



RBC Canadian Short-Term Income Fund

Investment Objective

To provide a competitive level of monthly income by investing primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments and corporations.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF264
Adv	Deferred Sales	CAD	RBF851
Adv	Front End	CAD	RBF751
Adv	Low Load	CAD	RBF113

Inception Date	January 1992
Total Fund Assets \$Mil	5,656.7
Series A NAV \$	10.40
Series A MER %	1.04
Benchmark	FTSE TMX Canada Short Term Overall Bond Index

Income Distribution	Monthly
Capital Gains Distribution	Annually

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

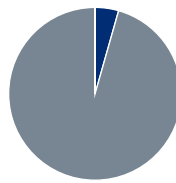
Fund Category	Canadian Short Term Fixed Income
---------------	----------------------------------

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

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

Portfolio Analysis as of June 30, 2018

Asset Mix



	% Assets
Cash	4.4
Fixed Income	95.6
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown

	% Fixed Income
Government Bonds	52.2
Corporate Bonds	45.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.8
Asset Backed Securities	0.0

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.8	Under 1 year	10.6
AAA	28.9	1 - 5 Yrs	86.2
AA	41.2	5 - 10 Yrs	3.2
A	16.6	Over 10 Yrs	0.0
BBB	11.5		
Below BBB	0.0	Avg. Term to maturity (Yrs)	2.9
Mortgages	0.0	Duration (Yrs)	2.7
NR/NA	0.0	Yield to Maturity	2.4

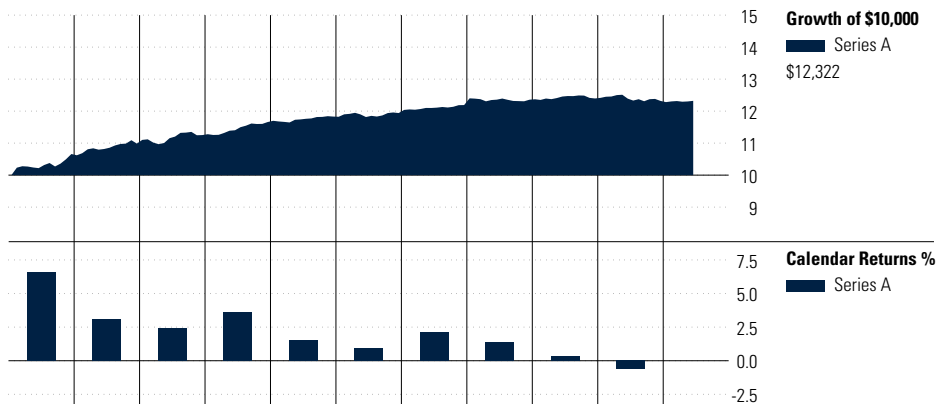
Geographic Allocations

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

Top 25 Holdings

	% Assets
Canada (Government of) 0.5% 01-03-2022	3.2
Canada (Government of) 0.5% 01-02-2019	2.9
Canada Hsg Tr No 1 3.35% 15-12-2020	2.9
Ontario (Province Of) 2.1% 08-09-2019	2.9
Ontario (Province Of) 2.85% 02-06-2023	2.8
Ontario (Province Of) 4% 02-06-2021	2.7
Canada (Government of) 1.5% 01-06-2023	2.6
Quebec Prov Medium Term Nt 01-12-2022	2.3
Canada Housing Tr No.1 1.25% 15-06-2021	2.0
Canada (Government of) 0.75% 01-09-2020	1.9
Canada (Government of) 1.75% 01-03-2023	1.8
Ontario (Province Of) 1.35% 08-03-2022	1.7
Canada Hsg Tr No 1 2.65% 15-03-2022	1.5
Prov Of New Brunswick 4.5% 02-06-2020	1.5
Manitoba (Province of) 1.55% 05-09-2021	1.4
Canada Hsg Tr No 1 1.75% 15-06-2022	1.4
Quebec (Province Of) 4.5% 01-12-2020	1.3
HSBC Bank Canada 3.24% 15-09-2023	1.3
National Bank of Canada 1.81% 26-07-2021	1.2
Quebec (Province Of) 4.5% 01-12-2019	1.2
Province of Alberta 1.35% 01-09-2021	1.2
Bank of Montreal 2.27% 11-07-2022	1.1
Canada (Government of) 0.75% 01-03-2021	1.1
CIBC 1.85% 14-07-2020	1.0
Royal Bank of Canada 2.36% 05-12-2022	1.0
Total % of Top 25 Holdings	45.8
Total Number of Stock Holdings	0
Total Number of Bond Holdings	182
Total Number of Other Holdings	7
Total Number of Holdings	189

