

# PH&N Bond Fund

## Investment Objective

To provide relatively high yields and stability of capital by investing primarily in a well-diversified portfolio of fixed income securities issued by Canadian governments and corporations.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7110
Adv	Front End	CAD	RBF6110
Adv	Low Load	CAD	RBF4110

Inception Date	November 2008
Total Fund Assets \$Mil	10,458.1
Series A NAV \$	10.59
Series A MER %	1.05
Benchmark	FTSE Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

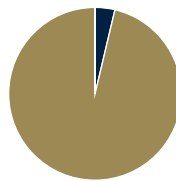
Sales Status	Reopen
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	Canadian Fixed Income
---------------	-----------------------

Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of June 30, 2019

### Asset Mix



	% Assets
Cash	3.7
Fixed Income	96.3
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	63.9
Corporate Bonds	32.7
Other Bonds	0.4
Mortgage Backed Securities	0.1
ST Investments (Cash & Other)	2.9
Asset Backed Securities	0.0

### Bond Rating

	%
Cash / Cash Equiv.	2.9
AAA	29.9
AA	37.4
A	16.6
BBB	12.8
Below BBB	0.3
Mortgages	0.1
NR/NA	0.0

### Term to Maturity

	%
Under 1 year	6.8
1 - 5 Yrs	36.7
5 - 10 Yrs	22.3
Over 10 Yrs	34.2
Avg. Term to maturity (Yrs)	10.7
Duration (Yrs)	7.9
Yield to Maturity	2.1

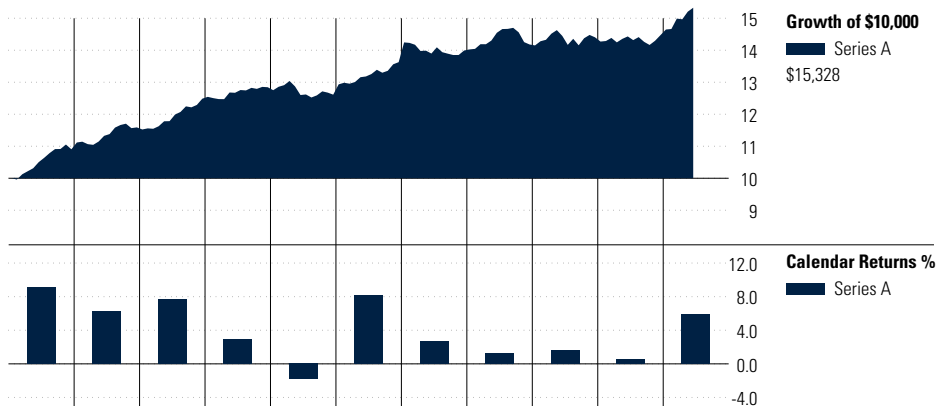
### Geographic Allocations

	% Assets
Canada	99.6
United States	0.4
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

### Top 25 Holdings

	% Assets
Canada (Government of) 2.25% 01-03-2024	4.4
Canada (Government of) 2.25% 01-06-2029	4.0
Canada Hsg Tr No 1 2.4% 15-12-2022	3.1
Ontario (Province Of) 6.2% 02-06-2031	2.6
Ontario (Province Of) 2.9% 02-06-2049	2.4
Canada Hsg Tr No 1 1.75% 15-06-2022	2.3
Ontario (Province Of) 3.5% 02-06-2043	2.3
Ontario (Province Of) 5.6% 02-06-2035	2.3
Ontario (Province Of) 4.6% 02-06-2039	2.3
Canada Hsg Tr No 1 2.35% 15-06-2023	1.5
Canada (Government of) 2.75% 01-12-2048	1.5
Ontario (Province Of) 3.5% 02-06-2024	1.5
Canada (Government of) 1.5% 01-08-2021	1.4
Quebec (Province Of) 3.1% 01-12-2051	1.3
Bank of Montreal 1.61% 28-10-2021	1.3
Ontario (Province Of) 8.5% 02-12-2025	1.2
Canada (Government of) 2% 01-09-2023	1.2
Canada Hsg Tr No 1 2.65% 15-12-2028	1.2
Quebec (Province Of) 8.5% 01-04-2026	1.1
ROYAL BANK CAN MONT QUE 2.03% 15-03-2021	1.0
ROYAL BANK CAN MONT QUE 2.86% 04-03-2021	1.0
Manitoba (Province of) 2.85% 05-09-2046	0.9
Ontario (Province Of) 2.6% 02-06-2025	0.9
Canada (Government of) 3.25% 01-06-2021	0.9
Province of Alberta 3.3% 01-12-2046	0.8
Total % of Top 25 Holdings	44.5
Total Number of Stock Holdings	0
Total Number of Bond Holdings	368
Total Number of Other Holdings	8
<b>Total Number of Holdings</b>	<b>376</b>

## Performance Analysis as of June 30, 2019



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	Fund Quartile
9.1 1st	6.3 2nd	7.7 3rd	2.9 3rd	-1.8 3rd	8.1 1st	2.7 2nd	1.3 3rd	1.6 3rd	0.5 3rd	5.9 3rd	

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
0.8 3rd	2.3 3rd	5.9 3rd	6.2 3rd	1.8 3rd	3.1 2nd	3.9 2nd	4.3	Fund Quartile
629	625	619	578	441	341	156	—	No. of Funds in Category

# PH&N Bond Fund

## 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 June 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.11	0.21	0.21	0.34	0.51	0.28	0.27	0.41	0.35	0.47	0.49
Interest	0.11	0.21	0.21	0.21	0.24	0.24	0.24	0.26	0.29	0.35	0.40
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	0.12	0.27	0.04	0.02	0.14	0.06	0.12	0.09
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2009	13.1	1-2012	8.0	2-2014	5.4	3-2019	4.0
Worst	9-2017	-3.7	1-2018	0.1	4-2018	1.8	12-2018	3.8
Average		3.7		3.6		3.5		3.9
No. of Periods		116		92		68		8
Pct. Positive		82.8		100.0		100.0		100.0

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

### Commentary as at June 30, 2019

Bond yields moved sharply lower in the first half of 2019. Against this backdrop, the broad Canadian bond market and the Fund produced strong positive returns over the last six months. Within this environment, the portfolio manager continued to tactically adjust the maturity profile of the fund versus its benchmark to take advantage of emerging opportunities throughout the period. Overall, this strategy detracted slightly from the performance of the fund relative to its benchmark, as yields moved against the fund's positioning during the first quarter of 2019.

The portfolio manager continues to maintain a cautious view towards corporate bonds given the late stage of the credit cycle. Despite weakening in late 2018, the corporate bond market has had a strong recovery over the last six months leaving corporate bonds less attractive from a risk-reward standpoint. Consequently, corporate bond exposure in the fund was decreased modestly and remains biased to high quality companies that are less vulnerable to adverse moves in the economy.

Provincial and federal agency bonds continue to be core holdings as this segment of the market provides a means to build high quality yield in the fund without taking undue risk. Within this segment, the Fund has a bias towards provincial bonds and favors bonds issued by the province of Ontario as a result of its steady fundamentals. Overall, corporate and provincial bond strategies were a modest drag on relative performance over the period due mainly to the Fund's defensive positioning.

In Canada, the economic outlook reflects moderating housing activity and considerable pressure on the domestic energy sector. 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. The Bank of Canada (BoC) has remained patient, leaving its policy interest rate unchanged since its last increase in October 2018.

## PH&N Bond 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](http://www.sedar.com).

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.

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).

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2019