



# RBC High Yield Bond Fund

## Investment Objective

To provide a high level of income with the potential for modest capital growth. The fund invests primarily in higher yielding corporate debt securities issued by Canadian and U.S. corporations.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF496
Adv	Deferred Sales	CAD	RBF896
Adv	Front End	CAD	RBF796
Adv	Low Load	CAD	RBF096

Inception Date	October 2010
Total Fund Assets \$Mil	1,835.2
Series A NAV \$	10.41
Series A MER %	1.45
Benchmark	FTSE TMX Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

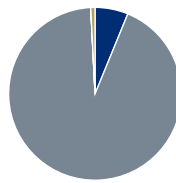
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 June 30, 2018

### Asset Mix



	% Assets
Cash	6.2
Fixed Income	93.1
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.8

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	0.0
Corporate Bonds	93.8
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	6.2
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	6.2	Under 1 year	1.9
AAA	0.0	1 - 5 Yrs	15.6
AA	0.4	5 - 10 Yrs	76.7
A	1.5	Over 10 Yrs	5.8
BBB	12.0		
Below BBB	79.9	Avg. Term to maturity (Yrs)	6.8
Mortgages	0.0	Duration (Yrs)	5.1
NR/NA	0.0	Yield to Maturity	5.3

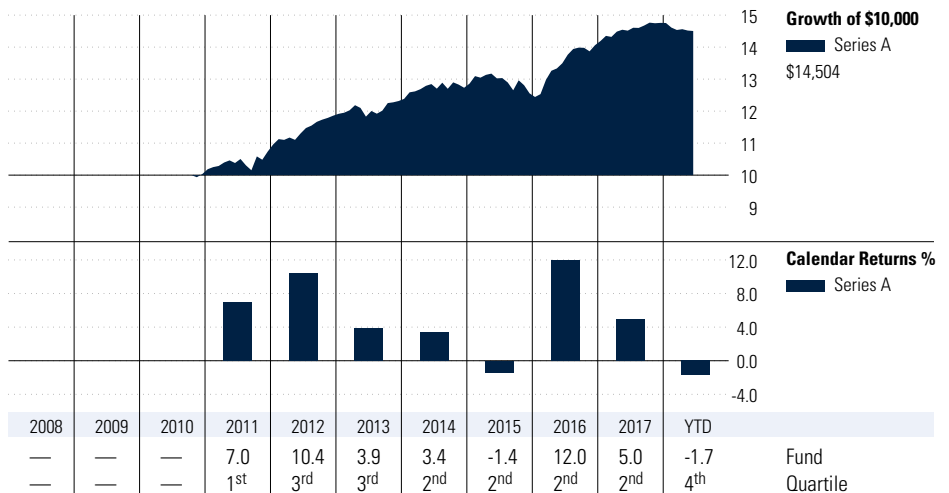
### Geographic Allocations

	% Assets
Canada	15.6
United States	84.0
International (ex-Emerging Markets)	0.4
Emerging Markets	0.0

### Top 25 Holdings

	% Assets
Videotron Ltee 5.75% 15-01-2026	2.1
ArcelorMittal S.A. 8% 15-10-2039	1.9
Western Digital Corp. 4.75% 15-02-2026	1.7
Cco Hldgs Cap 144A 5.75% 15-02-2026	1.7
Hanesbrands Inc. 4.88% 15-05-2026	1.6
Diamond 2 144A 7.125% 15-06-2026	1.4
Vermilion Energy Inc. 5.62% 15-03-2025	1.4
Equinix, Inc. 5.88% 15-01-2026	1.3
HCA Inc. 4.5% 15-02-2027	1.3
Lennar Corporation 5.25% 01-06-2026	1.3
Seven Generations Engy 5.38% 30-09-2025	1.3
T-Mobile USA, Inc. 4.75% 01-02-2028	1.3
Adient Global Hldgs 4.875% 15-08-2024	1.2
CSC Holdings, LLC 5.5% 15-04-2027	1.2
HCA Inc. 5.88% 15-02-2026	1.2
Hilton Domestic Operating Co Inc. 5.12% 01-05-2026	1.1
Boyd Gaming Corporation 6.38% 01-04-2026	1.1
Universal Health Serv. 4.75% 01-08-2022	1.1
Ball Corporation 4.88% 15-03-2026	1.1
NCR Corporation 5% 15-07-2022	1.1
Lamb Weston Holdings 4.88% 01-11-2026	1.1
Six Flags Ent Corp New 5.5% 15-04-2027	1.1
Post Holdings Inc. 5.75% 01-03-2027	1.1
Reynolds Grp Issuer 5.125% 15-07-2023	1.1
FMG Resources 5.12% 15-05-2024	1.0
<b>Total % of Top 25 Holdings</b>	<b>32.7</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	2,053
Total Number of Other Holdings	15
<b>Total Number of Holdings</b>	<b>2,068</b>

## Performance Analysis as of June 30, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-0.1	-0.2	-1.7	-0.1	3.7	4.2	—	5.0	Fund
	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	—	—	Quartile
	447	443	437	428	297	183	47	—	No. of Funds in Category



# RBC 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 June 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.22	0.38	0.39	0.46	0.49	0.48	0.57	0.51	0.07	—	—
Interest	0.22	0.38	0.39	0.46	0.49	0.48	0.46	0.51	0.05	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	0.11	—	0.03	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	9-2012	14.9	9-2014	7.7	9-2016	6.6	—	—
Worst	2-2016	-4.3	1-2016	1.4	4-2018	3.6	—	—
Average		5.5		4.9		4.9		—
No. of Periods		81		57		33		—
Pct. Positive		90.1		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2018

In Q2, U.S. high-yield bonds slightly outperformed Canadian investment grade bonds, however higher quality high-yield bonds, which are more sensitive to rising interest rates, underperformed both the broader high-yield market in the U.S. and the Canadian investment grade market. Both markets had to contend with an increase in government bond yields (higher in the U.S.), volatile stock markets, escalating geopolitical risks and talk of trade wars. As the global economy continued to expand, growth in the U.S. accelerated, causing interest rates and inflation to rise. The U.S. Federal Reserve continued to gradually tighten policy through rate hikes and the continued shrinking of its balance sheet.

Meanwhile, key supports for the high-yield market remained in place. Credit conditions were benign, corporate health remained stable, the net supply of newly issued bonds remained lower than expected, the price of oil continued to recover and

the corporate default rate remained low. The Fund maintained its overall defensive positioning during the period, by keeping the credit quality of the portfolio high, and used its cash position to buy high-yield bonds that fell in price. Compared to its benchmark, the Fund was negatively affected by its U.S. bond exposure in general, as government yields in the U.S. rose more than Canadian interest rates during the period.

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 relatively high. It is likely that future 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.



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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 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 June 30, 2018.

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