



RBC Canadian Government Bond Index Fund

Investment Objective

To provide a total return consisting of income and moderate capital growth by tracking the performance of the FTSE TMX Canada Federal Bond Index, either directly or indirectly through investment in units of other mutual funds managed by RBC GAM.

Fund Details

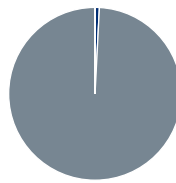
Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Fund Assets \$Mil		159.7	
Series A NAV \$		11.57	
Series A MER %		0.64	
Benchmark		FTSE TMX Canada Federal Bond Index	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Open	
Min. Investment \$		500	
Subsequent Investment \$		25	
Fund Category		Canadian Fixed Income	
Management Company		RBC Global Asset Management Inc.	
Web Site		www.rbcgam.com	

Notes

Fund's investment objective changed June 30, 2017.

Portfolio Analysis as of June 30, 2018

Asset Mix



	% Assets
Cash	0.8
Fixed Income	99.2
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	99.2
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.8
Asset Backed Securities	0.0

Bond Rating

	%
Cash / Cash Equiv.	0.8
AAA	99.2
AA	0.0
A	0.0
BBB	0.0
Below BBB	0.0
Mortgages	0.0
NR/NA	0.0

Term to Maturity

	%
Under 1 year	4.9
1 - 5 Yrs	54.7
5 - 10 Yrs	18.8
Over 10 Yrs	21.6
Avg. Term to maturity (Yrs)	7.5
Duration (Yrs)	6.0
Yield to Maturity	2.2

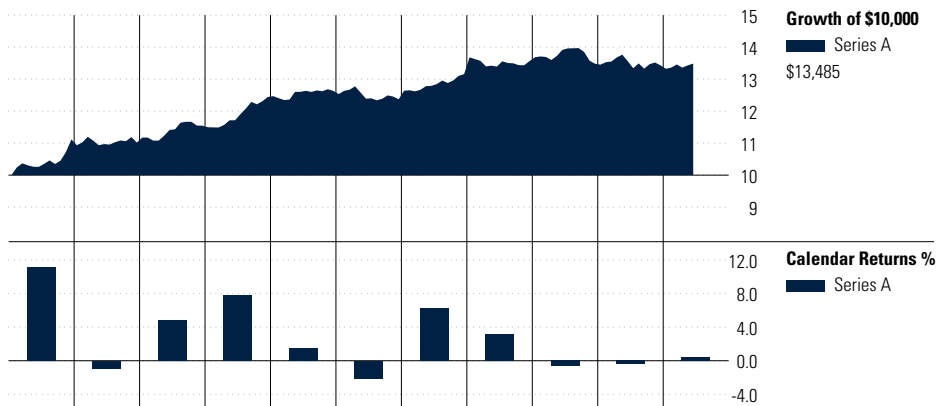
Geographic Allocations

	% Assets
Canada	100.0
United States	0.0
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

	% Assets
Canada Housing Tr No.1 1.25% 15-06-2021	11.0
Canada Hsg Tr No 1 3.35% 15-12-2020	9.5
Canada (Government of) 4% 01-06-2041	6.2
Canada (Government of) 3.5% 01-12-2045	5.0
Canada (Government of) 3.5% 01-06-2020	4.9
Canada Hsg Tr No 1 1.95% 15-06-2019	4.9
Canada Hsg Tr No 1 2.35% 15-09-2023	4.8
Canada (Government of) 1.5% 01-06-2026	4.5
Canada Hsg Tr No 1 2.65% 15-03-2022	4.4
Canada Hsg Tr No 1 1.25% 15-12-2020	4.3
Canada Hsg Tr No 1 1.75% 15-06-2022	4.3
Canada (Government of) 0.75% 01-09-2020	4.0
Canada (Government of) 1.5% 01-06-2023	3.9
Canada (Government of) 0.5% 01-03-2022	3.9
Canada (Government of) 2.25% 01-06-2025	3.7
Canada (Government of) 5.75% 01-06-2029	3.6
Canada (Government of) 5% 01-06-2037	3.5
Canada (Government of) 2.75% 01-06-2022	3.2
Inter Amern Dev Bk 4.4% 26-01-2026	2.8
Canada (Government of) 5.75% 01-06-2033	1.9
Canada (Government of) 2% 01-06-2028	1.2
Canada (Government of) 1% 01-06-2027	1.2
Canada (Government of) 1.75% 01-03-2023	0.9
Canada Post Corp 4.36% 16-07-2040	0.8
Canada Hsg Tr No 1 1.9% 15-09-2026	0.5
Total % of Top 25 Holdings	98.8
Total Number of Stock Holdings	0
Total Number of Bond Holdings	26
Total Number of Other Holdings	1
Total Number of Holdings	27

