

PH&N Inflation-Linked Bond Fund

Investment Objective

The fundamental investment objective of the Fund is to generate interest income that is hedged against inflation by investing primarily in real return bonds and inflation-linked bonds issued or guaranteed by Canadian and foreign governments and corporations.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7650
Adv	Front End	CAD	RBF6650
Adv	Low Load	CAD	RBF4650

Inception Date	June 2009
Total Fund Assets \$Mil	125.2
Series A NAV \$	9.22
Series A MER %	0.93
Benchmark	FTSE Canada Real Return Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

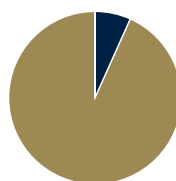
Fund Category	Canadian Inflation Protected Fixed Income
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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Portfolio Analysis as of July 31, 2019

Asset Mix



	% Assets
Cash	6.7
Fixed Income	93.3
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	93.3
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	6.7
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	6.7	Under 1 year	6.7
AAA	82.4	1 - 5 Yrs	10.9
AA	10.9	5 - 10 Yrs	7.9
A	0.0	Over 10 Yrs	74.5
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	16.8
Mortgages	0.0	Duration (Yrs)	14.6
NR/NA	0.0	Yield to Maturity	1.7

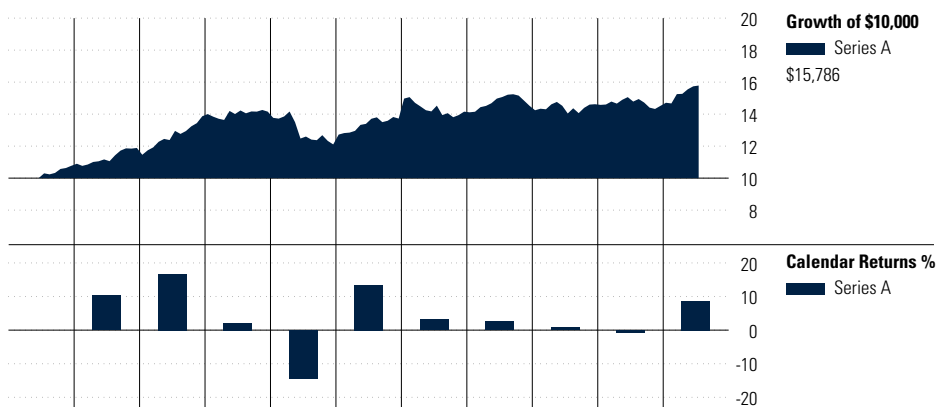
Geographic Allocations

	% Assets
Canada	100.0
United States	0.0
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 10 Holdings

	% Assets
Canada (Government of) 0.5% 01-12-2050	15.4
Canada (Government of) 3% 01-12-2036	15.0
Canada (Government of) 4% 01-12-2031	13.5
Canada (Government of) 1.25% 01-12-2047	11.7
Canada (Government of) 4.25% 01-12-2021	10.9
Canada (Government of) 4.25% 01-12-2026	6.2
Quebec (Province Of) 4.25% 01-12-2031	6.0
Canada (Government of) 1.5% 01-12-2044	5.0
Ontario (Province Of) 2% 01-12-2041	4.6
Ontario (Province Of) 2% 01-12-2036	3.3
Total % of Top 10 Holdings	91.6
Total Number of Stock Holdings	0
Total Number of Bond Holdings	11
Total Number of Other Holdings	1
Total Number of Holdings	12

Performance Analysis as of July 31, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Series A	—	10.3	16.7	2.1	-14.5	13.4	3.1	2.6	0.7	-0.7	8.7	Fund Quartile
		2 nd	3 rd	3 rd	4 th	1 st	1 st	1 st	1 st	2 nd	3 rd	

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.3	3.4	7.3	6.8	1.6	2.9	4.4	4.7	Fund
	4 th	4 th	3 rd	3 rd	2 nd	1 st	2 nd	—	Quartile
	23	23	23	23	21	20	12	—	No. of Funds in Category

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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 July 31, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.14	0.28	2.40	0.15	0.21	0.61	0.53	0.46	0.44	0.52	0.05
Interest	0.14	0.28	0.29	0.15	0.21	0.61	0.53	0.46	0.44	0.31	0.04
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	0.21	0.01
Return Of Capital	—	—	2.11	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-2012	22.2	6-2012	11.9	2-2015	6.9	6-2019	4.6
Worst	12-2013	-14.5	2-2018	-1.0	7-2017	-0.3	7-2019	4.4
Average		4.1		3.2		3.2		4.5
No. of Periods		110		86		62		2
Pct. Positive		75.5		90.7		96.8		100.0

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

Commentary as at June 30, 2019

Real interest rates have declined substantially in 2019. Continuing the trend from late 2018, long-term Real Return Bond (RRB) yields have moved lower on the back of concerns surrounding global and Canadian economic momentum. The concerns over slower economic growth, fueled in part by increased uncertainty surrounding trade negotiations, have caused investors to seek safety in government bonds and long-term RRB yields to move lower. Headline inflation (CPI), to which the principal amounts of the bonds in the fund are linked, has picked up recently and finished May at 2.4% on a year-over-year basis. At this level, CPI continues to trend in-line with the Bank of Canada's (BoC) target range of between 1% and 3%. For investors in the fund, real purchasing power will be maintained over the long-term regardless of the magnitude of actual inflation, thanks to the linkage to consumer prices. This typically results in high levels of investment income.

Actively managing positions across different maturity bonds had a positive impact on the fund's performance relative to its benchmark. The fund's real yield ended June at 0.3%, which is low by historical standards. At low yield levels, investors are more susceptible to negative absolute returns should yields move higher.

In Canada, the economic outlook reflects moderating housing activity and considerable pressure on the domestic energy sector. Consensus forecasts for Canada's GDP growth now sit at 1.5% for 2019, down from 1.9% at the beginning of the year. At the same time, Canada's job market has been quite strong according to recent job creation data and inflation has been trending upwards since the start of the year. In light of these developments, the Bank of Canada (BoC) has remained patient, leaving its policy interest rate unchanged since its last increase in October 2018.

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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.

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.

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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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