Performance Analysis as of June 30, 2018



Year	Calendar Returns %	Fund Quartile
2008	6.6 ^{2nd}	
2009	3.1 ^{3rd}	
2010	2.4 ^{3rd}	
2011	3.6 ^{2nd}	
2012	1.5 ^{3rd}	
2013	0.9 ^{3rd}	
2014	2.1 ^{3rd}	
2015	1.4 ^{3rd}	
2016	0.3 ^{4th}	
2017	-0.6 ^{4th}	
YTD	0.0 ^{4th}	

Period	Trailing Return %	No. of Funds in Category
1 Mth	0.2 ^{3rd}	243
3 Mth	0.1 ^{4th}	241
6 Mth	0.0 ^{4th}	236
1 Yr	-0.6 ^{4th}	228
3 Yr	-0.1 ^{4th}	188
5 Yr	0.8 ^{3rd}	136
10 Yr	1.9 ^{3rd}	52
Since Incep.	3.9	—



RBC Canadian Short-Term Income Fund

Management Overview

Manager Bios

Walter Posiewko

RBC Global Asset Management Inc.

Walter Posiewko is Vice President and Senior Portfolio Manager, Global Fixed Income and Money Markets. He has been in the investment industry since 1985.

Performance Analysis Cont'd as of June 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.08	0.14	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38
Interest	0.08	0.14	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-1996	13.6	6-1997	8.8	6-1998	6.8	6-2003	5.6
Worst	5-2018	-1.7	1-2018	-0.3	4-2018	0.6	4-2018	1.8
Average		3.5		3.6		3.5		3.5
No. of Periods		289		265		241		181
Pct. Positive		94.1		97.7		100.0		100.0

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

Quarterly Commentary as at June 30, 2018

Canadian short-bond yields edged up during the quarter in sympathy with U.S. bonds, which were under pressure as the U.S. Federal Reserve (Fed) continued its tightening program. The bond market got its direction from the United States as the Bank of Canada (BoC) remained on the policy sidelines, given the Canadian economy's underperformance. Further staying the BoC's hand was the growing uncertainty related to trade relationships with the United States, which were already damaged by the imposition of tariffs on Canadian steel and aluminum. NAFTA negotiations were also progressing poorly, reinforcing the BoC's decision to leave policy unchanged. The Fed's 0.25% hike during the quarter was accompanied by implications of more to come over the medium term, which pressured short-dated bonds. Longer bonds remained unaffected by the stronger growth outlook, primarily as inflation pressures remained under control for the most part.

During the quarter, bond yields increased approximately 0.10% across short maturities while longer bond yields fell again in reaction to mild

inflation pressures, resulting in more flattening of the yield curve.

The Fund's defensive posture remained unchanged, given the overall bias for rates to climb. Overall asset allocation changed little – cash increased a bit while government exposure and corporate exposure were unchanged.

Policy bias in Canada calls for more tightening and it is likely that another hike is imminent. The BoC is proceeding with caution as household vulnerabilities persist and consumer debt continues to be heavy. Boggled-down NAFTA negotiations and the prospects of a trade war between the U.S. and its trading partners all create uncertainty. Moreover, inflation pressures are subdued, allowing the BoC to proceed with policy normalization at its own cautious pace. The outlook is still for bond yields to climb, but gradually, which suggests a bias toward defense is still appropriate.



RBC Canadian Short-Term Income 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.

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