



# 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	835.3
Series A NAV \$	11.25
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
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Management Company	RBC Global Asset Management Inc.
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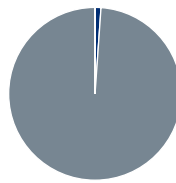
Web Site	www.rbcgam.com
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## Notes

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

## Portfolio Analysis as of January 31, 2019

### 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

### Top 10 Holdings

	% Assets
The Republic of Peru 8.75% 21-11-2033	2.6
US Treasury Notes 2.25% 15-02-2027	2.2
Serbia (Republic Of) 7.25% 28-09-2021	1.6
Dominican Republic 7.45% 30-04-2044	1.6
Turkey (Republic of) 4.88% 16-04-2043	1.5
Vietnam Socialist Rep 4.8% 19-11-2024	1.4
Philippines Rep 7.75% 14-01-2031	1.4
Republic of Colombia 6.12% 18-01-2041	1.4
Pemex Project Master Tr 6.62% 15-06-2035	1.3
Export Credit Bk, Turkey 5.38% 08-02-2021	1.3
<b>Total % of Top 10 Holdings</b>	<b>16.4</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	794
Total Number of Other Holdings	23
<b>Total Number of Holdings</b>	<b>817</b>

### Fixed Income Breakdown

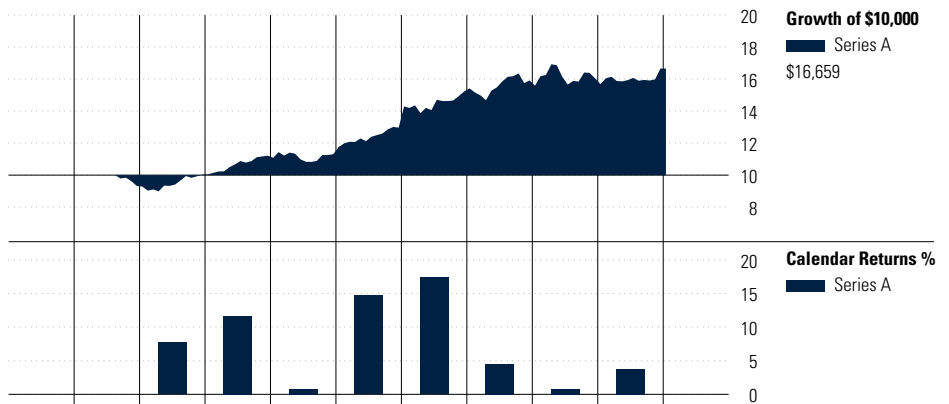
	% Fixed Income
Government Bonds	63.8
Corporate Bonds	35.1
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.1
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.1	Under 1 year	0.5
AAA	2.3	1 - 5 Yrs	27.3
AA	2.4	5 - 10 Yrs	37.3
A	7.1	Over 10 Yrs	34.9
BBB	30.8		
Below BBB	53.0	Avg. Term to maturity (Yrs)	11.1
Mortgages	0.0	Duration (Yrs)	6.7
NR/NA	3.4	Yield to Maturity	5.5

### Geographic Allocations

	% Assets
Canada	0.0
United States	2.3
International (ex-Emerging Markets)	0.0
Emerging Markets	97.7

## Performance Analysis as of January 31, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Calendar Returns %	—	—	7.7	11.7	0.8	14.7	17.4	4.5	0.8	3.8	0.0	Fund
Quartile	—	—	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>	4 <sup>th</sup>	Quartile

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return	0.0	4.7	3.6	6.2	2.6	7.2	—	6.3	Fund
Quartile	4 <sup>th</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	—	—	Quartile
No. of Funds in Category	51	51	50	47	32	24	—	—	No. of Funds in Category



# RBC Emerging Markets Bond Fund

## Management Overview

### Manager Bios

#### David Nava

David joined the Emerging Markets (EM) Bond team in 2004 and has been directly involved in the management of the firm's EM bond assets since 2010. He manages EM bond allocations for several of the firm's fixed income funds and is a member of the Fixed Income Strategy Committee.

David is a graduate (BSc Economics) of the prestigious Instituto Tecnológico Autónomo de México (ITAM). After moving to Canada in 2001, David completed his MBA at the Rotman School of Management in Toronto.

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

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	—	0.42	0.56	0.70	0.86	0.58	0.42	0.34	0.39	0.08	—
Interest	—	0.42	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	11-2018	2.3	4-2018	6.8	—	—
Average		7.6		8.6		8.9		—
No. of Periods		90		66		42		—
Pct. Positive		85.6		100.0		100.0		—

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

### Quarterly Commentary as at December 31, 2018

Risk assets faced a challenging quarter as numerous headwinds, such as slowing economic growth, uncertain geopolitics, trade disputes, declining oil prices, and less-accommodative central banks contributed to widespread risk-off market sentiment. In this environment, emerging-market (EM) spreads widened and bond prices registered losses, pushing returns further into negative territory for the full year.

During the quarter, the overweight in duration in the investment grade (IG) portion benefitted the Fund as U.S. treasury yields fell, reflecting flight-to-quality behaviour. Additionally, the Fund's underweights in Oman, Argentina, Ghana and Sri Lanka benefitted the Fund as these high-yield countries sold off.

The Portfolio Manager has been proactively adding to existing positions in some of the off-index countries of the Middle East with relatively strong fundamentals such as the United Arab Emirates, Qatar and Saudi Arabia. These countries, along with Kuwait and Bahrain, will be gradually phased into the index during 2019. The addition to these

countries was sourced mainly from Latin America, specifically Mexico, which is now slightly underweight because of worrying signs that the new administration is tilting towards more populist policies.

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 and materially slower growth in China.

Recent economic data from EM countries points to growth moderation with cyclical momentum still slowing and while Chinese policy makers are attempting to stimulate the economy, it appears to be stabilizing rather than accelerating it.

Overall, we believe that the structural, long-term story of EM remains sound: the fundamental picture of sovereign balance sheets remains mostly positive and the sell-off witnessed this year in EM debt 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.

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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.

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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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