



# 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

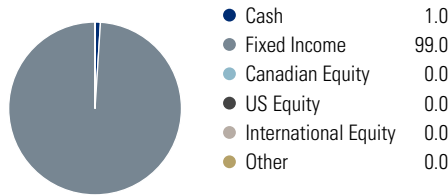
Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Fund Assets \$Mil		182.5	
Series A NAV \$		11.58	
Series A MER %		0.67	
Benchmark		FTSE TMX Canada Federal Bond Index	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Open	
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 September 30, 2017

### Asset Mix



### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	99.0
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.0
Asset Backed Securities	0.0

### Bond Rating

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	1.0	Under 1 year	0.0
AAA	99.0	1 - 5 Yrs	59.2
AA	0.0	5 - 10 Yrs	20.5
A	0.0	Over 10 Yrs	20.4
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	7.3
Mortgages	0.0	Duration (Yrs)	5.9
NR/NA	0.0	Yield to Maturity	1.9

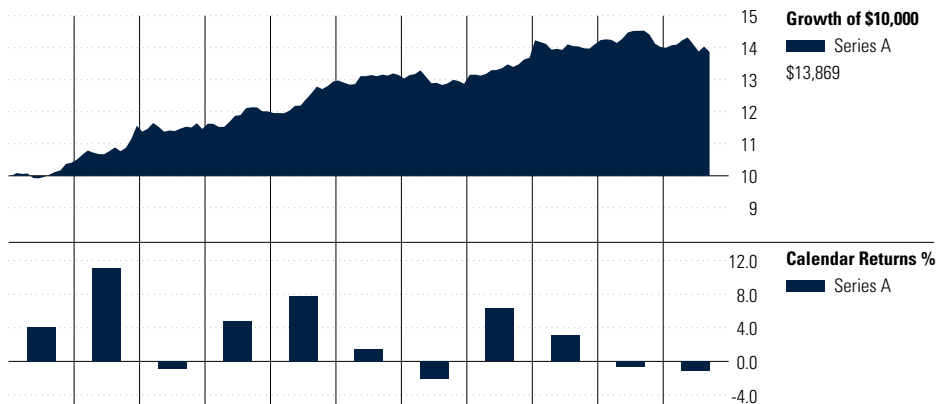
### Geographic Allocations

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	9.9
Canada Hsg Tr No 1 1.25% 15-06-2021	9.7
Canada Hsg Tr No 1 3.35% 15-12-2020	8.5
Canada Govt 4% 01-06-2041	5.8
Canada Govt 0.5% 01-11-2018	5.3
Canada Govt 3.5% 01-06-2020	4.4
Canada Govt 2.25% 01-06-2025	4.3
Canada Govt 3.5% 01-12-2045	4.2
Canada Govt 5% 01-06-2037	4.2
Canada Govt 1.5% 01-06-2026	4.0
Canada Govt 1.5% 01-06-2023	3.9
Canada Hsg Tr No 1 2.65% 15-03-2022	3.9
Canada Hsg Tr No 1 1.25% 15-12-2020	3.8
Canada Hsg Tr No 1 2.35% 15-09-2023	3.8
Canada Govt 5.75% 01-06-2029	3.5
Canada Govt 0.75% 01-09-2020	3.5
Canada Hsg Tr No 1 4.1% 15-12-2018	3.4
Canada Govt 2.75% 01-06-2022	2.8
Inter Amern Dev Bk 4.4% 26-01-2026	2.5
Canada Govt 5.75% 01-06-2033	1.6
Canada Govt 0.5% 01-03-2022	1.6
Canada Govt 1.75% 01-09-2019	1.4
Canada Govt 2.5% 01-06-2024	0.8
Canada Post 4.36% 16-07-2040	0.7
Canada Govt 1% 01-06-2027	0.6
Total % of Top 25 Holdings	98.1
Total Number of Stock Holdings	0
Total Number of Bond Holdings	27
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>28</b>

## Performance Analysis as of September 30, 2017



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	Fund Quartile
Calendar Return %	4.1 1 <sup>st</sup>	11.1 1 <sup>st</sup>	-0.9 4 <sup>th</sup>	4.8 4 <sup>th</sup>	7.8 2 <sup>nd</sup>	1.5 4 <sup>th</sup>	-2.1 3 <sup>rd</sup>	6.3 3 <sup>rd</sup>	3.1 1 <sup>st</sup>	-0.6 4 <sup>th</sup>	-1.1 4 <sup>th</sup>	

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Calendar Return %	-1.2 3 <sup>rd</sup>	-1.7 2 <sup>nd</sup>	-1.6 4 <sup>th</sup>	-4.6 4 <sup>th</sup>	1.1 4 <sup>th</sup>	1.1 4 <sup>th</sup>	3.2 4 <sup>th</sup>	4.1	Fund Quartile
No. of Funds in Category	613	610	603	586	456	371	149	—	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 September 30, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.16	0.22	0.21	0.22	0.31	0.26	0.31	0.36	0.38	0.37	0.41
Interest	0.16	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	9-2017	1.1	9-2017	1.1	9-2017	3.2
Average		4.3		4.4		4.3		4.4
No. of Periods		196		172		148		88
Pct. Positive		88.8		100.0		100.0		100.0

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

### Quarterly Commentary as at September 30, 2017

Third quarter performance of the Canadian bond market was quite weak. The Bank of Canada raised rates for the first time in seven years in July, and again at the next meeting in September. The market was concerned that this marked the beginning of policy normalization with steady increases anticipated and pushed yields higher, approximately 80 basis points in the 2 and 5 year maturities. Near the end of the quarter Governor Stephen Poloz assured the market that further moves would be data dependant and that there was no predetermined path for interest rates.

In the U.S., yields were also higher for the quarter, reversing the rally in August and early September. The rally had been driven by a mix of safe-haven

concerns such as domestic politics, fear of a government shut-down, North Korea standoff, and also concerns about the economic impact from hurricanes. Later in the month a new tax reform proposal added to growth expectations also pushing yields higher.

Looking ahead, bond yields are expected to rise, the market has penciled in rate hikes late in the fourth quarter. In addition, the U.S. Federal Reserve has begun the lengthy process of shrinking its portfolio of Treasury and mortgage notes on the balance sheet; this slow measured manner should not disrupt fixed-income markets.



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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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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](http://www.sedar.com).

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 full-year period, April 1, 2016 to March 31, 2017, 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.

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 September 30, 2017.

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