Performance Analysis as of June 30, 2018



Year	Calendar Returns %	Fund Quartile
2008	11.1	1 st
2009	-0.9	4 th
2010	4.8	4 th
2011	7.8	2 nd
2012	1.5	4 th
2013	-2.1	3 rd
2014	6.3	4 th
2015	3.1	1 st
2016	-0.6	4 th
2017	-0.4	4 th
YTD	0.4	2 nd

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	0.4	0.2	0.4	-0.6	0.2	1.7	2.8	4.0	Fund
	3 rd	3 rd	2 nd	4 th	4 th	4 th	4 th	—	Quartile
	512	507	502	491	397	320	148	—	No. of Funds in Category



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Management Overview

Manager Bios

Suzanne Gaynor

RBC Global Asset Management Inc.

Suzanne Gaynor is Vice President and Senior Portfolio Manager, Global Fixed Income and Currencies. She has been in the investment industry since 1988.

Joanne Lee

RBC Global Asset Management Inc.

Joanne co-manages two Canadian bond mutual funds and is actively involved in the management of global fixed income portfolios and fixed income derivatives. Since joining the fixed income team at RBC Global Asset Management in 2006 as an analyst, Joanne has been responsible for research on new investment strategies and opportunities using various investment instruments in developed bond markets. Joanne holds a Master of Finance Degree, and is a CFA charterholder.

Performance Analysis Cont'd as of June 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.11	0.20	0.22	0.21	0.22	0.31	0.26	0.31	0.36	0.38	0.37
Interest	0.11	0.20	0.21	0.21	0.22	0.25	0.26	0.31	0.36	0.37	0.37
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.01	—	—	0.06	—	—	—	0.01	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	10-2001	11.8	6-2003	7.5	6-2005	6.9	9-2010	5.6
Worst	9-2017	-4.6	1-2018	-0.9	4-2018	0.9	4-2018	2.6
Average		4.0		4.2		4.2		4.3
No. of Periods		205		181		157		97
Pct. Positive		84.9		97.8		100.0		100.0

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

Quarterly Commentary as at June 30, 2018

Canadian bonds posted modest gains in this quarter as trade tensions and a hint of slowing global economic growth capped interest rates. The Bank of Canada (BoC) stood still on rates in the period. Although the BoC implied in May that it would continue to raise rates, trade tensions with the United States and weak economic data suggested that higher Canadian rates may be further delayed.

Investors were concerned during the period about a development known as "yield-curve flattening," in which yields on short-term bonds rise more than yields on long-term bonds. The trend, which has been occurring in both the United States and Canada, is considered a harbinger of economic recession. In fact, the yield on Canada's 30-year government bond did briefly dip below the yield on the 10-year security in what is called a "yield inversion." While the inversion does not necessarily portend a recession in the immediate

future, it is an important indicator that fears of slowing economic growth are a bigger risk than worries about excessive inflation.

Fund performance benefited from an overweight allocation to longer-maturity Canadian bonds and Canada Mortgage Bonds, which provided higher income.

Looking ahead, the portfolio manager expects bond yields to rise marginally in the coming quarters, given tightening financial conditions, the potential for temporarily higher inflation and expectations that central banks will continue to gradually raise rates. Short-term yields should continue to rise faster than those on longer-term bonds. The Fund will continue to overweight Canada Mortgage Bonds as the higher income they offer will help offset capital losses if yields go higher.



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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.

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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 June 30, 2018.

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