

PH&N Total Return Bond Fund

Investment Objective

To provide stability of capital and maximum total return by investing primarily in a well-diversified portfolio of Canadian fixed income securities and derivatives based on the value of fixed income instruments.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7340
Adv	Front End	CAD	RBF6340
Adv	Low Load	CAD	RBF4340

Inception Date	November 2008
Total Fund Assets \$Mil	9,464.8
Series A NAV \$	11.66
Series A MER %	1.05
Benchmark	FTSE Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

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

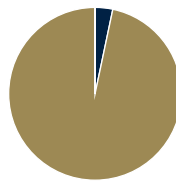
Notes

Top Holdings:

The holdings are shown on a look through basis whereby if the fund holds units of an RBC GAM fund, the individual holdings of that fund are shown based on their proportional ownership in the fund as a whole.

Portfolio Analysis as of June 30, 2019

Asset Mix



	% Assets
Cash	3.3
Fixed Income	96.7
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	64.4
Corporate Bonds	32.8
Other Bonds	0.4
Mortgage Backed Securities	0.1
ST Investments (Cash & Other)	2.3
Asset Backed Securities	0.0

Bond Rating

	%	Term to Maturity	%
Cash / Cash Equiv.	2.3	Under 1 year	6.4
AAA	30.4	1 - 5 Yrs	37.1
AA	37.5	5 - 10 Yrs	22.2
A	15.3	Over 10 Yrs	34.3
BBB	13.8		
Below BBB	0.6	Avg. Term to maturity (Yrs)	10.7
Mortgages	0.1	Duration (Yrs)	7.9
NR/NA	0.0	Yield to Maturity	2.1

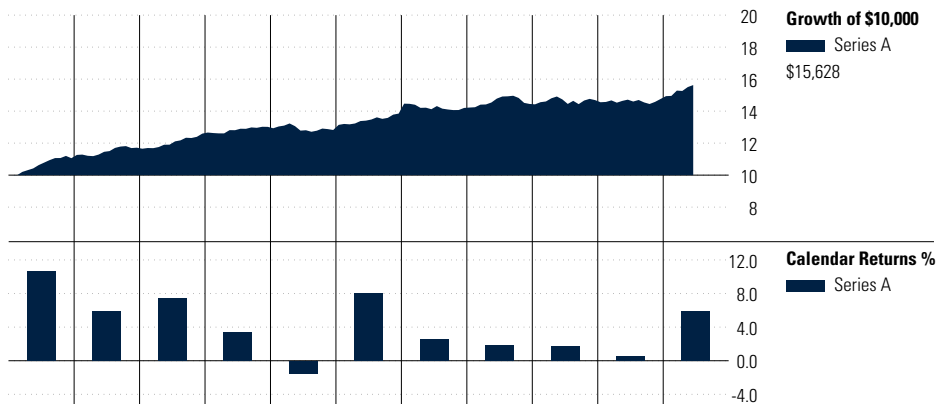
Geographic Allocations

	% 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	4.3
Canada (Government of) 2.25% 01-06-2029	4.1
Canada Hsg Tr No 1 2.4% 15-12-2022	3.4
Canada Hsg Tr No 1 1.75% 15-06-2022	3.3
Canada (Government of) 1.5% 01-08-2021	2.6
Ontario (Province Of) 3.5% 02-06-2043	2.4
Ontario (Province Of) 6.2% 02-06-2031	2.3
Ontario (Province Of) 4.6% 02-06-2039	2.3
Ontario (Province Of) 2.9% 02-06-2049	2.3
Ontario (Province Of) 3.5% 02-06-2024	1.9
Ontario (Province Of) 5.6% 02-06-2035	1.8
Canada Hsg Tr No 1 2.35% 15-06-2023	1.4
Canada (Government of) 2.75% 01-12-2048	1.4
Quebec (Province Of) 8.5% 01-04-2026	1.4
Quebec (Province Of) 3.1% 01-12-2051	1.4
Canada (Government of) 2% 01-09-2023	1.1
Province of Alberta 2.2% 01-06-2026	0.9
Manitoba (Province of) 2.85% 05-09-2046	0.9
Bank of Montreal 1.61% 28-10-2021	0.9
Province of Alberta 3.3% 01-12-2046	0.9
Ontario (Province Of) 2.6% 02-06-2027	0.8
Ontario (Province Of) 8.5% 02-12-2025	0.8
Ontario (Province Of) 2.6% 02-06-2025	0.8
Canada (Government of) 2% 01-06-2028	0.8
Canada Hsg Tr No 1 2.65% 15-12-2028	0.8
Total % of Top 25 Holdings	45.2
Total Number of Stock Holdings	13
Total Number of Bond Holdings	1,283
Total Number of Other Holdings	24
Total Number of Holdings	1,320

Performance Analysis as of June 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Calendar Returns %	10.6 1 st	5.9 3 rd	7.5 3 rd	3.4 3 rd	-1.5 2 nd	8.0 2 nd	2.6 2 nd	1.8 2 nd	1.7 3 rd	0.5 3 rd	5.9 3 rd	Fund Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Calendar Returns %	0.8 3 rd	2.3 3 rd	5.9 3 rd	6.2 3 rd	1.9 3 rd	3.1 2 nd	3.9 2 nd	4.5	Fund Quartile
No. of Funds in Category	629	625	619	578	441	341	156	—	No. of Funds in Category

PH&N Total Return 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	0.12	0.22	0.23	0.38	0.47	0.32	0.40	0.32	0.39	0.52	0.56
Interest	0.12	0.22	0.23	0.24	0.25	0.27	0.31	0.32	0.35	0.35	0.46
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	0.14	0.22	0.05	0.09	—	0.04	0.17	0.10
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2009	14.3	1-2012	8.4	2-2014	5.7	1-2019	4.1
Worst	9-2017	-3.5	1-2018	0.2	4-2018	1.9	6-2019	3.9
Average		3.9		3.7		3.7		4.0
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 Total Return 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.

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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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