



# RBC Emerging Markets Bond Fund (CAD Hedged)

## Investment Objective

To provide total returns comprised of interest income and capital growth while minimizing the exposure to currency fluctuations between foreign currencies and the Canadian dollar. The fund invests primarily in government debt securities of emerging market countries and may also invest in emerging market corporate bonds and government debt securities of developed countries. The fund may do so either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate. The fund will also use derivatives to hedge against the fluctuations in the value of foreign currencies relative to the Canadian dollar.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF428
Adv	Front End	CAD	RBF6428
Adv	Low Load	CAD	RBF4428

Inception Date	September 2016
Total Fund Assets \$Mil	6.0
Series A NAV \$	9.40
Series A MER %	1.88
Benchmark	JP Morgan EMBI Global Diversified (Hedged to CAD)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

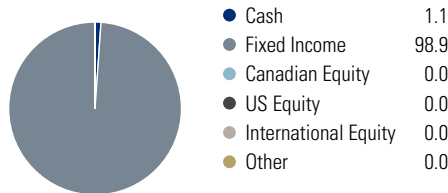
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	High Yield Fixed Income
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of January 31, 2018

### Asset Mix



### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	64.3
Corporate Bonds	34.6
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.7
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	0.7	Under 1 year	2.6
AAA	3.5	1 - 5 Yrs	30.6
AA	1.7	5 - 10 Yrs	37.6
A	6.2	Over 10 Yrs	29.2
BBB	31.4		
Below BBB	53.5	Avg. Term to maturity (Yrs)	10.7
Mortgages	0.0	Duration (Yrs)	6.7
NR/NA	3.0	Yield to Maturity	4.6

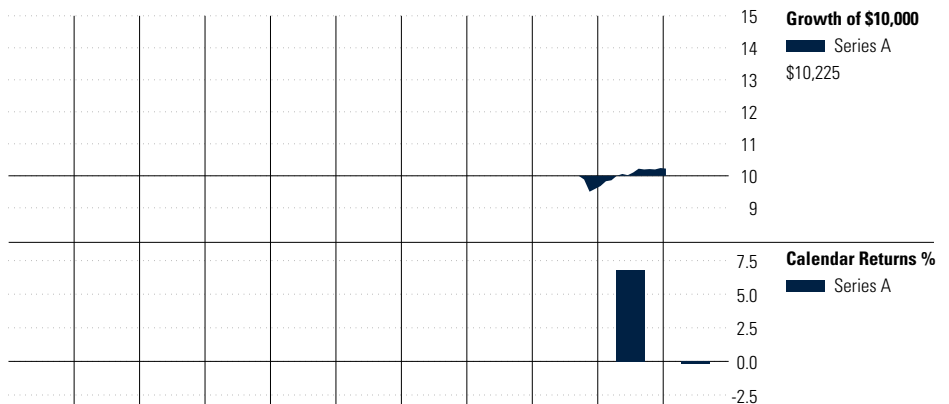
### Geographic Allocations

Geographic Allocation	% Assets
Canada	0.0
United States	3.5
International (ex-Emerging Markets)	0.0
Emerging Markets	96.5

### Top 10 Holdings

Top 10 Holdings	% Assets
US Treasury Note 2.25% 15-02-2027	3.5
Peru Rep 8.75% 21-11-2033	3.0
Russian Federation 4.75% 27-05-2026	2.2
Dominican Republic 7.45% 30-04-2044	2.1
Serbia Rep 7.25% 28-09-2021	1.5
Vietnam Socialist Rep 4.8% 19-11-2024	1.5
Pemex Proj Fdg Maste Tr 6.625% 15-06-2035	1.4
Ministry Fin Ukraine 7.75% 01-09-2022	1.4
Imdb Engy Limited 5.99% 11-05-2022	1.4
Colombia Rep 6.125% 18-01-2041	1.3
Total % of Top 10 Holdings	19.3
Total Number of Stock Holdings	0
Total Number of Bond Holdings	723
Total Number of Other Holdings	35
<b>Total Number of Holdings</b>	<b>758</b>

## Performance Analysis as of January 31, 2018



2008	—	—	—	—	—	—	—	—	—	—	6.8	-0.2	Fund
	—	—	—	—	—	—	—	—	—	—	1 <sup>st</sup>	3 <sup>rd</sup>	Quartile

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
-0.2	0.1	1.2	5.6	—	—	—	1.8	Fund
3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	—	—	—	—	Quartile
588	587	562	495	360	242	47	—	No. of Funds in Category



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## Management Overview

### Manager Bios

**Jane Lesslie**

**RBC Global Asset Management Inc.**

Jane Lesslie is 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, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	0.53	0.29	—	—	—	—	—	—	—	—
Interest	—	0.30	0.12	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.22	0.17	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2017	7.3	—	—	—	—	—	—
Worst	9-2017	2.0	—	—	—	—	—	—
Average		5.0		—		—		—
No. of Periods		5		—		—		—
Pct. Positive		100.0		—		—		—

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

### Quarterly Commentary as at December 31, 2017

Emerging market (EM) bonds capped off what was a good year for the asset class with modest but positive returns in Q4. The bonds within the Fund generated returns of just under 1% for the quarter, but a weaker Canadian dollar provided an additional performance boost.

Better than expected growth from China and other developing markets, coupled with higher commodity prices sparked record inflows into EM bonds during the year. EM bond spreads moved higher early in Q4, but then drifted back to finish at similar levels to where they started. Longer term bonds broadly outperformed shorter term bonds during Q4, so the Fund's bias towards shorter-term bonds was a slight detractor from performance. An underweight allocation to some of the stronger performing, but lower quality African credits also detracted from performance. Within Africa, we modestly increased the exposure to Egypt and Ghana, two countries benefitting from International Monetary Fund plans to improve their financial stability.

The Fund benefited from an underweight allocation to Venezuela, which accounted for less than 1% of the portfolio. Venezuelan bonds sold off as the troubled country unsurprisingly began partially defaulting on bond payments in November.

Fundamentals in EM remain strong and the growth differential between EM and developed markets continues to widen after hitting a low in 2015. Political risks could be more prevalent in the coming year with elections scheduled in Brazil, Mexico, Columbia, Hungary, Russia, Malaysia, Thailand and possibly Venezuela. We have reduced the Fund's allocation to Mexico in light of the upcoming election that could result in a leftist nationalist candidate taking power. Risk premiums for EM bonds remain close to three year lows, volatility is subdued and investors have shrugged off rising geopolitical risk. However, with over 20% of all outstanding government bonds trading at negative yields, demand for EM bonds is likely to remain robust.



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### 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, 2017, 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, 2017, expressed on an annualized basis.

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 January 31, 2018.

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