



RBC Canadian Preferred Share Fund

Investment Objective

The fundamental investment objective of the Fund is to provide exposure to the performance of a diversified portfolio of primarily Canadian preferred share securities that will provide regular income and that have the potential for long-term capital growth. The Fund invests primarily in an actively managed portfolio of investment grade rate reset preferred shares issued by Canadian companies, selected on the basis of fundamental analysis, credit research and interest rate sensitivity analysis.

Fund Details

Series	Currency	Fund Code
0	CAD	RBFB472
Inception Date		October 2016
Total Fund Assets \$Mil		175.2
Benchmark		Solactive Laddered Canadian Preferred share index

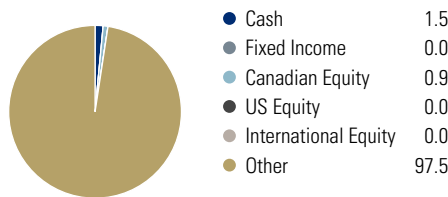
Notes

Portfolio statistics are estimated based on holdings of the RBC Preferred Share ETF and are therefore approximations only. Portfolio characteristics are subject to change. All opinions and estimates contained in this report constitute RBC GAM's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility.

Effective February 17, 2017, this fund has been capped and is not available for new or additional purchases.

Portfolio Analysis as of April 30, 2019

Asset Mix



Maturity Breakdown

Under 1 year	13.9%
1-2 years	15.8%
2-3 years	23.2%
3-4 years	19.7%
4-5 years	24.1%
5 + years	3.3%

Characteristics

Weighted Average Current Yield	4.3
Weighted Average Duration	2.2
Weighted Average Yield to Maturity	5.7
Weighted Average Yield to Call	
Weighted Average Credit Rating	BBB

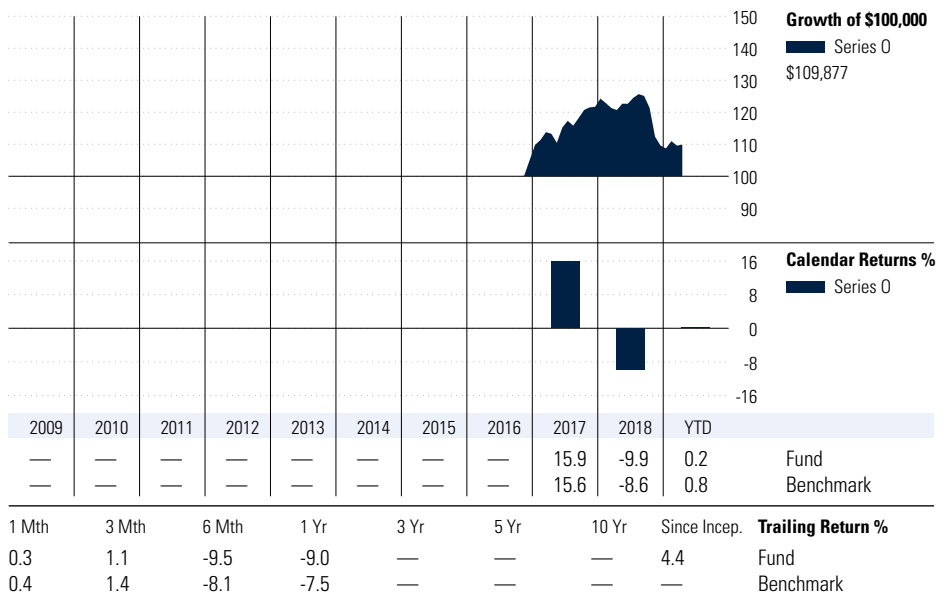
Credit Ratings

Pfd-1H	0.0%	Pfd-2L	16.2%
Pfd-1	0.0%	Pfd-3H	15.1%
Pfd-1L	0.0%	Pfd-3	20.3%
Pfd-2H	7.5%	Pfd-3L	1.2%
Pfd-2	34.0%	N/A	5.7%

