

PH&N High Yield Bond Fund

Investment Objective

To provide a high level of income and the opportunity for capital appreciation by investing primarily in a well-diversified portfolio of fixed income securities issued by Canadian and/or foreign corporations and governments.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7280
Adv	Front End	CAD	RBF6280
Adv	Low Load	CAD	RBF4280

Inception Date	November 2008
Total Fund Assets \$Mil	4,350.1
Series A NAV \$	11.75
Series A MER %	1.43
Benchmark	FTSE Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

Sales Status	Partially Reopen to existing unit holders
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	High Yield Fixed Income
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

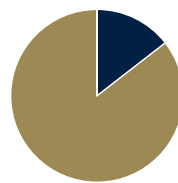
Notes

Effective July 10, 2019, units of this fund will not be available for purchases by new investors. Existing investors who hold units of the fund can continue to make additional investments into the fund.

Fund's investment objective changed November 28, 2011.

Portfolio Analysis as of June 30, 2019

Asset Mix



	% Assets
Cash	14.5
Fixed Income	85.5
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	0.0
Corporate Bonds	90.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	9.1
Asset Backed Securities	0.0

Bond Rating

	%
Cash / Cash Equiv.	9.1
AAA	0.0
AA	0.6
A	0.0
BBB	23.0
Below BBB	67.3
Mortgages	0.0
NR/NA	0.0

Term to Maturity

	%
Under 1 year	13.8
1 - 5 Yrs	69.3
5 - 10 Yrs	14.8
Over 10 Yrs	2.1
Avg. Term to maturity (Yrs)	3.8
Duration (Yrs)	2.8
Yield to Maturity	4.5

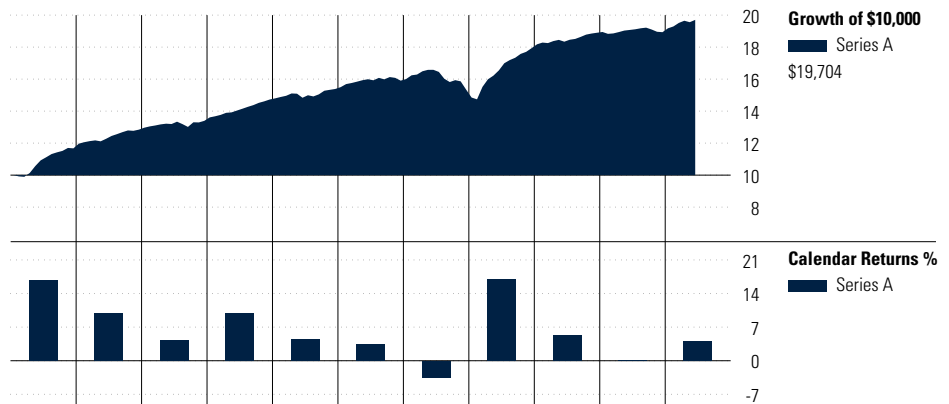
Geographic Allocations

	% Assets
Canada	45.1
United States	54.9
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

	% Assets
Seven Generations Engy 6.75% 01-05-2023	5.9
Quebecor Media Inc. 6.62% 15-01-2023	5.5
Icahn Enterprises Lp 6.25% 01-08-2020	5.1
Brookfield Prop Fin ULC 4.3% 01-03-2024	5.1
Teine Energy Ltd 6.88% 30-09-2022	4.2
Inter Pipeline Limited 6.88% 26-03-2079	4.1
Baytex Energy Corp 6.62% 19-07-2022	4.1
Baytex Energy Corp 5.62% 01-06-2024	4.0
Icahn Enterprises Lp 6.25% 01-02-2022	3.2
Bombardier Inc. 6% 15-10-2022	2.7
Brookfield Property Fin 4.12% 19-10-2021	2.3
Crew Energy Inc 6.5% 14-03-2024	1.9
Crombie REIT 3.96% 01-06-2021	1.8
Ces Engy Solutions 6.375% 21-10-2024	1.7
Atlantic Pwr Ltd Part 5.95% 23-06-2036	1.5
Paramount Res 144A 6.875% 30-06-2023	1.5
Keyera Corp. 6.88% 13-06-2079	1.4
Fairfax Financial Hld 4.23% 14-06-2029	1.4
Crombie REIT 4.8% 31-01-2025	1.4
Parkland Fuel Corporation 6% 21-11-2022	1.3
Cominar REIT 4.5% 15-05-2024	1.3
Morguard Corp 4.33% 15-09-2022	1.3
Artis REIT 3.67% 22-02-2021	1.2
Cominar REIT 4.16% 01-06-2022	1.2
Recipe Unlimited Corp. 4.719% 01-05-2029	1.2
Total % of Top 25 Holdings	66.4
Total Number of Stock Holdings	0
Total Number of Bond Holdings	59
Total Number of Other Holdings	4
Total Number of Holdings	63

