RBC Monthly Income Fund

Fund Category
Canadian Neutral Balanced

Investment Objective
To provide relatively tax efficient monthly distributions consisting of dividend income, interest income and capital gains, as well as the potential for modest capital growth. The fund aims to provide as high a regular monthly income as possible.

Fund Details
Series Load Structure Currency Fund Code
A No Load CAD RBF448
Adv Front End CAD RBF763
Adv Low Load CAD RBF115
F No Load CAD RBF602

Inception Date
August 1997

Total Fund Assets $Mil
7,992.6

Series A NAV $
13.18

Series A MER %
1.20

Benchmark
57% FTSE TMX Canada Universe Bond Index
43% S&P/TSX Capped Composite Total Return Index

Income Distribution
Monthly

Capital Gains Distribution
Annually

Monthly Distribution (¢/unit)4.25
Current Payout Rate (%)*
3.87

*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

Management Company
RBC Global Asset Management Inc.

Web Site
www.rbcgam.com

Notes
No longer available for investment through registered plans and TFSAs.

Portfolio Analysis as of January 31, 2016

Asset Mix
- Cash 2.1
- Fixed Income 47.1
- Canadian Equity 44.8
- US Equity 5.9
- International Equity 0.1
- Other 0.0

Equity Style
- Value
- Blend
- Growth

Statistics
- P/B Ratio
- P/E Ratio
- Avg. Mkt Cap. $B
- 21.6

Top 5 Sectors
- Financials 39.8
- Energy 24.2
- Utilities 8.2
- Industrials 7.3
- Materials 5.8

Income-Generating Asset-Class
- Common Shares 50.8
- Government Bonds 25.6
- Investment-Grade Corporate Bonds 19.6
- Other 2.1
- High Yield Bonds 1.9
- Preferred Shares 0.0

Performance Analysis as of January 31, 2016

Top 10 Holdings
- Royal Bank Of Canada 3.7
- Toronto-Dominion Bank 2.8
- Bank of Nova Scotia 2.4
- TransCanada Corp 1.9
- Enbridge Inc 1.8
- Manulife Financial Corp 1.5
- Ontario Prov Cda 4.65% 02-06-2041 1.4
- Ontario Prov Cda 4.6% 02-06-2039 1.3
- Bank of Montreal 1.3
- CIBC 1.2

Total % of Top 10 Holdings
19.4

Total Number of Stock Holdings
367

Total Number of Bond Holdings
1,040

Total Number of Other Holdings
14

Total Number of Holdings
1,421

Growth of $10,000
Series A
$15,357

Calendar Returns %
Series A

YTD 1st
-0.2

Since Incep.
Trailing Return %
Series A

6.6

No. of Funds in Category
478
RBC Monthly Income Fund

Management Overview

Manager Bios

Jennifer McClelland
RBC Global Asset Management Inc.

Jennifer McClelland is Vice President and Senior Portfolio Manager, Canadian Equities. Jennifer began her investment career in 1993. She is a member of the Canadian Equity Committee and is responsible for income-oriented Canadian equity mandates. Jennifer has a Bachelor Degree in Economics from the University of Western Ontario and is a CFA charterholder.

Suzanne Gaynor
RBC Global Asset Management Inc.

Suzanne Gaynor is Vice President and Senior Portfolio Manager, Global Fixed Income and Currencies. She has been in the investment industry since 1988.

Performance Analysis Cont’d as of January 31, 2016

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</thead>
<tbody>
<tr>
<td>Total Distributions</td>
<td>0.04</td>
<td>0.51</td>
<td>0.51</td>
<td>0.56</td>
<td>0.51</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>1.14</td>
<td>0.77</td>
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<tr>
<td>Interest</td>
<td>0.04</td>
<td>0.14</td>
<td>0.15</td>
<td>0.14</td>
<td>0.15</td>
<td>—</td>
<td>0.30</td>
<td>0.43</td>
<td>0.41</td>
<td>0.39</td>
<td>0.38</td>
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<td>Dividends</td>
<td>—</td>
<td>0.22</td>
<td>0.19</td>
<td>0.20</td>
<td>0.17</td>
<td>0.17</td>
<td>0.15</td>
<td>0.14</td>
<td>0.16</td>
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<tr>
<td>Capital Gains</td>
<td>—</td>
<td>0.12</td>
<td>0.22</td>
<td>0.19</td>
<td>0.18</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.58</td>
<td>0.24</td>
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<tr>
<td>Return Of Capital</td>
<td>—</td>
<td>0.04</td>
<td>0.17</td>
<td>—</td>
<td>0.22</td>
<td>0.11</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Total Value</td>
<td>0.04</td>
<td>0.51</td>
<td>0.51</td>
<td>0.56</td>
<td>0.51</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>1.14</td>
<td>0.77</td>
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Best/Worst Periods %

