



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

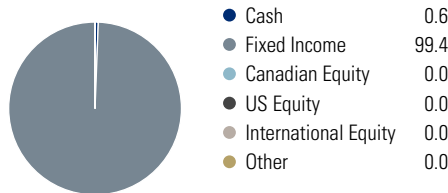
Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Fund Assets \$Mil		174.9	
Series A NAV \$		11.63	
Series A MER %		0.67	
Benchmark		FTSE TMX Canada Federal Bond Index	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Open	
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 December 31, 2017

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	99.4
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.6
Asset Backed Securities	0.0

Bond Rating

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	0.6	Under 1 year	4.3
AAA	99.4	1 - 5 Yrs	54.5
AA	0.0	5 - 10 Yrs	20.4
A	0.0	Over 10 Yrs	20.7
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	7.4
Mortgages	0.0	Duration (Yrs)	5.9
NR/NA	0.0	Yield to Maturity	2.0

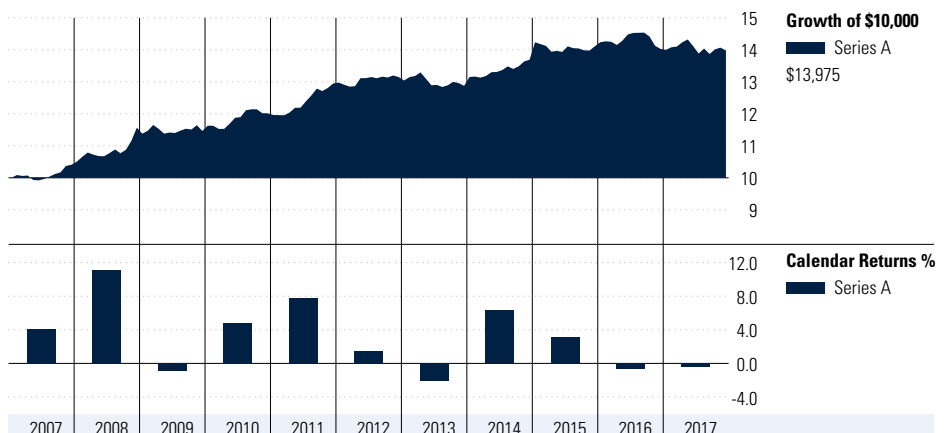
Geographic Allocations

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

Top 25 Holdings

Top 25 Holdings	% Assets
Canada Hsg Tr No 1 1.95% 15-06-2019	10.2
Canada Hsg Tr No 1 1.25% 15-06-2021	10.1
Canada Hsg Tr No 1 3.35% 15-12-2020	8.8
Canada Govt 4% 01-06-2041	5.6
Canada Govt 3.5% 01-06-2020	4.6
Canada Govt 3.5% 01-12-2045	4.5
Canada Govt 2.25% 01-06-2025	4.5
Canada Govt 5% 01-06-2037	4.5
Canada Govt 1.5% 01-06-2026	4.1
Canada Govt 1.5% 01-06-2023	4.1
Canada Hsg Tr No 1 2.65% 15-03-2022	4.0
Canada Hsg Tr No 1 1.25% 15-12-2020	3.9
Canada Hsg Tr No 1 2.35% 15-09-2023	3.9
Canada Govt 0.75% 01-09-2020	3.6
Canada Govt 0.5% 01-03-2022	3.5
Canada Govt 5.75% 01-06-2029	3.3
Canada Govt 2.75% 01-06-2022	2.9
Canada Hsg Tr No 1 4.1% 15-12-2018	2.9
Inter Amern Dev Bk 4.4% 26-01-2026	2.6
Canada Govt 5.75% 01-06-2033	1.7
Canada Govt 1.75% 01-09-2019	1.4
Canada Govt 0.5% 01-11-2018	1.4
Canada Post 4.36% 16-07-2040	0.7
Canada Govt 1% 01-06-2027	0.7
Canada Govt 1.5% 01-03-2020	0.6
Total % of Top 25 Holdings	98.2
Total Number of Stock Holdings	0
Total Number of Bond Holdings	28
Total Number of Other Holdings	1
Total Number of Holdings	29

Performance Analysis as of December 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
-0.7	0.8	-1.0	-0.4	0.7	1.2	3.0	4.1	Fund
4th	4th	4th	4th	4th	4th	4th	—	Quartile
608	604	598	584	465	373	151	—	No. of Funds in Category



RBC Canadian Government Bond Index Fund

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 December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.20	0.22	0.21	0.22	0.31	0.26	0.31	0.36	0.38	0.37	0.41
Interest	0.20	0.21	0.21	0.22	0.25	0.26	0.31	0.36	0.37	0.37	0.41
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	12-2017	0.7	9-2017	1.1	12-2017	3.0
Average		4.2		4.3		4.3		4.4
No. of Periods		199		175		151		91
Pct. Positive		87.4		100.0		100.0		100.0

* Final distribution attribution (interest, dividends, capital gains and return of capital) for 2017 will be reflected with January month-end profiles.

Quarterly Commentary as at December 31, 2017

Canadian bonds posted modest gains in the fourth quarter of 2017, as the Bank of Canada (BoC) became more cautious given uncertainty surrounding the survival of the North American Free Trade Agreement (NAFTA) and concern about the impact of new mortgage rules on the national housing market. Securities maturing in 10 or more years outperformed shorter-term fixed income because of heightened demand from investors for the income provided by longer-term debt. Fund performance benefited from an overweight allocation to longer maturity Canadian bonds and holding more Canada Mortgage bonds as the returns were higher than similar dated Government of Canada bonds.

Looking ahead, the global economy continues to

expand at a healthy pace and the direction of monetary policy is gradually changing. Concerted policy tightening by major central banks is expected to gather pace over the next year and is likely to push bond yields higher. Moreover, a decrease in asset purchases by central banks should start exerting upward pressure on yields. The BoC should be cautious on further rate hikes due to the uncertainty on NAFTA negotiation, the impact of the new mortgage rules and higher rates on highly indebted households. However, Canadian government bonds will likely continue to outperform their U.S. counterparts given that the U.S. Federal Reserve appears poised to continue raising rates and shrinking its balance sheet while the BoC indicates that it's in no rush to do so.



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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 half-year period, January 1 to June 30, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

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 December 31, 2017.

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