



# RBC Emerging Markets Bond Fund

## Investment Objective

To provide total returns comprised of interest income and capital growth. The fund invests primarily in government debt securities of emerging market countries. The fund may also invest in emerging market corporate bonds and government debt securities of developed countries.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF497
A	No Load	USD	RBF402
Adv	Deferred Sales	CAD	RBF897
Adv	Front End	CAD	RBF797
Adv	Low Load	CAD	RBF097
Adv	Low Load	USD	RBF4402

Inception Date	August 2010
Total Fund Assets \$Mil	868.7
Series A NAV \$	10.96
Series A MER %	1.78
Benchmark	JPM EMBI Global Diversified (C\$)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

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

Fund Category	Emerging Markets Fixed Income
---------------	-------------------------------

Management Company	RBC Global Asset Management Inc.
--------------------	----------------------------------

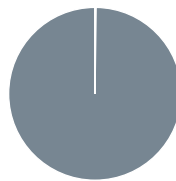
Web Site	www.rbcgam.com
----------	----------------

## Notes

Performance Analysis is in CAD and for CAD series A fund (RBF497).

## Portfolio Analysis as of June 30, 2018

### Asset Mix



	% Assets
Cash	0.2
Fixed Income	99.8
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Top 25 Holdings

	% Assets
US Treasury Notes 2.25% 15-02-2027	3.8
The Republic of Peru 8.75% 21-11-2033	3.0
Serbia (Republic Of) 7.25% 28-09-2021	1.9
Ukraine (Republic of) 7.75% 01-09-2022	1.6
Romania (Republic Of) 6.75% 07-02-2022	1.6
Republic of Colombia 6.12% 18-01-2041	1.6
Dominican Republic 7.45% 30-04-2044	1.6
Vietnam Socialist Rep 4.8% 19-11-2024	1.4
Petroleos Mexicanos 6.62% 15-06-2035	1.4
Philippines Rep 7.75% 14-01-2031	1.3
Republic of Panama 7.12% 29-01-2026	1.3
1MDB Energy Limited 5.99% 11-05-2022	1.3
Turkiye Ithracat Kred Bk 5.38% 08-02-2021	1.3
Poland (Republic of) 3.25% 06-04-2026	1.2
Republic of Chile 3.86% 21-06-2047	1.2
Indonesia Republic 5.25% 17-01-2042	1.2
Hungary (Republic Of) 5.38% 25-03-2024	1.1
Republic of Colombia 8.12% 21-05-2024	1.1
Russian Federation 4.75% 27-05-2026	1.1
Uruguay (Republic of) 7.62% 21-03-2036	1.1
Republic of Panama 6.7% 26-01-2036	1.1
Turkey (Republic of) 4.88% 16-04-2043	1.1
Russian Federation 4.88% 16-09-2023	1.1
Bahamas Comwlth 5.75% 16-01-2024	1.0
Petroleos Mexicanos 5.38% 13-03-2022	1.0
<b>Total % of Top 25 Holdings</b>	<b>36.5</b>
<b>Total Number of Stock Holdings</b>	<b>0</b>
<b>Total Number of Bond Holdings</b>	<b>745</b>
<b>Total Number of Other Holdings</b>	<b>21</b>
<b>Total Number of Holdings</b>	<b>766</b>

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	63.2
Corporate Bonds	36.6
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.2
Asset Backed Securities	0.0

