



# 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	146.7
Series A NAV \$	9.29
Series A MER %	1.27
Benchmark	Bloomberg Barclays U.S. Corporate Bond Index (US\$)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

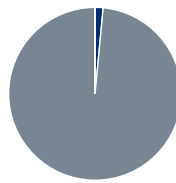
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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

## Portfolio Analysis as of January 31, 2019

### Asset Mix



	% Assets
Cash	1.5
Fixed Income	98.5
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	99.6
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.4
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	0.4	Under 1 year	3.5
AAA	0.0	1 - 5 Yrs	37.3
AA	3.3	5 - 10 Yrs	31.5
A	42.1	Over 10 Yrs	27.7
BBB	54.2		
Below BBB	0.0	Avg. Term to maturity (Yrs)	10.6
Mortgages	0.0	Duration (Yrs)	7.0
NR/NA	0.0	Yield to Maturity	4.0

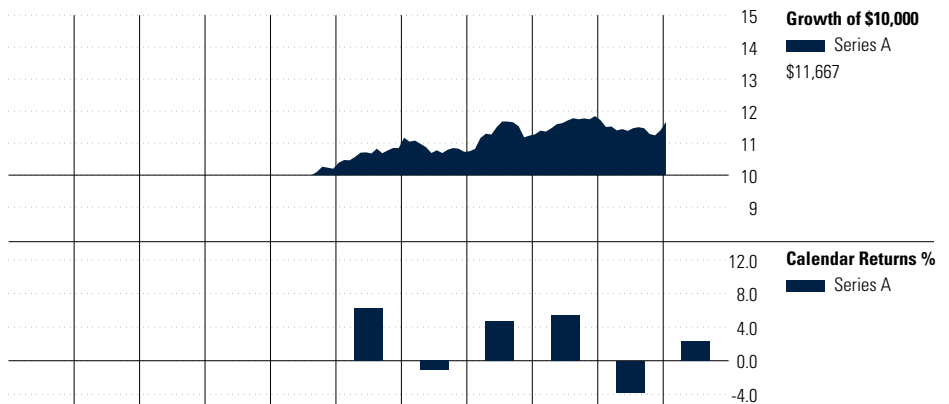
### Geographic Allocations

	% Assets
Canada	0.6
United States	85.1
International (ex-Emerging Markets)	14.3
Emerging Markets	0.0

### Top 10 Holdings

	% Assets
Bank of America Corp 3.88% 01-08-2025	1.3
Cooperative Rabobank 4.38% 04-08-2025	1.2
Southern Power Company 4.95% 15-12-2046	1.2
Appalachian Power Company 7% 01-04-2038	1.2
Citigroup Inc. 3.2% 21-10-2026	1.2
ConocoPhillips Company 6.95% 15-04-2029	1.1
Morgan Stanley 3.88% 27-01-2026	1.1
Delta Air Lines Inc 2.88% 13-03-2020	1.1
Wells Fargo & Company 3% 23-10-2026	1.1
Broadcom Corp, Cayman 3.625% 15-01-2024	1.1
Total % of Top 10 Holdings	11.5
Total Number of Stock Holdings	0
Total Number of Bond Holdings	190
Total Number of Other Holdings	6
<b>Total Number of Holdings</b>	<b>196</b>

## Performance Analysis as of January 31, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	Fund Quartile
Return %	—	—	—	—	—	6.3	-1.1	4.7	5.4	-3.8	2.3	—
Rank	—	—	—	—	—	1 <sup>st</sup>	1 <sup>st</sup>	4 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	—

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	2.3	3.4	1.7	-0.4	2.8	2.4	—	2.7	Fund
Rank	4 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	4 <sup>th</sup>	1 <sup>st</sup>	—	—	Quartile
No. of Funds in Category	116	115	115	109	89	69	13	—	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.

### Performance Analysis Cont'd as of January 31, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	—	0.27	0.27	0.49	0.81	0.27	0.08	—	—	—	—
Interest	—	0.27	0.22	0.26	0.28	0.20	0.06	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.05	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	8-2018	2.8	—	—
Worst	11-2018	-4.3	4-2018	1.3	11-2018	1.9	—	—
Average		2.2		2.6		2.3		—
No. of Periods		54		30		6		—
Pct. Positive		70.4		100.0		100.0		—

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

### Quarterly Commentary as at December 31, 2018

Overall performance was affected by widening corporate spreads due to a risk-off market sentiment. Lower quality (BBB) bonds underperformed higher quality (A-AAA) bonds. The negative impact of widening spreads was somewhat offset by lower Treasury yields.

The Fund underperformed primarily due to an overweight in BBB-rated positions. Additionally, the Fund's preference for large, more liquid issuers detracted, as these names underperformed the index. Lastly, an overweight in Utilities also detracted as the sector modestly underperformed relative to higher quality sectors that the strategy was underweight. The Fund benefited relative to the benchmark from an overweight to Financials, which outperformed during the quarter. Security selection also added value as we were able to avoid many negative credit specific events, like PG&E, GE, Ford and tobacco companies.

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 overweights are in the Financial and Utilities sectors. We prefer companies that focus on the US market, generate consistent cash flow and are in the process of reducing debt. The regulatory environment in the Financial and Utilities sectors has 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.

For 2019, we anticipate decelerating U.S. GDP growth in a range of 2-2.5% as the overall health of the economy remains decent, but risks continue to accumulate. In the near term, we expect U.S. rates to remain flat and range-bound with the 10-year struggling to reach 3%.



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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 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). This is the Morningstar quartile ranking of Series A and F units of the Fund as of January 31, 2019.

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