

# PH&N Monthly Income Fund

## Investment Objective

The fundamental investment objective of the Fund is to provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth, by investing in a well-diversified balanced portfolio of income-producing equity securities including, but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed income securities such as preferred shares, government and corporate bonds, debentures and notes.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF7660
Adv	Front End	CAD	RBF6660
Adv	Low Load	CAD	RBF4660
H	No Load	CAD	RBF2660

Inception Date	December 2009
Total Fund Assets \$Mil	1,755.3
Series A NAV \$	9.24
Series A MER %	1.92
Benchmark	50% S&P/TSX Capped Composite Total Return 35% FTSE Canada Universe Bond 10% ICE BofA Merrill Lynch Cdn High Yield 5% S&P/TSX Preferred Share Total Return

Income Distribution	Monthly
Capital Gains Distribution	Annually
Monthly Distribution (¢/unit)	3.55
Current Payout Rate (%)*	4.61

\*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

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

Fund Category	Canadian Neutral Balanced
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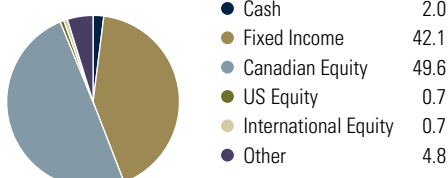
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Notes

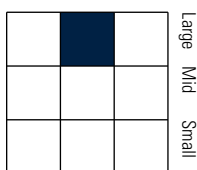
This is a continuing fund resulting from a merger effective June 27, 2014.

## Portfolio Analysis as of June 30, 2019

### Asset Mix



### Equity Style



### Statistics

P/B Ratio	1.7
P/E Ratio	14.6
Avg. Mkt Cap. \$B	37.8

### Top 5 Sectors

Sector	% Equity
Financials	40.7
Energy	17.0
Industrials	11.7
Materials	7.4
Communication Services	6.4

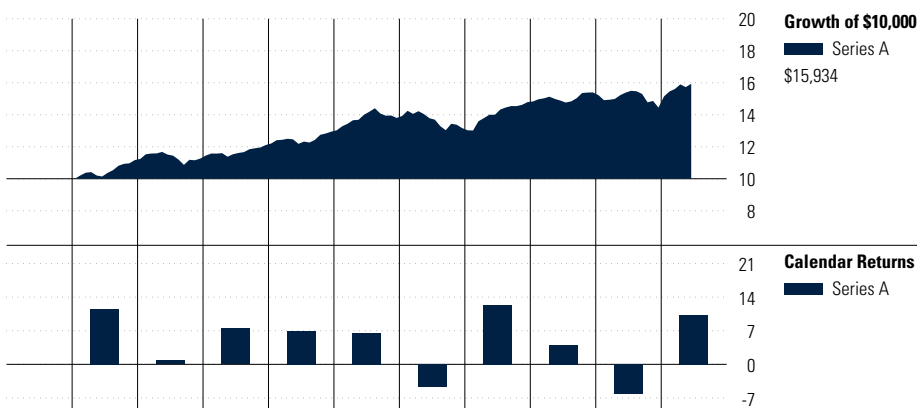
### Fixed Income Breakdown

Category	% Fixed Income
Government Bonds	66.5
Corporate Bonds	33.0
Other Bonds	0.5
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.0
Asset Backed Securities	0.0