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<thead>
<tr>
<th>Ended</th>
<th>1 Yr</th>
<th>Ended</th>
<th>3 Yr</th>
<th>Ended</th>
<th>5 Yr</th>
<th>Ended</th>
<th>10 Yr</th>
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<tr>
<td>Best</td>
<td>2-2001</td>
<td>25.7</td>
<td>3-2006</td>
<td>16.1</td>
<td>2-2005</td>
<td>13.3</td>
<td>2-2010</td>
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<tr>
<td>Worst</td>
<td>2-2009</td>
<td>-16.0</td>
<td>2-2009</td>
<td>-2.9</td>
<td>5-2012</td>
<td>3.1</td>
<td>1-2016</td>
</tr>
<tr>
<td>Average</td>
<td>7.1</td>
<td>7.6</td>
<td>7.7</td>
<td>7.4</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>No. of Periods</td>
<td>210</td>
<td>186</td>
<td>162</td>
<td>102</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Pct. Positive</td>
<td>84.8</td>
<td>97.3</td>
<td>100.0</td>
<td>100.0</td>
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* Distributions are characterized into income type at year-end.

Quarterly Commentary as at December 31, 2015

RBC Monthly Income Fund (Series A) returned 0.1% in Q4 vs. 0.0% for its benchmark.

Canadian yields climbed through the first two months of Q4 in anticipation of the impending Federal Reserve (Fed) policy rate lift-off. However, as oil prices reached new post-recession lows in December and sentiment toward the Canadian economy continued to weaken, yields ended the quarter lower than they were at the start. Lower prices for oil and other commodities led the Bank of Canada (BoC) at its October meeting to reduce domestic growth forecasts for 2016 and 2017, and the BoC said it doesn’t see any risk of an overheating economy before mid-2017.

Positions in the Consumer Discretionary and Utilities sectors had a positive impact on performance, but were offset by holdings in the Energy sector. In the Consumer Discretionary sector, a lack of position in Dollarama was positive for performance. In the Utilities sector, an overweight allocation to Algonquin Power &

Utilities and Brookfield Infrastructure Partners also contributed to returns.

The Energy Sector continued to experience significant instability and weakness this quarter, as fundamental uncertainty persisted for the underlying commodity prices. Many corporate business models, project economics and fiscal budgets are significantly challenged at these crude oil prices.

An improvement in the performance of Canadian equity markets will require a bigger contribution from stocks in the Financials and Energy sectors. For that to happen energy prices will have to move higher, in the view of the portfolio manager. For growth, Canada also depends on the U.S., where a stronger labour market and improving housing market indicate an improving economy. The interest rate policy divergence between the Fed and the BoC is likely to widen if commodity prices remain weak, which could add further pressure to the Canadian dollar.
RBC 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 funds are not guaranteed or covered by the Canadian 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 and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2015, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1 to September 30, 2015, expressed on an annualized basis.

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). This is the Morningstar quartile ranking of Series A units of the Fund as of January 31, 2016. Morningstar ratings are overall ratings reflecting risk adjusted performance as of January 31, 2016. The ratings are subject to change every month. The ratings are calculated for funds with a minimum of 3 years of performance, calculated from the funds’ 1 and 3 year average annual returns measured against a 91-day Treasury Bill return with appropriate fee adjustments. The top 10% of the funds in a category receive 5 stars (high); if the funds fall in the next 22.5%, they receive 4 stars (above average); a place in the middle 35% earns a fund 3 stars (neutral or average); those in the next 22.5% receive 2 stars (below average); and the lowest 10% get 1 star (low). Ratings are just one factor to consider when investing. For more information, please see www.morningstar.ca.

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