



# RBC Advisor Canadian Bond Fund

## Investment Objective

To provide a modest enhancement of long-term returns, consisting of income and modest capital gains, over its benchmark before fees and expenses are deducted, while keeping overall risk of underperformance to modest levels. The fund invests primarily in fixed-income securities issued by Canadian governments and corporations.

## Fund Details

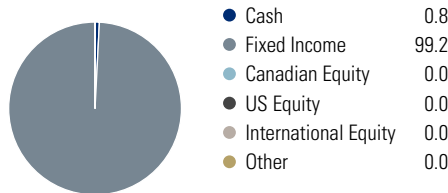
Series	Load Structure	Currency	Fund Code
Adv	Front End	CAD	RBF700
Inception Date		October 1999	
Total Fund Assets \$Mil		41.6	
Series Adv NAV \$		11.87	
Series Adv MER %		0.93	
Benchmark		FTSE TMX Canada Universe Bond Index	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales 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

The minimum initial investment required was reduced to \$500 effective June 29, 2012.

## Portfolio Analysis as of March 31, 2017

### Asset Mix



### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	67.0
Corporate Bonds	32.3
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.8
Asset Backed Securities	0.0

### Bond Rating

Bond Rating	%	Term to Maturity	%
Cash / Cash Equiv.	0.8	Under 1 year	0.9
AAA	23.8	1 - 5 Yrs	41.1
AA	32.6	5 - 10 Yrs	25.1
A	31.3	Over 10 Yrs	32.8
BBB	11.6		
Below BBB	0.0	Avg. Term to maturity (Yrs)	10.1
Mortgages	0.0	Duration (Yrs)	7.4
NR/NA	0.0	Yield to Maturity	2.2

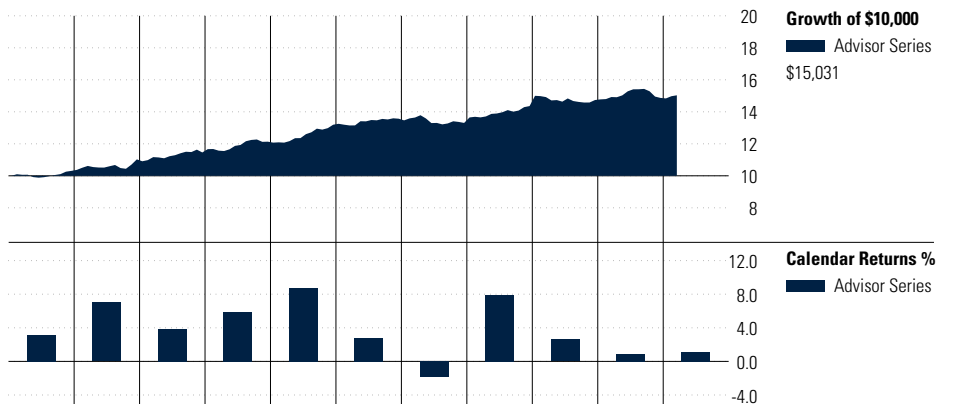
### Geographic Allocations

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 3.35% 15-12-2020	4.7
Canada Govt 3.5% 01-12-2045	4.1
Ontario Prov Cda 2.6% 02-06-2025	4.0
Ontario Prov Cda 4.2% 02-06-2020	4.0
Newfoundland Prov Cda 6.15% 17-04-2028	3.1
Canada Hsg Tr No 1 1.95% 15-06-2019	3.0
Tchc Issuer Tr 4.877% 11-05-2037	2.9
Canada Govt 1.5% 01-06-2023	2.5
Quebec Prov Cda 9.5% 30-03-2023	2.4
Quebec Prov Medium Term Nt 5% 01-12-2041	2.2
Ontario Prov Cda 2.9% 02-12-2046	2.2
Canada Hsg Tr No 1 1.25% 15-06-2021	2.2
Canada Hsg Tr No 1 2.35% 15-09-2023	2.0
Ontario Prov Cda 6.5% 08-03-2029	2.0
Nova Scotia Prov Cda 4.9% 01-06-2035	1.9
Quebec Prov Medium Trm Nt 4.5% 01-12-2019	1.8
Ontario Prov Cda 4% 02-06-2021	1.6
Bank of Montreal 1.88% 31-03-2021	1.6
Prov Of Quebec 3.5% 01-12-2022	1.6
Ontario Prov Cda 2.4% 02-06-2026	1.6
Prov Of Quebec 3.5% 01-12-2045	1.4
Cdn Imperial Bk Com Tor O FRN 06-06-2023	1.3
Royal Bank Of Canada 2.03% 15-03-2021	1.2
Manitoba Prov Cda 4.65% 05-03-2040	1.2
Ontario Prov Cda 2.1% 08-09-2019	1.1
<b>Total % of Top 25 Holdings</b>	<b>57.4</b>
Total Number of Stock Holdings	0
Total Number of Bond Holdings	115
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>116</b>

## Performance Analysis as of March 31, 2017



Year	1st	2nd	3rd	4th	1st	2nd	3rd	4th	YTD	Fund Quartile
2007	3.1				3.1				3.1	1st
2008	7.0				7.0				7.0	1st
2009	3.9				3.9				3.9	4th
2010	5.9				5.9				5.9	3rd
2011	8.7				8.7				8.7	1st
2012	2.8				2.8				2.8	4th
2013	-1.9				-1.9				-1.9	3rd
2014	7.9				7.9				7.9	1st
2015	2.6				2.6				2.6	2nd
2016	0.9				0.9				0.9	4th
YTD	1.1				1.1				1.1	3rd

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
1 Mth	0.4								0.4
3 Mth	1.1								1.1
6 Mth	-2.6								-2.6
1 Yr	0.7								0.7
3 Yr	3.3								3.3
5 Yr	2.7								2.7
10 Yr	4.1								4.1
Since Incep.	4.9								4.9
Fund Quartile									4th
No. of Funds in Category									131



# RBC Advisor Canadian Bond 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	0.09	0.34	0.30	0.33	0.35	0.34	0.38	0.41	0.42	0.44	0.45
Interest	0.09	0.30	0.30	0.33	0.35	0.34	0.38	0.41	0.42	0.44	0.45
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.04	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	10-2001	11.7	5-2003	8.3	1-2005	7.5	1-2010	6.1
Worst	9-2013	-2.1	11-2015	2.4	1-2017	2.3	2-2017	4.0
Average		5.1		5.1		5.0		5.0
No. of Periods		197		173		149		89
Pct. Positive		94.4		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.

The Fund's performance benefited from being overweight in shorter-maturity corporate bonds, although its underweight in Energy bonds detracted slightly. The more than benchmark weight in provincials also added value.

Q1 results were positive, reversing much of the U.S. election-driven selloff near the end of 2016. The shift in part reflected investor skepticism that the new administration would be able to deliver on the president's election promises to cut taxes, boost infrastructure spending and scale back business regulation. The Fed has raised short rates twice while longer-term Government bond yields remain range bound, pricing in neither the worst or best

outcome.

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. We are maintaining overweight positions in corporate and provincial bonds, as the additional yields offered by these securities would help offset capital losses as yields rise.



## RBC Advisor Canadian Bond 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.

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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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