

# PH&N Short Term Bond & Mortgage Fund

## Investment Objective

To provide relatively high yields and stability of capital by investing primarily in a well-diversified portfolio of short-term fixed income securities issued by Canadian governments and corporations, and first mortgages on property located in Canada.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7250
Adv	Front End	CAD	RBF6250
Adv	Low Load	CAD	RBF4250

Inception Date	November 2008
Total Fund Assets \$Mil	7,894.9
Series A NAV \$	10.34
Series A MER %	1.04
Benchmark	FTSE Canada Short Term Overall Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

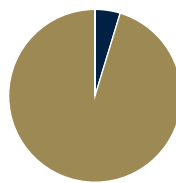
Fund Category	Canadian Short Term Fixed Income
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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## Portfolio Analysis as of June 30, 2019

### Asset Mix



	% Assets
Cash	4.7
Fixed Income	95.3
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	48.9
Corporate Bonds	42.4
Other Bonds	0.0
Mortgage Backed Securities	5.5
ST Investments (Cash & Other)	3.2
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	3.2	Under 1 year	12.5
AAA	39.4	1 - 5 Yrs	83.2
AA	20.5	5 - 10 Yrs	4.3
A	15.7	Over 10 Yrs	0.0
BBB	15.3		
Below BBB	0.4	Avg. Term to maturity (Yrs)	2.8
Mortgages	5.5	Duration (Yrs)	2.6
NR/NA	0.0	Yield to Maturity	1.9

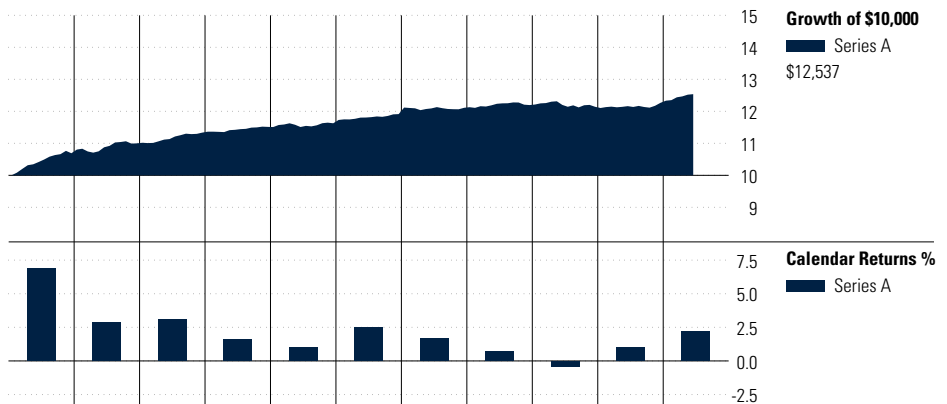
### Geographic Allocations

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

### Top 25 Holdings

	% Assets
Ontario (Province Of) 2.85% 02-06-2023	6.0
Canada (Government of) 1.5% 01-08-2021	6.0
Canada Hsg Tr No 1 2.35% 15-06-2023	4.6
Canada Hsg Tr No 1 2.4% 15-12-2022	3.4
Canada Hsg Tr No 1 3.35% 15-06-2024	2.6
Canada (Government of) 2.25% 01-03-2024	2.6
Canada Hsg Tr No 1 3.35% 15-06-2024	2.4
Toronto Dominion Bk 1.68% 08-06-2021	2.3
Nha Mortgage Backed Secs 1.3% 01-11-2021	1.9
Canada (Government of) 0.75% 01-09-2021	1.9
Canada (Government of) 4.25% 01-12-2021	1.8
Canada Hsg Tr No 1 2.55% 15-12-2023	1.8
Canada Housing Tr No.1 1.25% 15-12-2020	1.7
Bank of Montreal 1.61% 28-10-2021	1.7
Quebec (Province Of) 3.5% 01-12-2022	1.5
ROYAL BANK CAN MONT QUE 2.03% 15-03-2021	1.4
Ontario (Province Of) 2.6% 08-09-2023	1.3
Enbridge Gas Inc 4.04% 23-11-2020	1.1
Bank of Montreal 3.4% 23-04-2021	1.1
North West Redwater Partner 23-02-2022	1.0
Toronto Dominion Bk 2.04% 08-03-2021	1.0
Wells Fargo Canada Corp 3.04% 29-01-2021	0.9
North West Redwater Partner 22-07-2024	0.9
Wells Fargo & Company 2.22% 15-03-2021	0.8
BRP Finance ULC 5.14% 13-10-2020	0.8
<b>Total % of Top 25 Holdings</b>	<b>52.6</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	234
Total Number of Other Holdings	13
<b>Total Number of Holdings</b>	<b>247</b>

## Performance Analysis as of June 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Calendar Returns %	6.9	2.9	3.1	1.6	1.0	2.5	1.7	0.7	-0.4	1.0	2.2	Fund Quartile
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.1	0.8	2.2	3.1	0.8	1.2	1.9	2.3	Fund
	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	—	Quartile
	270	268	266	259	201	165	59	—	No. of Funds in Category

# PH&N Short Term Bond & Mortgage 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	0.09	0.15	0.13	0.15	0.18	0.17	0.20	0.19	0.24	0.31	0.27
Interest	0.09	0.15	0.13	0.15	0.17	0.17	0.20	0.19	0.23	0.27	0.27
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	0.01	—	—	—	0.01	0.05	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2009	8.8	11-2011	4.5	11-2013	3.3	1-2019	2.1
Worst	4-2018	-1.4	1-2018	0.0	10-2018	0.8	6-2019	1.9
Average		1.9		1.7		1.7		2.0
No. of Periods		116		92		68		8
Pct. Positive		85.3		98.9		100.0		100.0

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

### Commentary as at June 30, 2019

Short-term bond yields moved sharply lower in the first half of 2019. Against this backdrop, short-term bonds and the Fund produced strong positive total 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 but 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 federal agency bonds, specifically Canada Housing Trust (CHT) bonds, which are fully guaranteed by the federal government and offer an attractive incremental yield over Government of Canada bonds. While corporate and provincial bond strategies were neutral contributors to performance, the Fund's meaningful allocation to mortgages was a key driver of positive relative performance in the first six months of 2019.

## PH&N Short Term Bond & Mortgage 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.

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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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