RBC Bond Fund

Investment Objective
To provide above average, long-term total returns consisting of interest income and moderate capital growth by investing primarily in high-quality fixed-income securities issued by Canadian governments and corporations.

Fund Details
Series | Load Structure | Currency | Fund Code
--- | --- | --- | ---
A | No Load | CAD | RBF270
Adv | Deferred Sales | CAD | RBF950
Adv | Front End | CAD | RBF750
Adv | Low Load | CAD | RBF114
Inception Date | July 1966
Total Fund Assets $Mil | 22,190.0
Series A NAV $ | 6.81
Series A MER % | 1.11
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
Management Company | RBC Global Asset Management Inc.
Web Site | www.rbcgam.com

Notes
Please note the “Since Inception” rate of return includes data from October 1972 only.

This is a continuing fund resulting from a merger effective November 27, 2015.

Portfolio Analysis as of October 31, 2019
Asset Mix
- Cash: 5.1%
- Fixed Income: 94.6%
- Canadian Equity: 0.0%
- US Equity: 0.0%
- International Equity: 0.0%
- Other: 0.2%

Fixed Income Breakdown
- Government Bonds: 53.2%
- Corporate Bonds: 40.9%
- Other Bonds: 0.0%
- Mortgage Backed Securities: 0.0%
- ST Investments (Cash & Other): 5.9%
- Asset Backed Securities: 0.0%

Bond Rating
- Cash / Cash Equiv.: 5.9%
- AAA: 11.1%
- AA: 22.4%
- A: 42.5%
- BBB: 14.8%
- Below BBB: 3.4%
- Mortgages: 0.0%
- NR/NA: 0.0%

Term to Maturity
- Under 1 year: 2.3%
- 1 - 5 Yrs: 36.7%
- 5 - 10 Yrs: 27.5%
- Over 10 Yrs: 33.5%

Geographic Allocations
- Canada: 95.8%
- United States: 1.2%
- International (ex-Emerging Markets): 0.1%
- Emerging Markets: 2.9%

Performance Analysis as of October 31, 2019

Top 10 Holdings
- Canada (Government of) 2.75% 01-12-2048: 2.8%
- Ontario (Province Of) 3.45% 02-06-2045: 2.8%
- Ontario (Province Of) 3.5% 02-06-2043: 2.2%
- Ontario (Province Of) 2.9% 02-12-2046: 2.2%
- Ontario (Province Of) 2.9% 02-06-2049: 2.1%
- Ontario (Province Of) 2.8% 02-06-2048: 2.0%
- Ontario (Province Of) 2.6% 02-06-2027: 2.0%
- Ontario (Province Of) 2.6% 02-06-2025: 2.0%
- Ontario (Province Of) 4.6% 02-06-2039: 1.8%
- Ontario (Province Of) 4.65% 02-06-2041: 1.6%

Total % of Top 10 Holdings: 21.4%
Total Number of Stock Holdings: 18
Total Number of Bond Holdings: 2,139
Total Number of Other Holdings: 50
Total Number of Holdings: 2,207

Growth of $10,000
- Series A: $16,303

Calendar Returns %
- Series A

2009 1st: 11.0%
2010 2nd: 6.4%
2011 2nd: 8.4%
2012 2nd: 3.8%
2013 2nd: 3.8%
2014 2nd: 7.8%
2015 2nd: 2.6%
2016 1st: 2.3%
2017 2nd: 2.3%
2018 3rd: 0.1%
YTD 2nd: 7.3%

1 Mth 0.1%
3 Mth 0.6%
6 Mth 3.3%
1 Yr 9.6%
3 Yr 2.3%
5 Yr 3.3%
10 Yr 3.9%
Since Incep. 7.3%

Trailing Return %
- Fund
- Quartile

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RBC Bond Fund

Management Overview

Manager Bios

Dagmara Fijalkowski
RBC Global Asset Management Inc.
As Head of Global Fixed Income and Currencies, Dagmara leads investment teams in Toronto, London and Minneapolis in charge of almost $100 billion in fixed income assets. She heads management of several bond funds and manages foreign-exchange hedging and active currency overlay programs across a number of funds. Dagmara, who began her investment career in 1994, holds an MBA from the Richard Ivey School of Business, a Master's degree in economics from the University of Lodz in Poland and is a CFA charterholder.

