



# RBC \$U.S. High Yield Bond Fund

## Investment Objective

To provide total returns comprised of interest income and modest capital growth. The fund invests primarily in higher yielding corporate debt securities issued by U.S. corporations.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	USD	RBF483
Adv	Deferred Sales	USD	RBF883
Adv	Front End	USD	RBF723
Adv	Low Load	USD	RBF083

Inception Date	October 2013
Total Fund Assets \$Mil	149.2
Series A NAV \$	9.39
Series A MER %	1.45
Benchmark	ICE BofA Merrill Lynch U.S. High Yield BB-B Index (USD)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

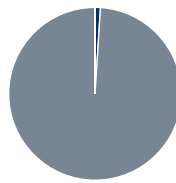
Fund Category	High Yield Fixed Income
---------------	-------------------------

Management Company	RBC Global Asset Management Inc.
--------------------	----------------------------------

Web Site	www.rbcgam.com
----------	----------------

## Portfolio Analysis as of September 30, 2018

### Asset Mix



	% Assets
Cash	1.0
Fixed Income	99.0
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	0.0
Corporate Bonds	98.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.1
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.1	Under 1 year	0.0
AAA	0.0	1 - 5 Yrs	15.9
AA	0.0	5 - 10 Yrs	79.9
A	0.0	Over 10 Yrs	4.2
BBB	5.2		
Below BBB	93.7	Avg. Term to maturity (Yrs)	6.9
Mortgages	0.0	Duration (Yrs)	5.0
NR/NA	0.0	Yield to Maturity	5.8

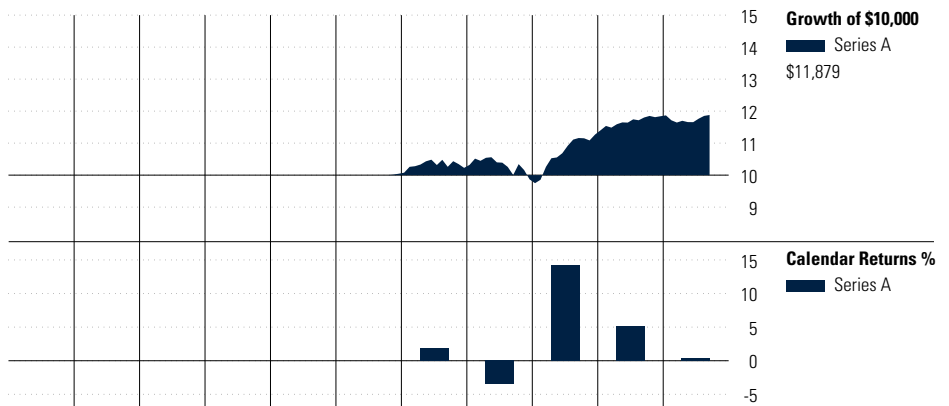
### Geographic Allocations

	% Assets
Canada	6.3
United States	92.9
International (ex-Emerging Markets)	0.7
Emerging Markets	0.0

### Top 25 Holdings

	% Assets
Sprint Capital Corp 6.88% 15-11-2028	2.3
Lennar Corporation 5.25% 01-06-2026	2.2
HCA Inc. 5.88% 15-02-2026	1.9
ArcelorMittal S.A. 8% 15-10-2039	1.8
Western Digital Corp. 4.75% 15-02-2026	1.7
CSC Holdings, LLC 5.5% 15-04-2027	1.7
Cco Hldgs Cap 144A 5.75% 15-02-2026	1.7
American Axle & Manufact 6.5% 01-04-2027	1.4
Ball Corporation 4.88% 15-03-2026	1.4
Seven Generations Engy 5.38% 30-09-2025	1.4
Alcoa Nederland Hldg 6.75% 30-09-2024	1.4
Cinemark USA Inc. 4.88% 01-06-2023	1.4
Lamb Weston Holdings 4.88% 01-11-2026	1.4
Adient Global Hldgs 4.875% 15-08-2026	1.4
The Goodyear Tire & Rubber 5% 31-05-2026	1.3
Builders Firstsource 5.62% 01-09-2024	1.3
Videotron Ltee 5.62% 15-06-2025	1.3
DANA INCORPORATED 5.5% 15-12-2024	1.3
Hanesbrands Inc. 4.88% 15-05-2026	1.3
Baytex Energy Corp 5.12% 01-06-2021	1.2
Hilton Dom. Op. Co 5.12% 01-05-2026	1.2
Cedar Fair L P 5.375% 15-04-2027	1.2
Gibson Energy Inc 5.25% 15-07-2024	1.2
Blue Racer Midstream 6.125% 15-07-2026	1.2
Six Flags Ent Corp New 5.5% 15-04-2027	1.2
<b>Total % of Top 25 Holdings</b>	<b>36.5</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	126
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>127</b>

## Performance Analysis as of September 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Calendar Returns %	—	—	—	—	—	—	1.8	-3.5	14.2	5.1	0.3	Fund
	—	—	—	—	—	—	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.2	1.9	2.0	0.7	5.9	—	—	3.8	Fund
	4 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	—	—	—	Quartile
	448	445	441	431	301	204	46	—	No. of Funds in Category



# RBC \$U.S. High Yield Bond Fund

## Management Overview

### Manager Bios

#### Frank Gambino

##### RBC Global Asset Management Inc.

Frank Gambino is Vice President and Senior Portfolio Manager, Global Fixed Income and Currencies. He has been in the investment industry since 1990.

#### Stephen Notidis

##### RBC Global Asset Management Inc.

Stephen Notidis is Portfolio Manager, Global Fixed Income and Currencies. He has been in the investment industry since 1995.

### Performance Analysis Cont'd as of September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.34	0.34	0.55	0.63	0.40	0.11	—	—	—	—	—
Interest	0.34	0.32	0.39	0.43	0.34	0.07	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.01	0.16	0.20	0.06	0.04	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2017	17.1	9-2018	5.9	—	—	—	—
Worst	2-2016	-6.3	5-2018	3.4	—	—	—	—
Average		3.7		4.1		—		—
No. of Periods		48		24		—		—
Pct. Positive		77.1		100.0		—		—

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

### Quarterly Commentary as at September 30, 2018

U.S. high-yield bonds had positive returns during the third quarter of 2018, despite higher government bond yields and increased global trade tensions. The global economy continued to expand, but began to decelerate, while economic growth in the U.S. remained strong and grew at its fastest pace in four years. The U.S. Federal Reserve (Fed) continued to gradually tighten monetary policy through rate hikes and the continued shrinking of its balance sheet. In this environment of continued economic growth, bonds of higher-risk, lower-quality companies performed better than investment-grade bonds. Key supports for the high-yield market remained in place. Borrowers were able to access credit, corporate earnings and balance sheets remained generally healthy, and the net supply of newly issued bonds remained lower than expected. Oil-related companies, which make up a significant portion of the high-yield bond market, benefited from rising

oil prices, and corporate defaults remained well below the historical average. Compared to its benchmark the fund was helped by its exposure to bonds in the energy sector, while it was negatively affected by its exposure to the metals and mining sector.

Demand for yield and a healthy economic backdrop should continue to provide support for high yield corporate bonds compared to other fixed income assets. There are potential headwinds though. The credit cycle is at an advanced stage, and valuations are hitting cycle highs. While relative performance may remain attractive, it is likely that future absolute returns will be lower than in the recent past. We intend to closely monitor the credit quality of the portfolio, and look to add attractively valued bonds as they become available.



# RBC \$U.S. High Yield 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.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no

representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at [www.sedar.com](http://www.sedar.com).

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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018