

PH&N \$U.S. Money Market Fund

Investment Objective

To provide a steady level of current income while preserving capital by investing primarily in a well-diversified portfolio of short-term Canadian money market securities denominated in U.S. dollars.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	USD	RBF7500
Adv	Front End	USD	RBF6500
Adv	Low Load	USD	RBF4500

Inception Date	November 2008
Total Fund Assets \$Mil	95.3
Series A Current Yield%	1.94
Series A MER %	0.29
Benchmark	FTSE 30-Day T-Bill Index

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

Fund Category	US Money Market
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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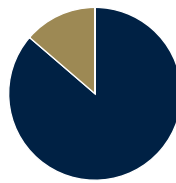
Notes

The current yield is an annualized yield based on the seven day period ended as of the date of the Performance Analysis.

The Fund paid \$0.06 in notional capital gains in 2018 which is not captured in the total distributions for the year. Total distribution (including the notional distribution) for 2018 was \$0.25.

Portfolio Analysis as of August 31, 2019

Asset Mix



	% Assets
Cash	86.3
Fixed Income	13.7
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Term to Maturity

	%
0 - 30 days	46
31 - 60 days	30
61 - 90 days	10
90 + days	14
Avg. Term to maturity (days)	50

Cash Breakdown

	Cash (%)
Treasury Bills	10.4
Provincial Bills	16.2
Bankers Acceptance	23.9
Commercial Paper	5.2
Bank Deposits	44.3

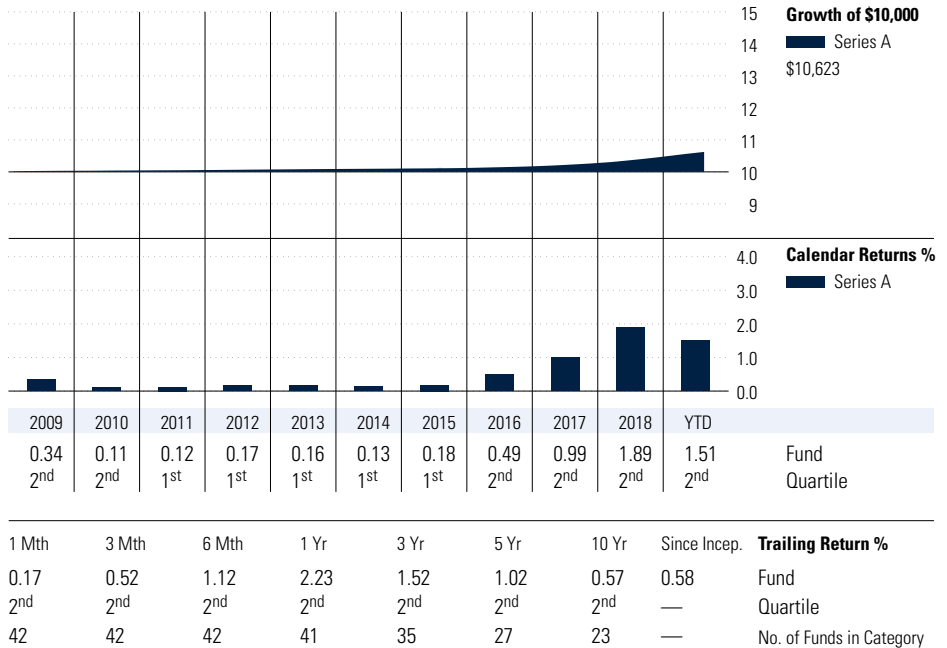
Credit Quality

	%
R1 High	87.1
R1 Medium	9.0
R1 Low	3.8
Avg. Rating	R1H

Top 10 Holdings

	% Assets
Bank of Nova Scotia 2.1% 25-09-2019	8.6
Province Of British Columbia 2.081% (ST)	7.2
Bank of Montreal 2.18% 12-09-2019	7.0
Farm Credit Canada 2.036% 26-09-2019	5.5
Toronto-Dominion Bank 2.114% 27-09-2019	5.5
Quebec (Province Of) 2.11% 01-11-2019	4.7
Safe Trust - Sr 1996-1 2.36% 30-01-2020	4.5
Ontario (Province Of) 2.16% 03-10-2019	4.4
Farm Credit Canada 2.048% 19-09-2019	3.6
Prime Trust 2.382% 24-10-2019	3.6
Total % of Top 10 Holdings	54.4
Total Number of Stock Holdings	0
Total Number of Bond Holdings	5
Total Number of Other Holdings	35
Total Number of Holdings	40

Performance Analysis as of August 31, 2019



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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 August 31, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.15	0.19	0.10	0.05	0.02	0.01	0.02	0.02	0.01	0.01	0.03
Interest	0.15	0.19	0.10	0.05	0.02	0.01	0.02	0.02	0.01	0.01	0.03
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2019	2.23	8-2019	1.52	8-2019	1.02	8-2019	0.57
Worst	8-2011	0.10	6-2012	0.12	8-2014	0.13	11-2018	0.45
Average		0.49		0.38		0.34		0.51
No. of Periods		118		94		70		10
Pct. Positive		100.00		100.00		100.00		100.00

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

Commentary as at June 30, 2019

During the first six months of the year, the portfolio manager allocated all of the Fund's assets to money-market instruments paying higher yields than U.S. Treasury bills, including U.S.-dollar-denominated corporate notes, bank-sponsored asset-backed commercial paper and bankers' acceptances. The Fund also had a small allocation to corporate short-term floating-rate notes, which provide payments that adjust to changes in short-term interest rates, and U.S.-dollar-denominated fixed and floating-rate notes issued by Canadian provinces.

The U.S. Federal Reserve (Fed) took a pause from raising the federal funds rate in the first half of 2019, ending the year with a target range of 2.25 – 2.5%. As a result, the short-end of the U.S. yield curve has remained anchored and the curve has become inverted at certain points. This means that the relative return for holding longer dated government securities has decreased. However, longer maturity corporate notes continue to provide attractive incremental yield, which the

Fund captures through an allocation to longer-than-benchmark maturities. This strategy contributed to relative performance in the period.

The re-escalation of global trade tensions, the decelerating pace of global economic growth, and trepidation over the increasingly mature business cycle were all contributing factors to the decline. In the United States, the economic outlook reflects ongoing uncertainty surround trade negotiations with China and the effects that tariffs will have on the economy. At the same time, economic data has been quite strong according to recent job creation figures and inflation has been close to the 2% target. Market expectations have shifted strongly in favour of lower rates, and investors are pricing in a 0.75% decrease in the federal funds rate before the end of 2019. The portfolio manager is less certain that policy rates will fall so far so fast, but is not ruling out decreases if trade tensions continue to create economic uncertainty.

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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.

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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

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.

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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).

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