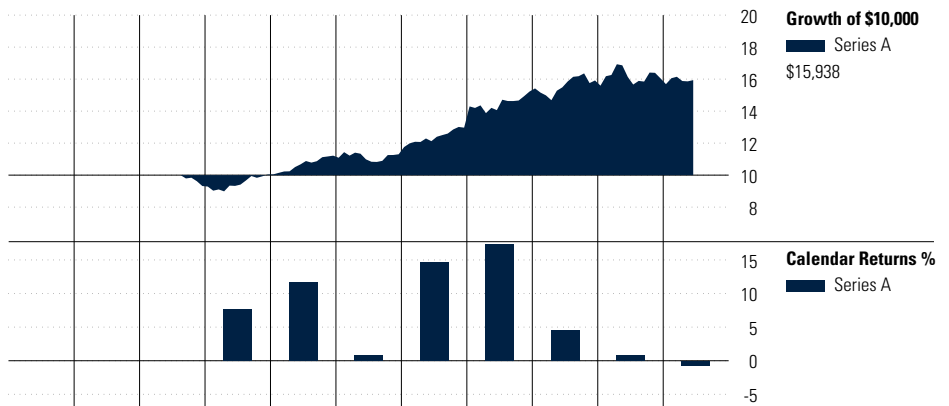
### Bond Rating

	%	Term to Maturity	%
Cash / Cash Equiv.	0.2	Under 1 year	1.1
AAA	3.8	1 - 5 Yrs	30.4
AA	1.6	5 - 10 Yrs	38.0
A	5.9	Over 10 Yrs	30.4
BBB	34.4		
Below BBB	50.6	Avg. Term to maturity (Yrs)	10.6
Mortgages	0.0	Duration (Yrs)	6.4
NR/NA	3.5	Yield to Maturity	5.5

### Geographic Allocations

	% Assets
Canada	0.0
United States	3.8
International (ex-Emerging Markets)	0.0
Emerging Markets	96.2

## Performance Analysis as of June 30, 2018



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	
Return %	—	—	—	7.7	11.7	0.8	14.7	17.4	4.5	0.8	-0.7	Fund
Rank	—	—	—	2 <sup>nd</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	Quartile

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	0.5	-1.3	-0.7	-1.2	4.3	7.7	—	6.2	Fund
Rank	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	—	—	Quartile
No. of Funds in Category	49	47	47	37	28	18	—	—	No. of Funds in Category



# RBC Emerging Markets Bond Fund

## Management Overview

### Manager Bios

**Jane Lesslie**

**RBC Global Asset Management Inc.**

Jane Lesslie is Senior Portfolio Manager, Global Fixed Income and Currencies. She has been in the investment industry since 1988.

### Performance Analysis Cont'd as of June 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.21	0.56	0.70	0.86	0.58	0.42	0.34	0.39	0.08	—	—
Interest	0.21	0.41	0.43	0.44	0.37	0.38	0.34	0.39	0.08	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.15	0.27	0.41	0.21	0.04	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-2015	21.6	8-2016	14.3	7-2016	11.0	—	—
Worst	4-2018	-6.2	8-2013	2.7	4-2018	6.8	—	—
Average		8.2		9.3		9.1		—
No. of Periods		83		59		35		—
Pct. Positive		86.7		100.0		100.0		—

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

### Quarterly Commentary as at June 30, 2018

Emerging-market (EM) bonds came under pressure during the second quarter as mounting trade tensions between the U.S. and China dented sentiment toward EM countries and raised concerns that economic growth would slow. However, losses on the bonds were partially offset by strength in the U.S. dollar relative to the Canadian dollar.

A stronger U.S. dollar, higher treasury yields and the increasing likelihood of a trade war between the U.S. and China all conspired to drive risk premiums on EM bonds higher. Argentina, Turkey and other countries that rely heavily on foreign investors to finance high debt levels and large trade imbalances bore the brunt of the sell-off in EM debt.

The Fund benefited from a lower-than-benchmark allocation to some of the more vulnerable countries such as Argentina, Turkey and Lebanon. An underweight allocation to longer-maturity bonds also contributed positively to performance.

In our view, much of the shock from the Treasury yield rise has already been absorbed by the asset class and we feel that the scope for further yield-related declines is likely limited. At the same time, EM currencies' nominal valuations remain nearly 30% below their 2011 peak, indicating that the possibility of further dollar strength is also likely limited.

The biggest risks for EM are increasing trade tensions between the U.S. and China, which notably would be negative for most of the world, not solely EM; materially slower growth in China; and rising concerns about sovereign risk in Italy and the Eurozone.

Overall, we believe that the structural, long-term EM story remains strong: the fundamental picture of sovereign and corporate balance sheets remains positive and the sell-off in EM debt this year is creating value and opportunities.



# RBC Emerging Markets Bond Fund

## 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.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or

implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions 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, 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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018