



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	5,332.0
Series A NAV \$	10.69
Series A MER %	1.10
Series A Adjusted MER %	1.05
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
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Management Company	RBC Global Asset Management Inc.
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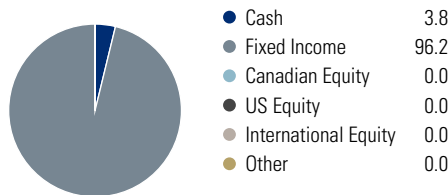
Web Site	www.rbcgam.com
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Notes

The fund's investment objective changed June 28, 2002.

Portfolio Analysis as of March 31, 2017

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	55.1
Corporate Bonds	42.2
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	2.7
Asset Backed Securities	0.0

Bond Rating

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	2.7	Under 1 year	3.2
AAA	30.6	1 - 5 Yrs	87.7
AA	39.4	5 - 10 Yrs	9.0
A	17.3	Over 10 Yrs	0.0
BBB	9.9		
Below BBB	0.0	Avg. Term to maturity (Yrs)	3.0
Mortgages	0.0	Duration (Yrs)	2.8
NR/NA	0.0	Yield to Maturity	1.3

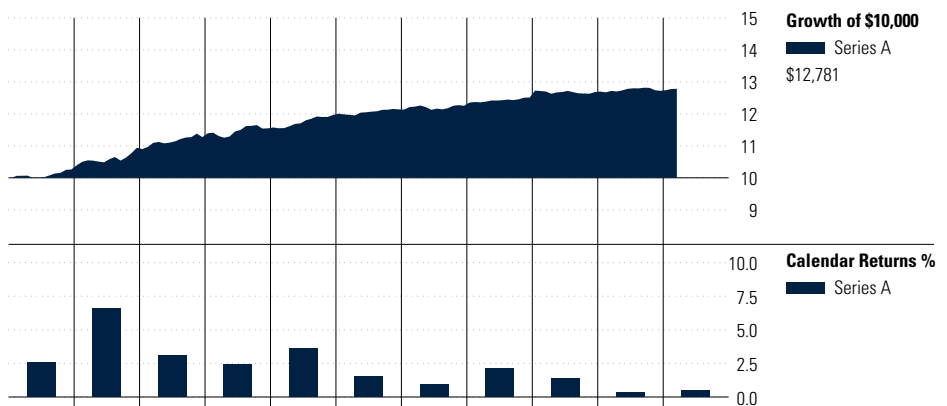
Geographic Allocations

Geographic Allocation	% Assets
Canada	99.8
United States	0.2
International (ex-Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

Top 25 Holdings	% Assets
Canada Govt 0.5% 01-11-2018	5.4
Canada Hsg Tr No 1 3.35% 15-12-2020	3.2
Ontario Prov Cda 2.1% 08-09-2018	3.2
Ontario Prov Cda 2.1% 08-09-2019	3.1
Ontario Prov Cda 4% 02-06-2021	3.0
Canada Govt 0.5% 01-08-2018	2.6
Prov Of Quebec 3.5% 01-12-2022	2.4
Canada Govt 0.75% 01-09-2020	2.3
Canada Hsg Tr No 1 1.25% 15-06-2021	2.2
Quebec Prov Medium Trm Nt 4.5% 01-12-2018	1.9
Canada Govt 0.75% 01-03-2021	1.9
Canada Hsg Tr No 1 2.65% 15-03-2022	1.7
Canada Govt 2.75% 01-06-2022	1.7
New Brunswick Prov Cda 4.5% 02-06-2020	1.7
Ontario Prov Cda 2.85% 02-06-2023	1.5
Quebec Prov Cda 4.5% 01-12-2020	1.5
Hsbc Bk Cda 2.491% 13-05-2019	1.4
Ontario Prov Cda 4.4% 02-06-2019	1.2
Bank of Montreal 3.21% 13-09-2018	1.2
CIBC 1.85% 14-07-2020	1.1
Alberta Prov Cda 1.6% 15-06-2018	1.1
Ontario Prov Cda 3.15% 02-06-2022	1.0
Natl Bk Can Montreal 2.794% 09-08-2018	1.0
Toronto Dominion Bank 2.447% 02-04-2019	1.0
Alberta Prov Cda 1.35% 01-09-2021	1.0
Total % of Top 25 Holdings	49.0
Total Number of Stock Holdings	0
Total Number of Bond Holdings	173
Total Number of Other Holdings	3
Total Number of Holdings	176

Performance Analysis as of March 31, 2017



Year	Calendar Returns %	Fund Quartile
2007	2.6 3 rd	
2008	6.6 2 nd	
2009	3.1 3 rd	
2010	2.4 3 rd	
2011	3.6 2 nd	
2012	1.5 3 rd	
2013	0.9 3 rd	
2014	2.1 3 rd	
2015	1.4 3 rd	
2016	0.3 4 th	
YTD	0.5 3 rd	

Period	Trailing Return %	Fund Quartile	No. of Funds in Category
1 Mth	0.1 4 th		221
3 Mth	0.5 3 rd		216
6 Mth	-0.3 4 th		216
1 Yr	0.5 4 th		208
3 Yr	1.1 3 rd		170
5 Yr	1.3 3 rd		122
10 Yr	2.4 2 nd		45
Since Incep.	4.1		—



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 March 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.04	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38	0.34
Interest	0.04	0.16	0.18	0.19	0.20	0.25	0.28	0.30	0.33	0.38	0.34
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	1-1994	13.9	6-1997	8.8	3-1997	8.6	3-2002	6.4
Worst	1-1995	-0.7	1-2017	1.0	1-2017	1.2	2-2017	2.4
Average		4.0		4.0		3.9		3.9
No. of Periods		289		265		241		181
Pct. Positive		98.6		100.0		100.0		100.0

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

Quarterly Commentary as at March 31, 2017

Canadian short-term bond yields ended the quarter essentially unchanged, but not before experiencing significant intra-quarter volatility; rising substantially in sympathy with U.S. bonds in the wake of another U.S. rate hike, and then falling by quarter end. The subsequent fall in yields occurred due to growing uncertainty regarding the timing and magnitude of promised U.S. fiscal stimulus.

In Canada, economic growth recovered nicely over the quarter, but the Bank of Canada (BoC) considered it temporary. Citing still sizeable slack in the economy, the BoC saw no reason to follow the Federal Reserve's (Fed's) tightening action and left policy unchanged. In the U.S., responding to evidence of growing economic momentum, the Fed hiked by another 0.25%, its second move in three months, and suggested more hikes may be appropriate should the Fed's targeted inflation and labor metrics be met.

The Fund manager cut the Fund's exposure to

corporate bonds further during the quarter as valuations hit new heights. Corporate bonds continued to rise during the quarter, evidenced by spreads tightening further. In keeping with a strategy of taking profits when valuations are stretched, the portfolio manager cut the Fund's corporate allocation by another 5% and reinvested the proceeds in government bonds.

Given the BOC's propensity to err on the side of caution, policy inaction is expected to continue for the remainder of the year. While the Fed is widely expected to continue tightening over the medium term, the extent of such action will depend on how successfully U.S. stimulative fiscal policy will be executed. We anticipate Canadian government yields will climb slower than their U.S. counterparts and corporate bonds will continue to serve as a buffer against this. As was done this quarter, corporate bonds will be carefully monitored and may be cut back further if valuations push even 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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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 and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2016, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, 2016 to September 30, 2016, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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.

PH&N Funds Series A formerly known as Series C.

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 March 31, 2017.

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