



# 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.

## Fund Details

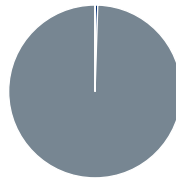
Series A	Load No Load	Structure	Currency CAD	Fund Code RBF563
Inception Date		June 2000		
Total Fund Assets \$Mil		198.6		
Series A NAV \$		11.88		
Series A MER %		0.66		
Benchmark		FTSE TMX Canada Federal Bond Index		
Income Distribution		Quarterly		
Capital Gains Distribution		Annually		
Sales Status		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 name changed effective June 29, 2011.

## Portfolio Analysis as of March 31, 2017

### Asset Mix



	% Assets
Cash	0.5
Fixed Income	99.5
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Top 25 Holdings

	% Assets
Canada Hsg Tr No 1 1.95% 15-06-2019	9.2
Canada Hsg Tr No 1 3.35% 15-12-2020	8.0
Canada Hsg Tr No 1 4.1% 15-12-2018	6.1
Canada Govt 0.5% 01-11-2018	6.0
Canada Govt 4% 01-06-2041	5.8
Canada Hsg Tr No 1 1.25% 15-06-2021	5.5
Canada Govt 1.5% 01-06-2023	4.9
Canada Govt 5% 01-06-2037	4.3
Canada Govt 3.5% 01-06-2020	4.2
Canada Govt 2.25% 01-06-2025	4.1
Canada Govt 3.5% 01-12-2045	4.0
Canada Govt 1.5% 01-06-2026	3.8
Canada Hsg Tr No 1 2.65% 15-03-2022	3.7
Canada Hsg Tr No 1 2.35% 15-09-2023	3.6
Canada Hsg Tr No 1 1.25% 15-12-2020	3.5
Canada Hsg Tr No 1 1.7% 15-12-2017	3.5
Canada Govt 5.75% 01-06-2029	3.4
Canada Govt 0.75% 01-09-2020	3.3
Canada Govt 2.75% 01-06-2022	2.7
Inter Amer Dev Bk 4.4% 26-01-2026	2.3
Canada Govt 1.5% 01-03-2020	2.1
Canada Govt 5.75% 01-06-2033	1.5
Canada Hsg Tr No 1 2.35% 15-12-2018	1.3
Canada Govt 1.75% 01-09-2019	1.3
Canada Govt 2.5% 01-06-2024	0.8
<b>Total % of Top 25 Holdings</b>	<b>98.8</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	26
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>27</b>

### Fixed Income Breakdown

	% Fixed Income
Government Bonds	99.5
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.5
Asset Backed Securities	0.0

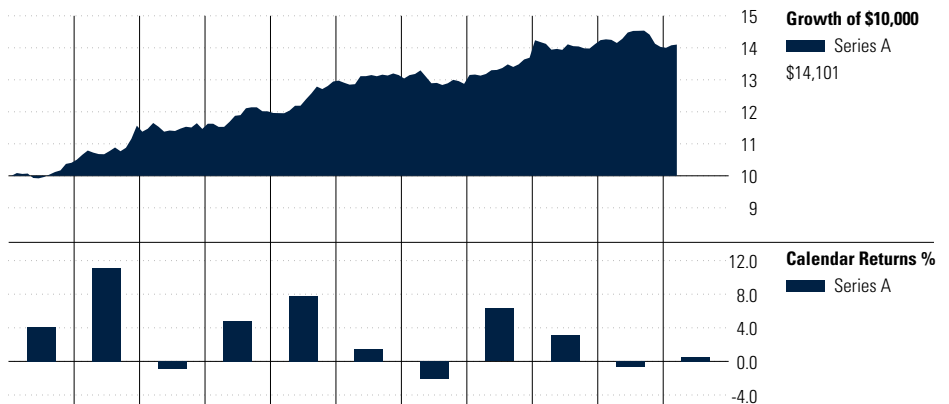
### Bond Rating

	%	Term to Maturity	%
Cash / Cash Equiv.	0.5	Under 1 year	3.5
AAA	99.5	1 - 5 Yrs	54.4
AA	0.0	5 - 10 Yrs	22.3
A	0.0	Over 10 Yrs	19.8
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	7.5
Mortgages	0.0	Duration (Yrs)	6.0
NR/NA	0.0	Yield to Maturity	1.4

### Geographic Allocations

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

## Performance Analysis as of March 31, 2017



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	Fund Quartile
Calendar Returns %	4.1 <sup>1st</sup>	11.1 <sup>1st</sup>	-0.9 <sup>4th</sup>	4.8 <sup>4th</sup>	7.8 <sup>2nd</sup>	1.5 <sup>4th</sup>	-2.1 <sup>3rd</sup>	6.3 <sup>3rd</sup>	3.1 <sup>1st</sup>	-0.6 <sup>4th</sup>	0.5 <sup>4th</sup>	
Trailing Return %	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.				
	0.2 <sup>4th</sup>	0.5 <sup>4th</sup>	-3.0 <sup>4th</sup>	-1.0 <sup>4th</sup>	2.4 <sup>4th</sup>	1.9 <sup>4th</sup>	3.4 <sup>4th</sup>	4.4	Fund Quartile			
	658	652	643	599	481	339	131	—	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 March 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.06	0.22	0.21	0.22	0.31	0.26	0.31	0.36	0.38	0.37	0.41
Interest	0.06	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	8-2013	-2.1	9-2014	1.6	1-2017	1.5	2-2017	3.4
Average		4.5		4.5		4.4		4.5
No. of Periods		190		166		142		82
Pct. Positive		90.5		100.0		100.0		100.0

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

### Quarterly Commentary as at March 31, 2017

In Q1, the FTSE TMX Canada Universe Bond Index returned 1.2%. The FTSE TMX Canada Corporate Bond Index (1.8%) and the FTSE TMX Canada Provincial Bond Index (1.4%) both outperformed the FTSE TMX Canada Federal Bond Index (0.6%) as corporate bonds benefited from improving economic fundamentals.

First quarter results were positive, reversing much of the U.S. election-driven selloff that occurred near the end of 2016. The shift in part reflected investor skepticism that the new administrations would be able to deliver on the president's election promises to cut taxes, boost infrastructure spending and scale back business regulation. The U.S. Federal Reserve (Fed) has raised short rates twice, while longer term Government bond yields remain range bound, pricing in neither the worst or best outcome. The Bank of Canada (BoC) maintained its cautious tone and as expected did

not change policy rates.

While the portfolio manager expects the BoC to keep its benchmark interest rate unchanged over the next 12 months despite better economic data, Governor Poloz is likely to emphasize downside risks and possible disappointment regarding exports. The red hot housing market remains a major worry in Vancouver and Toronto where new measures are expected shortly to try and curb enthusiasm.

The Fed in the U.S. is expected to continue raising policy rates and could begin to reduce its balance sheet later this year which could pressure bond yields higher. Canadian government bonds will likely outperform their U.S. counterparts given that the BoC is likely to keep interest rates unchanged.



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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](http://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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