



# 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	RBF850
Adv	Front End	CAD	RBF750
Adv	Low Load	CAD	RBF114

Inception Date	July 1966
Total Fund Assets \$Mil	20,068.5
Series A NAV \$	6.39
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
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Management Company	RBC Global Asset Management Inc.
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Web Site	www.rbcgam.com
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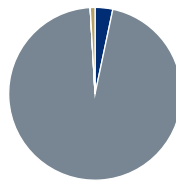
## Notes

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 September 30, 2018

### Asset Mix



	% Assets
Cash	3.3
Fixed Income	95.7
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.9

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	53.9
Corporate Bonds	43.3
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	2.8
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	2.8	Under 1 year	4.7
AAA	12.5	1 - 5 Yrs	36.5
AA	53.0	5 - 10 Yrs	27.9
A	11.3	Over 10 Yrs	30.9
BBB	16.6		
Below BBB	3.7	Avg. Term to maturity (Yrs)	10.3
Mortgages	0.0	Duration (Yrs)	7.7
NR/NA	0.0	Yield to Maturity	3.2

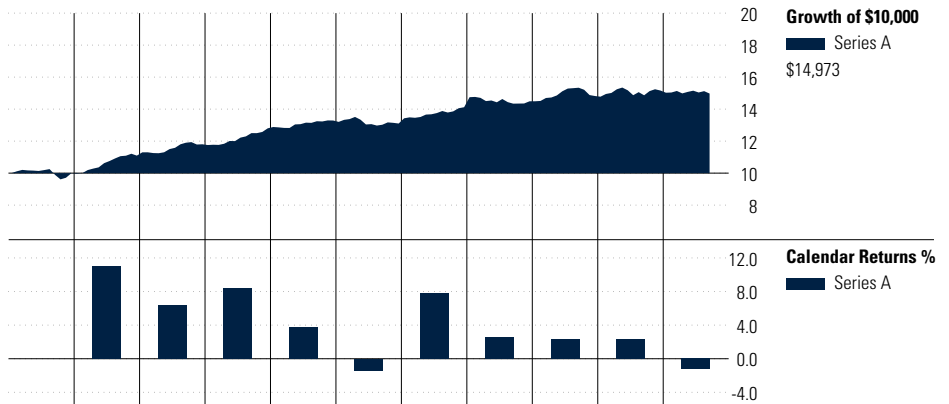
### Geographic Allocations

	% Assets
Canada	93.6
United States	3.5
International (ex-Emerging Markets)	0.1
Emerging Markets	2.8

### Top 25 Holdings

	% Assets
Ontario (Province Of) 3.45% 02-06-2045	2.7
Ontario (Province Of) 2.6% 02-06-2027	2.2
Ontario (Province Of) 3.5% 02-06-2043	2.1
Ontario (Province Of) 2.6% 02-06-2025	2.1
Ontario (Province Of) 2.9% 02-12-2046	2.0
Ontario (Province Of) 4.6% 02-06-2039	1.7
Canada (Government of) 1.5% 01-06-2026	1.6
Ontario (Province Of) 2.4% 02-06-2026	1.6
Canada (Government of) 2% 01-06-2028	1.6
Ontario (Province Of) 4.65% 02-06-2041	1.5
Canada (Government of) 2.75% 01-12-2048	1.5
Ontario (Province Of) 4% 02-06-2021	1.5
Canada (Government of) 1% 01-06-2027	1.5
Ontario (Province Of) 2.85% 02-06-2023	1.5
United States 10-Year Nt Fut 19-12-2018	1.3
Ontario (Province Of) 3.5% 02-06-2024	1.3
Quebec (Province Of) 3% 01-09-2023	1.2
Ontario (Province Of) 2.9% 02-06-2028	1.1
Quebec (Province Of) 2.75% 01-09-2028	1.1
Quebec (Province Of) 2.75% 01-09-2027	1.0
Quebec (Province Of) 3.75% 01-09-2024	0.9
Quebec (Province Of) 5% 01-12-2041	0.9
Quebec (Province Of) 4.5% 01-12-2020	0.9
Ontario (Province Of) 4.7% 02-06-2037	0.9
Quebec (Province Of) 2.75% 01-09-2025	0.9
<b>Total % of Top 25 Holdings</b>	<b>36.6</b>
<b>Total Number of Stock Holdings</b>	<b>5</b>
<b>Total Number of Bond Holdings</b>	<b>795</b>
<b>Total Number of Other Holdings</b>	<b>38</b>
<b>Total Number of Holdings</b>	<b>838</b>

