Corp	1.6
TransCanada Corp	1.5
Alimentation Couche-Tard Inc B	1.5
Canada Govt 0.75% 01-09-2020	1.5
Bank of Montreal	1.5
Waste Connections Inc	1.3
Stantec Inc	1.3
Canada Hsg Tr No 1 1.25% 15-06-2021	1.2
Canada Govt 3.25% 01-06-2021	1.1
ARC Resources Ltd	1.1
Ontario Prov Cda 3.5% 02-06-2043	1.1
Suncor Energy Inc	1.1
Keyera Corp	1.0
Canadian National Railway Co	1.0
Canadian Pacific Railway Ltd	1.0
Shaw Communications Inc Class B	1.0
Fairfax Financial Holdings Ltd	1.0
Total % of Top 25 Holdings	48.6
Total Number of Portfolio Holdings	348
Total Number of Stock Holdings	54
Total Number of Bond Holdings	1,566
Total Number of Other Holdings	82
Total Number of Underlying Holdings	1,702

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 %
Return	0.0	2.4	3.4	4.1	3.7	4.9	—	5.5	Fund
Ranking	1st	4th	2nd	4th	4th	4th	—	—	Quartile
No. of Funds in Category	628	624	622	611	467	365	152	—	No. of Funds in Category

PH&N Monthly 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.

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 December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.49	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—	—	—
Interest	0.49	0.07	0.01	0.08	0.15	0.14	0.23	0.50	—	—	—
Dividends	—	0.18	0.20	0.17	0.19	0.20	0.19	—	—	—	—
Capital Gains	—	0.08	0.04	0.86	0.36	0.12	0.08	—	—	—	—
Return Of Capital	—	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		5.5		5.1		5.1		—
No. of Periods		85		61		37		—
Pct. Positive		83.5		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 positively to 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 its 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 Fund's overweight exposure to Energy dampened performance as 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 Tourmaline

Oil Corp. lagged the oil price recovery and held back overall returns. Consumer Staples was an area of strength over the quarter with significant contribution from a position in Alimentation Couche-Tard Inc. and a holding in Dollarama Inc., which continues to deliver better-than-expected earnings.

Lower Government of Canada bond yields and credit-spread compression resulted in strong positive absolute returns for the Fund during the quarter. The Fund was positioned with a duration profile aligned with the benchmark for much of the quarter as yields trended lower. The Fund's yield curve positioning detracted slightly, resulting from an overweight to the short end and an underweight to the long end in an environment where longer-term bonds outperformed shorter-term bonds. Overall, interest-rate anticipation strategies were neutral to performance.

The Fund's trading activity is a function of our disciplined fundamental research process and approach to portfolio construction, which 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

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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, 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.

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