### Top 25 Holdings

Company	% Assets
RBC High Yield Bond Fund O	5.6
Royal Bank of Canada	4.4
The Toronto-Dominion Bank	4.2
PH&N High Yield Bond Fund O	4.2
Enbridge Inc	2.8
Bank of Nova Scotia	2.4
Canadian National Railway Co	2.1
Bank of Montreal	1.9
Brookfield Asset Mgmt Inc Cl A	1.9
Manulife Financial Corp	1.5
Canada (Government of) 2.25% 01-03-2024	1.4
TC Energy Corp	1.4
Alimentation Couche-Tard Inc Class B	1.2
Sun Life Financial Inc	1.2
Shaw Communications Inc Class B	1.2
Ontario (Province Of) 3.5% 02-06-2043	1.2
Ontario (Province Of) 6.2% 02-06-2031	1.1
Suncor Energy Inc	1.0
Canadian Natural Resources Ltd	1.0
Canadian Pacific Railway Ltd	1.0
Canada Hsg Tr No 1 1.75% 15-06-2022	1.0
Nutrien Ltd	1.0
Waste Connections Inc	1.0
Canada Hsg Tr No 1 2.35% 15-06-2023	1.0
TELUS Corp	0.9
<b>Total % of Top 25 Holdings</b>	<b>47.7</b>
<b>Total Number of Portfolio Holdings</b>	<b>376</b>
<b>Total Number of Stock Holdings</b>	<b>69</b>
<b>Total Number of Bond Holdings</b>	<b>1,153</b>
<b>Total Number of Other Holdings</b>	<b>84</b>
<b>Total Number of Underlying Holdings</b>	<b>1,306</b>

## Performance Analysis as of June 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Return (%)	—	11.6	0.8	7.5	6.9	6.6	-4.6	12.3	4.1	-6.2	10.3	Fund
Rank	—	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>	4 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	Quartile

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %	
Value	1.3	2.1	10.3	3.6	4.4	2.6	—	5.0	Fund	Fund
Rank	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	—	—	Quartile	Quartile
No. of Funds	692	690	684	654	588	440	168	—	No. of Funds in Category	No. of Funds in Category

# PH&N Monthly Income Fund

## Management Overview

### Manager Bios

#### Scott Lysakowski

#### Phillips, Hager & North Investment Management

Scott is the Head of Canadian Equities for PH&N Investment Management and Senior Portfolio Manager on the team's core Canadian equity strategies. He joined the firm in 2002, where he was a senior research analyst and portfolio manager with the Toronto-based Canadian equity team before moving to Vancouver to join the PH&N IM team in 2009. Prior to being named Head in 2018, Scott was Co-Head of the team since 2012. Scott is a CFA charterholder.

#### 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	0.21	0.48	0.49	0.46	0.50	1.11	0.70	0.50	0.53	0.50	—
Interest	0.21	0.00	0.00	0.07	0.01	0.08	0.15	0.14	0.23	0.50	—
Dividends	—	0.17	0.09	0.18	0.20	0.17	0.19	0.20	0.19	—	—
Capital Gains	—	0.06	0.30	0.08	0.04	0.86	0.36	0.12	0.08	—	—
Return Of Capital	—	0.25	0.10	0.13	0.26	—	—	0.04	0.03	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2014	17.5	9-2014	9.0	2-2015	6.9	—	—
Worst	2-2016	-8.6	8-2017	1.0	12-2018	2.2	—	—
Average	4.8		4.8		4.6		—	
No. of Periods	103		79		55		—	
Pct. Positive	79.6		100.0		100.0		—	

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

### Commentary as at June 30, 2019

The Fund posted strong returns over the first half of 2019, largely driven by falling bond yields that created broader support for the bond market. However, the Fund was positioned to benefit from the expectation of slightly higher bond yields, which limited relative returns. This view was supported by reasonably strong corporate earnings, low unemployment levels, higher inflation and Bank of Canada rhetoric in late 2018 indicating that future rate hikes were on the horizon. The Fund's fixed-income portion benefited from exposure to investment-grade corporate bonds and provincial bonds.

Within the equities segment of the portfolio, the Materials and Financials sectors contributed the most to performance during the first half of 2019, largely driven by positions in Barrick Gold and Element Fleet Management. The Consumer Discretionary sector also performed well, led by positions in Dollarama and Magna International.

Positioning in the Industrials sector hurt the Fund's performance during the first half of 2019, with a

large negative impact from a holding in SNC-Lavalin. A position in ARC Resources also held back performance over the period.

The re-escalation of global trade tensions, the decelerating pace of global economic growth and concerns about the sustainability of economic growth are among the factors pushing down bond yields. 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. In light of these developments, the Bank of Canada has left its benchmark interest rate unchanged since October 2018.

Given the portfolio manager's view that the economic expansion may be in its latter stages, the fixed-income portion of the Fund is positioned with a focus on higher-quality issuers that are less sensitive to a slowdown in growth.

## PH&N Monthly Income 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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