



RBC Canadian Short-Term Income Fund

Investment Objective

To provide a competitive level of monthly income by investing primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments and corporations.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF264
Adv	Deferred Sales	CAD	RBF851
Adv	Front End	CAD	RBF751
Adv	Low Load	CAD	RBF113

Inception Date	January 1992
Total Fund Assets \$Mil	5,692.2
Series A NAV \$	10.35
Series A MER %	1.05
Benchmark	FTSE Canada Short Term Overall Bond Index

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

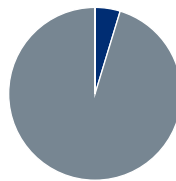
Fund Category	Canadian Short Term Fixed Income
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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Portfolio Analysis as of September 30, 2018

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	50.2
Corporate Bonds	45.3
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	4.5
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	4.5	Under 1 year	10.4
AAA	29.0	1 - 5 Yrs	88.4
AA	41.7	5 - 10 Yrs	1.2
A	14.0	Over 10 Yrs	0.0
BBB	10.9		
Below BBB	0.0	Avg. Term to maturity (Yrs)	2.8
Mortgages	0.0	Duration (Yrs)	2.6
NR/NA	0.0	Yield to Maturity	2.6

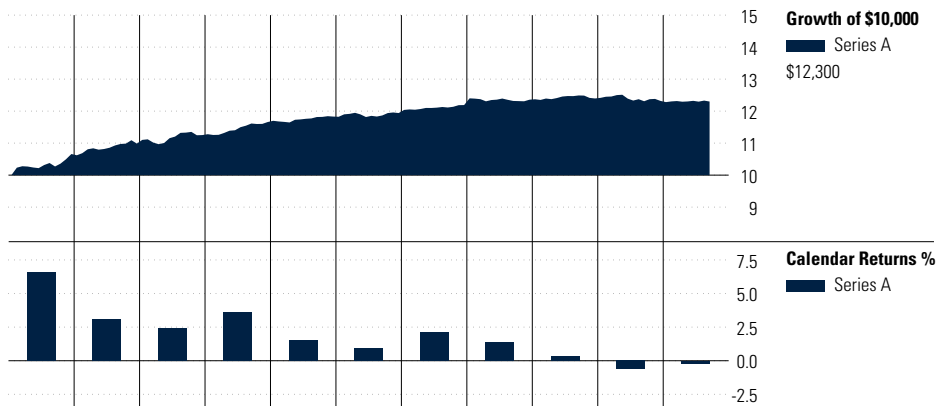
Geographic Allocations

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

Top 25 Holdings

	% Assets
Canada (Government of) 0.5% 01-03-2022	3.2
Canada (Government of) 0.5% 01-02-2019	2.9
Canada Hsg Tr No 1 3.35% 15-12-2020	2.8
Ontario (Province Of) 2.1% 08-09-2019	2.8
Ontario (Province Of) 2.85% 02-06-2023	2.8
Ontario (Province Of) 4% 02-06-2021	2.6
Canada (Government of) 1.5% 01-06-2023	2.6
Quebec (Province Of) 3.5% 01-12-2022	2.2
Canada Housing Tr No.1 1.25% 15-06-2021	2.0
Canada (Government of) 0.75% 01-09-2020	1.9
Canada (Government of) 1.75% 01-03-2023	1.7
Ontario (Province Of) 1.35% 08-03-2022	1.7
Canada Housing Tr No.1 1.25% 15-12-2020	1.6
Canada Hsg Tr No 1 2.65% 15-03-2022	1.5
Prov Of New Brunswick 4.5% 02-06-2020	1.5
Manitoba (Province of) 1.55% 05-09-2021	1.4
Canada Hsg Tr No 1 1.75% 15-06-2022	1.4
Quebec (Province Of) 4.5% 01-12-2020	1.3
HSBC Bank Canada 3.24% 15-09-2023	1.2
National Bank of Canada 1.81% 26-07-2021	1.2
Quebec (Province Of) 4.5% 01-12-2019	1.2
Province of Alberta 1.35% 01-09-2021	1.1
Bank of Montreal 2.27% 11-07-2022	1.1
Wells Fargo Canada Corp 3.04% 29-01-2021	1.1
Canada (Government of) 0.75% 01-03-2021	1.1
Total % of Top 25 Holdings	45.9
Total Number of Stock Holdings	0
Total Number of Bond Holdings	179
Total Number of Other Holdings	2
Total Number of Holdings	181

Performance Analysis as of September 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	6.6	3.1	2.4	3.6	1.5	0.9	2.1	1.4	0.3	-0.6	-0.2	Fund Quartile
	2 nd	3 rd	3 rd	2 nd	3 rd	3 rd	3 rd	3 rd	4 th	4 th	4 th	

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Calendar Returns %	-0.2	-0.2	-0.1	-0.1	0.0	0.7	1.8	3.8	Fund Quartile
	3 rd	4 th	4 th	4 th	4 th	3 rd	3 rd	—	Quartile
No. of Funds in Category	243	240	236	226	187	146	54	—	



RBC Canadian Short-Term Income Fund

Management Overview

Manager Bios

Walter Posiewko

RBC Global Asset Management Inc.

Walter Posiewko is Vice President and Senior Portfolio Manager, Global Fixed Income and Money Markets. He has been in the investment industry since 1985.

Performance Analysis Cont'd as of September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.11	0.14	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38
Interest	0.11	0.14	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-1996	13.6	6-1997	8.8	6-1999	6.6	6-2004	5.5
Worst	5-2018	-1.7	1-2018	-0.3	4-2018	0.6	8-2018	1.7
Average		3.4		3.5		3.5		3.5
No. of Periods		289		265		241		181
Pct. Positive		93.1		96.6		100.0		100.0

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

Quarterly Commentary as at September 30, 2018

Canadian short bond yields continued to climb during Q3, pressured by rising U.S. yields as the U.S. Federal Reserve (Fed) continued its tightening program, as well as responding to increasing evidence of recovery in Canada. Improved economic data resulted in both the Fed and the Bank of Canada (BoC) hiking rates once during the quarter by 25 bps, and suggesting more tightening is in store, due to inflation pressures stirring. Overhanging the pace and frequency of tightening policy in Canada was the lingering uncertainty related to trade relationships with the U.S., particularly the outcome of NAFTA negotiations which proceeded slowly and in fits. On the last day of the quarter a deal was reached, removing the final obstacle to another hike in Canada. Further underscoring the need for tighter policy was strengthening global growth, which saw several central banks adopt tightening action and or language.

During Q3, bond yields increased approximately 30 bps across short maturities, while longer bond yields increased 20-25 bps, in reaction to growing

inflation pressures.

The deteriorating outlook for bond prices underscored the fund's defensive posture as duration fell further during the quarter. Overall asset allocation changed little; cash was unchanged, as was both government and corporate exposure.

Policy bias in Canada is for a return to normal compared to the emergency level rates of the last few years. The BoC is adopting a gradual approach to tightening, as household sensitivity to higher interest rates continues to preoccupy the BoC. A new trade agreement with the U.S. removes the largest impediment to further tightening, and a return to economic fundamentals will drive policy going forward. If inflation pressures grow, the BoC will proceed with numerous rate hikes.

Accordingly, the outlook remains for bond yields to climb, which will necessitate a continued defensive posture for the Fund.



RBC Canadian Short-Term 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 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, PH&N Funds and BlueBay Funds is based on actual expenses for the half-year period, January 1 to June 30, 2018, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full year period, April 1, 2017 to March 31, 2018.

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

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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). This is the Morningstar quartile ranking of Series A and F units of the Fund as of September 30, 2018.

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