## Performance Analysis as of September 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	0.0	11.0	6.4	8.4	3.8	-1.4	7.8	2.6	2.3	2.3	-1.2	Fund Quartile
	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-1.0	-1.2	-1.1	0.7	1.4	2.8	4.2	7.3	Fund
	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	—	Quartile
	526	518	509	495	402	331	150	—	No. of Funds in Category



# RBC Bond Fund

## Management Overview

### Manager Bios

#### Dagmara Fijalkowski

#### RBC Global Asset Management Inc.

As Head of Global Fixed Income and Currencies at RBC Global Asset Management, Dagmara leads investment teams in Toronto, London. In her duties as a portfolio manager, Dagmara heads management of several bond funds, manages foreign-exchange hedging and active currency overlay programs across a number of funds. Dagmara chairs the Fixed Income Strategy Committee. She is also a member of the Investment Policy Committee, which determines asset mix for balanced and multi-strategy products, and the RBC Investment Strategy Committee.

#### RBC GAM Gbl Fix Inc & Currencies Cmtee

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 September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.10	0.15	0.20	0.15	0.15	0.19	0.21	0.17	0.21	0.26	0.26
Interest	0.10	0.14	0.14	0.14	0.15	0.18	0.17	0.17	0.21	0.26	0.26
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.00	0.06	0.00	—	0.01	0.04	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-1996	20.7	1-1998	14.2	6-1999	9.8	1-2005	7.3
Worst	1-1995	-8.8	2-2018	0.6	4-2018	2.1	10-2008	3.2
Average		5.1		5.3		5.1		5.0
No. of Periods		289		265		241		181
Pct. Positive		85.8		100.0		100.0		100.0

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

### Quarterly Commentary as at September 30, 2018

The Canadian bond market joined the global bond sell-off, posting a negative return in Q3. The strong economy and abating concerns about housing and household debt supported the Bank of Canada (BOC) decision to hike the policy rate by 25 basis points to 1.5% in July. Although the BOC reiterated its intention to continue gradually tightening, it also cautioned investors on the uncertainties surrounding trade and sluggish wage growth that could weigh on its future decisions. However, at the end of September Canada reached a trade deal with the U.S. causing investors to price in higher short-term interest rates in the coming months.

For Q3, bond yields were higher across all maturities, led by short-term bonds. Government of Canada 10-year yields finished Q3 above 30-year bonds for the first time since 2007. We do not think this inversion indicates an imminent negative shock to the Canadian economy. In our opinion a relative shortage of longer-term Government of Canada bonds is the culprit that led to this yield curve inversion.

The Fund benefited from investments in non-government bonds, especially U.S. high-yield corporate and emerging market debt which outperformed government bonds. Their collective outperformance cushioned losses from foreign currency positions, particularly emerging-market currencies.

The rise in yields has made valuations more attractive, supporting our approach to gradually accumulate long maturity government bonds. Non-government bonds may provide extra yield over governments but their near-term outlook is not as positive given that valuations already reflect good economic news. Furthermore, the extra yield that they offer relative to government bonds is at the lowest levels since the financial crisis a decade ago. The Fund has been reducing the overweight holdings in both provincial and corporate bonds. Emerging-market currencies may present the most attractive opportunity, especially relative to the Canadian dollar, and the Fund increased exposure during sell-off in September.



# 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 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

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 and F units of the Fund as of September 30, 2018.

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