



# 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	216.2
Series A NAV \$	9.31
Series A MER %	1.27
Benchmark	Bloomberg Barclays U.S. Corporate Bond Index (US\$)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

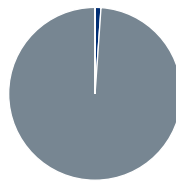
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 May 31, 2018

### Asset Mix



	% Assets
Cash	1.1
Fixed Income	98.9
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	99.3
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	0.9	1 - 5 Yrs	38.5
AA	2.5	5 - 10 Yrs	31.4
A	38.2	Over 10 Yrs	27.5
BBB	57.8		
Below BBB	0.0	Avg. Term to maturity (Yrs)	10.9
Mortgages	0.0	Duration (Yrs)	7.3
NR/NA	0.0	Yield to Maturity	4.0

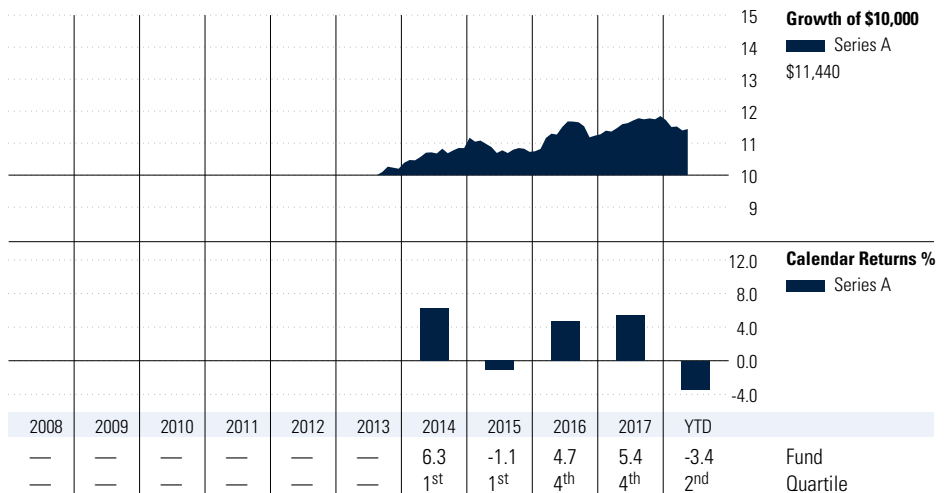
### Geographic Allocations

	% Assets
Canada	0.0
United States	85.5
International (ex-Emerging Markets)	14.5
Emerging Markets	0.0

### Top 10 Holdings

	% Assets
Cooperatieve Rabobank 4.38% 04-08-2025	1.4
Bank of America Corp 4.2% 26-08-2024	1.1
Australia&N Zealand Bkg 4.4% 19-05-2026	0.9
Wells Fargo & Company 3% 23-10-2026	0.9
Goldman Sachs Group 3.62% 22-01-2023	0.9
Appalachian Power Company 7% 01-04-2038	0.8
Southern Power Company 4.95% 15-12-2046	0.8
Duke Energy Corp 3.75% 01-09-2046	0.8
Bank of America Corp 3.88% 01-08-2025	0.8
CVS Health Corp 4.78% 25-03-2038	0.8
Total % of Top 10 Holdings	9.3
Total Number of Stock Holdings	0
Total Number of Bond Holdings	225
Total Number of Other Holdings	5
<b>Total Number of Holdings</b>	<b>230</b>

## Performance Analysis as of May 31, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.4	-0.6	-2.6	-1.3	1.7	—	—	2.7	Fund
	1 <sup>st</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>	—	—	—	Quartile
	110	110	106	103	80	58	11	—	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 May 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.07	0.27	0.49	0.81	0.27	0.08	—	—	—	—	—
Interest	0.07	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	—	—	—	—
Worst	1-2016	-3.8	4-2018	1.3	—	—	—	—
Average		3.1		2.8		—		—
No. of Periods		46		22		—		—
Pct. Positive		82.6		100.0		—		—

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

### Quarterly Commentary as at March 31, 2018

Over the last year, positive returns in the U.S. investment-grade corporate bond market have been driven by strong corporate fundamentals and investor demand, which pushed yields relative to U.S. Treasury bonds to their lowest levels in over 10 years. However, recent widening spreads, combined with rising interest rates, detracted from overall performance in the last quarter.

Fund positions in AT&T Inc., Microsoft Corp. and utility companies, such as Southern Co. and Exelon Corp., were strong individual contributors. These companies reported strong earnings and have benefited from U.S. tax reform and other positive, bondholder-friendly regulatory reforms.

The Fund's positioning in the banking and basic industries detracted from performance. The Fund has an overweight position to the Banking sector, which lagged the Index during the year. Conversely, the Fund has a slight underweight to Basic Materials, which was one of the top-

performing sectors during the last 12 months.

The portfolio manager continues to favour large companies with stable or improving credit profiles and avoid companies that are likely to finance large acquisitions with debt or engage in shareholder-friendly activity at the expense of bondholders. The Fund has overweight positions in banking and utilities, given the positive impact of the regulatory environment and earnings outlook for these industries.

Earnings growth and strong balance sheets bode well for corporate bonds in 2018 as will the new U.S. tax law. As a result, the portfolio manager does not anticipate making any material changes to the Fund's positioning in the near future and continues to prefer companies focusing on the U.S., generating consistent cash flow and reducing debt.



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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 full year period, January 1 to December 31, 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 May 31, 2018.

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