RBC GAM Glbl Fix Inc & Currencies Cmttee
Chaired by Dagmara Fijalkowski, Senior Vice President and Senior Portfolio Manager, Head, Global Fixed Income and Currencies. Dagmara has been in the investment industry since 1994.

Performance Analysis Cont’d as of October 31, 2019

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</thead>
<tbody>
<tr>
<td>Total Distributions</td>
<td>0.11</td>
<td>0.14</td>
<td>0.15</td>
<td>0.20</td>
<td>0.15</td>
<td>0.19</td>
<td>0.21</td>
<td>0.17</td>
<td>0.17</td>
<td>0.17</td>
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<tr>
<td>Interest</td>
<td>0.11</td>
<td>0.14</td>
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<td>0.14</td>
<td>0.14</td>
<td>0.15</td>
<td>0.18</td>
<td>0.17</td>
<td>0.17</td>
<td>0.17</td>
<td>0.21</td>
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<tr>
<td>Dividends</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<td>—</td>
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<tr>
<td>Capital Gains</td>
<td>—</td>
<td>0.00</td>
<td>0.06</td>
<td>0.00</td>
<td>0.01</td>
<td>0.04</td>
<td>—</td>
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<tr>
<td>Return Of Capital</td>
<td>—</td>
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Best/Worst Periods %

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<thead>
<tr>
<th></th>
<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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<tbody>
<tr>
<td>Worst</td>
<td>1-2000</td>
<td>-5.4</td>
<td>2-2018</td>
<td>-2.9</td>
<td>4-2018</td>
<td>-2.1</td>
<td>10-2008</td>
<td>3.2</td>
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<tr>
<td>Average</td>
<td>5.2</td>
<td>4.9</td>
<td>4.9</td>
<td>4.7</td>
<td>4.7</td>
<td>4.7</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>No. of Periods</td>
<td>289</td>
<td>100.0</td>
<td>265</td>
<td>100.0</td>
<td>241</td>
<td>100.0</td>
<td>181</td>
<td>100.0</td>
</tr>
<tr>
<td>Pct. Positive</td>
<td>87.2</td>
<td>100.0</td>
<td>87.2</td>
<td>100.0</td>
<td>87.2</td>
<td>100.0</td>
<td>87.2</td>
<td>100.0</td>
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</tbody>
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* Distributions are characterized into income type at year-end.

Commentary as at September 30, 2019

Canadian bonds joined global fixed-income markets in posting gains in the third quarter of 2019. Concerns over a continued slowdown in the global economy, weakening consumer confidence and escalating trade tensions prompted some major central banks to pivot to monetary stimulus. The Bank of Canada (BOC) was among the central banks that did not cut short-term interest-rate during the period. Part of the reason that the BOC resisted cutting rates was that the domestic economy held up relatively well even with U.S.-China trade tensions. Making things easier for the BOC was lower concerns about high consumer debt burden amidst recovering housing market. Meanwhile, the U.S. Federal Reserve (Fed) lowered its benchmark interest rate twice during the summer to counter global macroeconomic risks, so called mid-cycle insurance cuts.

Both provincial and corporate bonds outperformed Government of Canada bonds during the period. An above-benchmark allocation to Canadian investment-grade bonds aided performance. However, the Fund’s exposure to preferred shares hurt returns. Given the unexpected strength in the Canadian dollar, currency positions were also a negative contributor.

We expect further central-bank easing as softening growth is expected to continue. The Fed has been at pains to assert that its recent rate reductions do not portend an imminent recession, but geopolitical risks and U.S.-China trade developments are likely to increase financial-market volatility. Canada is not immune to the global slowdown, and we forecast one BOC rate reduction over the next 12 months. Non-government bonds performed especially well in the most recent quarter, and further gains may lead the portfolio manager to reduce exposure in this area further and scale back overall portfolio risk. The portfolio manager will execute term and currency strategies while taking advantage of volatility to acquire riskier assets.
RBC 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 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 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.

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).

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