



# 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	1,880.9
Series A NAV \$	10.90
Series A MER %	1.43
Benchmark	FTSE TMX Canada Universe Bond Index

Income Distribution	Quarterly
Capital Gains Distribution	Annually

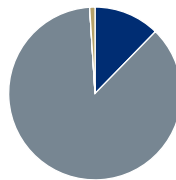
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 October 31, 2017

### Asset Mix



	% Assets
Cash	12.3
Fixed Income	86.7
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	1.0

### Top 10 Holdings

	% Assets
Videotron Ltee 5.75% 15-01-2026	2.1
Hca 5.875% 15-02-2026	1.8
Diamond 1 Fin Corp 6.02% 15-06-2026	1.4
Calatlantic Grp 5.25% 01-06-2026	1.3
Vermilion Engy 144A 5.625% 15-03-2025	1.3
Arcelormittal Luxembourg 7% 15-10-2039	1.3
Hanesbrands 144A 4.875% 15-05-2026	1.3
Cco Hldgs LLC /Cap 144A 5.75% 15-02-2026	1.2
Adient Global Hldgs 4.875% 15-08-2026	1.2
Ineos Fin 4% 01-05-2023	1.1
<b>Total % of Top 10 Holdings</b>	<b>13.9</b>
<b>Total Number of Stock Holdings</b>	<b>2</b>
<b>Total Number of Bond Holdings</b>	<b>1,313</b>
<b>Total Number of Other Holdings</b>	<b>16</b>
<b>Total Number of Holdings</b>	<b>1,331</b>

### Fixed Income Breakdown

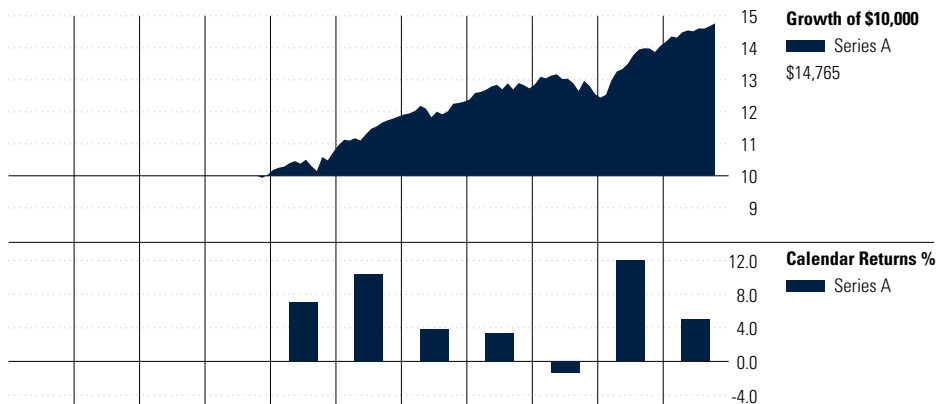
	% Fixed Income
Government Bonds	0.0
Corporate Bonds	89.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	10.1
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	10.1	Under 1 year	8.4
AAA	0.0	1 - 5 Yrs	11.4
AA	0.0	5 - 10 Yrs	75.4
A	0.3	Over 10 Yrs	4.8
BBB	12.6		
Below BBB	77.0	Avg. Term to maturity (Yrs)	6.3
Mortgages	0.0	Duration (Yrs)	3.7
NR/NA	0.0	Yield to Maturity	4.3

### Geographic Allocations

	% Assets
Canada	14.2
United States	84.5
International (ex-Emerging Markets)	1.3
Emerging Markets	0.0

## Performance Analysis as of October 31, 2017



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	Fund Quartile
Return %	—	—	—	—	7.0	10.4	3.9	3.4	-1.4	12.0	5.0	—
Rank	—	—	—	—	1 <sup>st</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	—

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	0.6	1.1	1.9	5.6	4.6	4.7	—	5.8	Fund
Rank	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	—	—	Quartile
No. of Funds	571	568	540	493	349	216	48	—	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 October 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.30	0.39	0.46	0.49	0.48	0.57	0.51	0.07	—	—	—
Interest	0.30	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	1-2016	4.1	—	—
Average		5.9		5.1		5.2		—
No. of Periods		73		49		25		—
Pct. Positive		91.8		100.0		100.0		—

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

### Quarterly Commentary as at September 30, 2017

During the third quarter of 2017, U.S. high yield bonds outperformed higher quality Canadian investment grade securities. With the Canadian economy growing more strongly than expected, the Bank of Canada raised interest rates for the first time since 2010, and caused Canadian fixed income securities to underperform corporate bonds in the U.S. Meanwhile, key supports for the high yield market remained in place. Credit conditions were benign, corporate health continued to improve slightly, the net supply of newly issued bonds remained manageable, the price of oil continued to recover and the corporate default rate fell. In a reversal from the second quarter, lower rated bonds outperformed the higher rated segments of the market. The Fund maintained its overall defensive positioning during the quarter by keeping the credit quality of the portfolio high, and maintaining a conservative cash position. The Fund benefitted from its exposure to high yield

bonds in general, while its conservative cash position reduced volatility but also served as a drag on performance.

Demand for yield and a healthy economic backdrop should continue to support corporate bonds. Given that central banks are beginning to lean toward tighter monetary policies, we believe that high-yield corporate bonds remain attractive relative to other fixed-income assets. However, it is likely that future returns will be lower than those experienced in the recent past as valuations become less compelling and possible headwinds emerge. This extended credit cycle may continue for a while yet. We intend to closely monitor the credit quality of the Fund, 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 half-year period, January 1 to June 30, 2017, 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.

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 October 31, 2017.

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