Performance Analysis as of June 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Calendar Returns %	16.7	10.0	4.3	10.0	4.5	3.4	-3.5	16.9	5.4	0.2	4.1	Fund Quartile
	4 th	3 rd	2 nd	3 rd	3 rd	2 nd	3 rd	1 st	2 nd	1 st	4 th	

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.7	1.0	4.1	3.3	6.0	4.3	6.1	7.0	Fund Quartile
	4 th	3 rd	4 th	3 rd	1 st	1 st	3 rd	—	Quartile
	539	536	532	520	368	240	55	—	No. of Funds in Category

PH&N High Yield Bond Fund

Management Overview

Manager Bios

Hanif Mamdani

Phillips, Hager & North Investment Management

Hanif Mamdani is Head of Alternative Investments and is lead manager of a high yield bond strategy, a multi-strategy hedge fund, and a proprietary multi-strategy hedge fund-of-funds solution. He is also a member of the Asset Mix Committee and the RBC GAM Investment Strategy Committee. Hanif holds a master's degree from Harvard University and a bachelor's degree with honours from the California Institute of Technology.

Performance Analysis Cont'd as of June 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.24	0.50	0.81	0.62	0.60	0.62	0.58	0.73	0.62	0.91	0.48
Interest	0.24	0.50	0.51	0.53	0.60	0.62	0.58	0.58	0.62	0.51	0.44
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.30	0.09	—	—	—	0.14	—	0.41	0.05
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2017	24.1	3-2012	11.6	11-2013	9.8	11-2018	7.0
Worst	2-2016	-9.3	2-2016	-0.3	2-2016	2.5	6-2019	6.1
Average		6.6		6.1		5.7		6.7
No. of Periods		116		92		68		8
Pct. Positive		90.5		98.9		100.0		100.0

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

Commentary as at June 30, 2019

The high yield market has performed well year-to-date, driven primarily by accommodative central bank monetary policy. Increasing trade friction between the U.S. and China led to a brief but notable sell-off in risk assets in May, but the U.S. Federal Reserve's (Fed) reaffirmed accommodative stance and easing trade tensions soon reinvigorated markets. Conditions within the high yield market also remained favourable, with supportive supply and demand tension and default rates well below long-term averages.

Despite this positive performance, we maintain our cautious outlook as we are unsure as to whether central bank actions will further prolong this credit cycle or if a recession is approaching. We have built a liquid, low duration, low volatility portfolio that aims to provide reasonable returns in either scenario. A large amount of short-dated investment grade bonds, particularly Canadian BBB rated bonds, and yield-to-call high yield bonds

form the portfolio's base. On top of this, we have layered less market-sensitive high yield holdings with a bias to non-cyclical Canadian issuers. Finally, higher yielding names compose a small portion of the fund.

We believe this non-traditional approach to high yield can provide clients with the opportunity to diversify their portfolios and add yield without an undue increase in risk. We therefore opened the fund for new investments on a temporary basis at the end of June, as we believe there is inherent value in a fund that we expect can deliver returns between 4% and 5% with lower volatility and low sensitivity to interest rates. The fund's lower risk profile may constrain returns when markets enjoy rapid rebounds, but we believe this defensive position will protect capital and generate steady returns over the long term.

PH&N High Yield 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.

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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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