Top 10 Holdings

Holder	% Assets
Toronto-Dominion Bk, Pfd Sr 14, 4.85%	2.3
Royal Bank of Canada, Pfd Sr BM, 5.50%	1.8
Royal Bank of Canada, Pfd Sr BD, 3.60%	1.7
Cash & Cash Equivalents	1.5
Bank of Montreal, Pfd Sr 38, 4.85%	1.5
Royal Bank of Canada, Pfd Sr BK, 5.50%	1.4
CIBC, Pfd Sr 45, 4.40%	1.4
TransCanada, Pfd Sr 15, 4.90%	1.3
Bank of Nova Scotia, Pfd Sr 38, 4.85%	1.2
Toronto-Dominion Bk, Pfd Sr 5, 3.75%	1.2
Total % of Top 10 Holdings	15.3
Total Number of Stock Holdings	2
Total Number of Bond Holdings	0
Total Number of Other Holdings	171
Total Number of Holdings	173

Performance Analysis as of April 30, 2019





RBC Canadian Preferred Share Fund

Management Overview

Manager Bios

Marty Balch

RBC Global Asset Management Inc.

Marty Balch is Senior Portfolio Manager, Global Fixed Income and Currencies. He has been in the investment industry since 1991.

Stuart Kedwell

RBC Global Asset Management Inc.

Stuart Kedwell is Senior Vice President and Co-Head, North American Equities. He has been in the investment industry since 1997.

Performance Analysis Cont'd as of April 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.19	0.60	0.55	0.05	—	—	—	—	—	—	—
Interest	0.19	0.00	0.00	0.00	—	—	—	—	—	—	—
Dividends	—	0.55	0.45	0.04	—	—	—	—	—	—	—
Capital Gains	—	0.05	0.10	0.01	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2017	21.3	—	—	—	—	—	—
Worst	1-2019	-12.5	—	—	—	—	—	—
Average		3.9		—		—		—
No. of Periods		19		—		—		—
Pct. Positive		68.4		—		—		—

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

Quarterly Commentary as at March 31, 2019

The Canadian preferred share market continued to be challenging through the first quarter of 2019.

The Government of Canada (GoC) 5-year rate has a positive relationship with the price of rate-reset preferred shares, as it implies higher dividend rates when issues reset. In Canada, markets are no longer pricing in any rate increases and the impact on rate-reset preferred share issues – even those resetting 3-4 years from now – has been pronounced and looks to be overdone. This not only shows up in deep discount in prices, but also attractive yields that reflect risks similar to the financial crisis.

Widening of the preferred share “reset spread” (i.e. the yield offered on preferred shares over the GoC 5-year rate) has also weighed on prices, particularly as reset spreads and credit spreads have diverged. Generally, as spreads decline on other risky assets (e.g. high yield bonds, investment grade debt etc.), reset spreads follow suit. So far in 2019, global growth concerns have

eased somewhat and we’ve seen tightening in credit spreads, but not reset spreads, as rate-reset preferred share investors have been grappling with concerns about central bank policy switching from restrictive to expansionary.

From a portfolio perspective, rate-resets offer diversification benefits. Traditionally, fixed income prices rise when interest rates fall. Rate-resets have an opposing reaction to rate movements. The non-correlated nature of the asset class can help to increase risk-adjusted returns.

The Fund is designed to deliver an attractive, tax-efficient yield with capital gain potential in a rising interest rate environment. In a market where being able to buy/sell individual preferred shares is a challenge, actively managed funds provide investors with access to liquidity. This is especially valuable in a volatile market like the one we’re in today.



RBC Canadian Preferred Share Fund

Disclosure

RBC Funds, RBC Private Pools, BlueBay Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

Series O units are available to individuals, institutional clients or dealers who have entered into an agreement directly with RBC GAM. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly or indirectly to RBC GAM.

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 fund securities are not guaranteed or covered by the Canada 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, RBC Private Pools, 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.

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.

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