



# RBC \$U.S. Investment Grade Corporate Bond Fund

## Investment Objective

To provide interest income with the potential for modest capital growth by investing primarily in U.S. corporate bonds. The fund invests primarily in a portfolio of diversified investment grade fixed-income securities issued by U.S. corporations.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	USD	RBF484
Adv	Deferred Sales	USD	RBF884
Adv	Front End	USD	RBF724
Adv	Low Load	USD	RBF084

Inception Date	August 2013
Total Fund Assets \$Mil	220.4
Series A NAV \$	9.71
Series A MER %	1.33
Series A Adjusted MER %	1.26
Benchmark	BarCap U.S. Corporate Bond Index (US\$)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

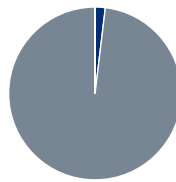
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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

## Portfolio Analysis as of May 31, 2017

### Asset Mix



	% Assets
Cash	1.9
Fixed Income	98.1
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Top 10 Holdings

	% Assets
Newell Brands 3.85% 01-04-2023	1.2
Microsoft 4.25% 06-02-2047	1.1
Bk Amer 4.2% 26-08-2024	1.1
Cooperative Cent Raif 4.375% 04-08-2025	1.0
Sherwin Williams 4.5% 01-06-2047	0.9
Citigroup 3.2% 21-10-2026	0.9
Duke Engy Corp New 3.75% 01-09-2046	0.9
Bk Amer 3.875% 01-08-2025	0.9
Appalachian Pwr 7% 01-04-2038	0.9
Southern Pwr 4.95% 15-12-2046	0.9
Total % of Top 10 Holdings	9.6
Total Number of Stock Holdings	0
Total Number of Bond Holdings	228
Total Number of Other Holdings	2
<b>Total Number of Holdings</b>	<b>230</b>

### Fixed Income Breakdown

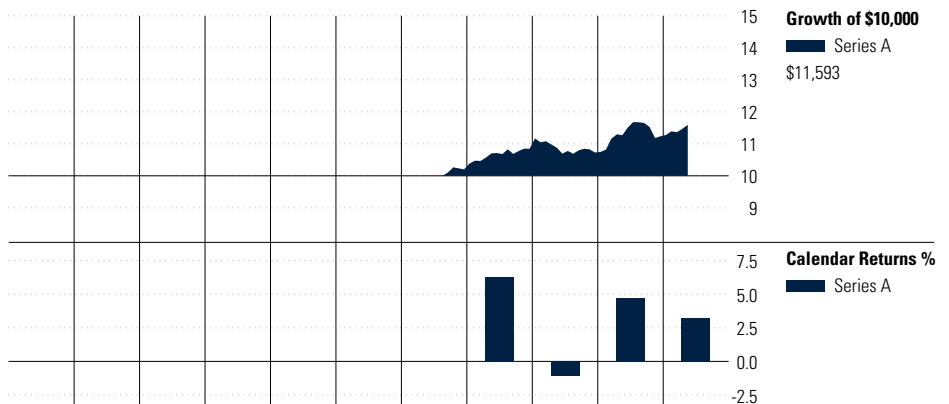
	% Fixed Income
Government Bonds	0.0
Corporate Bonds	97.7
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	2.3
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	2.3	Under 1 year	4.3
AAA	1.8	1 - 5 Yrs	35.5
AA	2.7	5 - 10 Yrs	35.5
A	32.3	Over 10 Yrs	24.8
BBB	60.9		
Below BBB	0.0	Avg. Term to maturity (Yrs)	10.5
Mortgages	0.0	Duration (Yrs)	7.1
NR/NA	0.0	Yield to Maturity	3.2

### Geographic Allocations

	% Assets
Canada	0.0
United States	85.4
International (ex-Emerging Markets)	14.2
Emerging Markets	0.5

## Performance Analysis as of May 31, 2017



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	
	—	—	—	—	—	—	—	6.3	-1.1	4.7	3.2	Fund
	—	—	—	—	—	—	—	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	1.1	1.8	3.7	2.9	2.7	—	—	3.8	Fund
	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	—	—	—	Quartile
	374	373	356	332	187	96	43	—	No. of Funds in Category



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## Management Overview

### Manager Bios

#### James Weinand

##### RBC Global Asset Management (U.S.) Inc.

Jim Weinand is a portfolio manager in our fixed income group. He researches the telecommunications, media, technology, consumer, health care and REIT sectors of the corporate market. Before joining the firm in 2010, Jim conducted high yield credit and quantitative equity research at Columbia Management. He earned a BS in finance from the University of Minnesota, Carlson School of Management and is a CFA charterholder.

#### Jake Rath

##### RBC Global Asset Management (U.S.) Inc.

Jake Rath is a member of the credit research team in our fixed income group. Jake is also a portfolio manager for our intermediate core and core mandates. He joined the firm in 2007 from U.S. Bank, where he was involved in underwriting middle market subordinated debt transactions. Jake also performed financial analysis at Allianz Life and began his career with Ernst & Young. He earned a BA in economics from St. Olaf College and an MA in accountancy from University of Virginia. Jake is a CFA charterholder.

### Performance Analysis Cont'd as of May 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.06	0.49	0.81	0.27	0.08	—	—	—	—	—	—
Interest	0.06	0.26	0.28	0.20	0.06	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.23	0.53	0.07	0.02	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	8-2016	9.2	8-2016	5.3	—	—	—	—
Worst	1-2016	-3.8	5-2017	2.7	—	—	—	—
Average		3.6		3.4				
No. of Periods		34		10				
Pct. Positive		82.4		100.0				

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

### Quarterly Commentary as at March 31, 2017

Treasury rates were little changed in Q1. Rates inside one year increased approximately 30 basis points (bps) due to the increase in the Fed Funds rate. Out longer, the curve steepened slightly as the spread between 2-year and 10-year rates increased by 11bps. Credit spreads of investment grade corporate bonds continued to modestly tighten during the quarter, decreasing by 5bps to end the quarter at 118bps.

Fund performance relative to the index continues to benefit from security selection, particularly in new issuance. The strategy seeks to add value by selectively participating in new issues that offer attractive concessions and provide opportunity for significant spread compression relative to the benchmark. The strategy's overweight to banking also contributed to outperformance as financial companies produced some of the highest excess returns during the quarter. This effect was slightly offset by the Fund's defensive positioning to basic materials which had the strongest sector performance in Q1.

We continue to favor large companies with stable to improving credit profiles. We avoid companies that are likely to finance large acquisitions with debt or are likely to engage in shareholder friendly activity at the expense of bondholders.

Sector over-weights are in the banking, utilities and communications sectors. We prefer companies that focus on the U.S. market, generate consistent cash flow and are in the process of reducing debt. The regulatory environment in the banking and utilities sectors have also had a favorable impact on the credit profile of these companies.

Interest rate positioning relative to the benchmark continues to be largely neutral. Our philosophy is grounded in a tight risk management focus which reinforces our belief that interest rate calls are difficult to time – and expensive when wrong.



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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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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 and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2016, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period, April 1, 2016 to March 31, 2017, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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.

PH&N Funds Series A formerly known as Series C.

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 April 30, 2017.

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