



# RBC Canadian Bond Index Fund

## Investment Objective

To provide a total return consisting of income and moderate capital growth by tracking the performance of its benchmark through investment in units of the RBC Canadian Bond Index ETF.

## Fund Details

| Series | Load Structure | Currency | Fund Code |
|--------|----------------|----------|-----------|
| A      | No Load        | CAD      | RBF700    |

|                         |   |
|-------------------------|---|
| Inception Date          | October 1999                                |
| Total Fund Assets \$Mil | 37.7  |
| Series A NAV \$         | 11.60                                       |
| Series A MER %          | 0.92  |
| Benchmark               | FTSE TMX Canada Universe + Maple 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. |
|--------------------|----------------------------------|

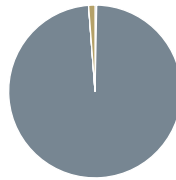
|          |                |
|----------|----------------|
| Web Site | www.rbcgam.com |
|----------|----------------|

## Notes

Fund's investment objective and name changed effective June 30, 2017.

## Portfolio Analysis as of September 30, 2017

### Asset Mix



|                      | % Assets |
|----------------------|----------|
| Cash                 | 0.3      |
| Fixed Income         | 98.5     |
| Canadian Equity      | 0.0      |
| US Equity            | 0.0      |
| International Equity | 0.0      |
| Other                | 1.2      |

### Top 25 Holdings

|   | % Assets |
|---|----------|
| Canada Hsg Tr No 1 3.35% 15-12-2020       | 4.9      |
| Newfoundland Prov Cda 6.15% 17-04-2028    | 3.3      |
| Canada Hsg Tr No 1 1.25% 15-06-2021       | 3.3      |
| Tchc Issuer Tr 4.877% 11-05-2037          | 3.0      |
| Ontario Prov Cda 2.6% 02-06-2025          | 2.9      |
| Canada Govt 1.5% 01-06-2026               | 2.8      |
| Ontario Prov Cda 2.9% 02-12-2046          | 2.6      |
| Canada Govt 0.5% 01-02-2019               | 2.5      |
| Canada Govt 3.5% 01-12-2045               | 2.5      |
| Quebec Prov Medium Term Nt 5% 01-12-2041  | 2.5      |
| Quebec Prov Cda 9.5% 30-03-2023           | 2.4      |
| Canada Hsg Tr No 1 2.35% 15-09-2023       | 2.1      |
| Canada Hsg Tr No 1 1.95% 15-06-2019       | 1.8      |
| Prov Of Quebec 3.5% 01-12-2022            | 1.7      |
| Bank of Montreal 1.88% 31-03-2021         | 1.7      |
| Canada Govt 1.5% 01-06-2023               | 1.6      |
| Canada Govt 1% 01-06-2027                 | 1.6      |
| Prov Of Quebec 3.5% 01-12-2045            | 1.5      |
| Canada Govt 0.75% 01-08-2019              | 1.3      |
| Royal Bank Of Canada 2.03% 15-03-2021     | 1.3      |
| Manitoba Prov Cda 4.65% 05-03-2040        | 1.2      |
| Ontario Prov Cda 2.1% 08-09-2019          | 1.2      |
| Ontario Prov Cda 4.65% 02-06-2041         | 1.1      |
| Greater Toronto Arpt Ath 3.04% 21-09-2022 | 1.1      |
| Ontario Prov Cda 3.15% 02-06-2022         | 1.0      |

### Fixed Income Breakdown

|                               | % Fixed Income |
|-------------------------------|----------------|
| Government Bonds              | 67.8           |
| Corporate Bonds               | 31.8           |
| Other Bonds                   | 0.0            |
| Mortgage Backed Securities    | 0.0            |
| ST Investments (Cash & Other) | 0.1            |
| Asset Backed Securities       | 0.0            |

### Bond Rating

|                    | %    |
|--------------------|------|
| Cash / Cash Equiv. | 0.1  |
| AAA                | 0.0  |
| AA                 | 99.9 |
| A                  | 0.0  |
| BBB                | 0.0  |
| Below BBB          | 0.0  |
| Mortgages          | 0.0  |
| NR/NA              | 0.0  |

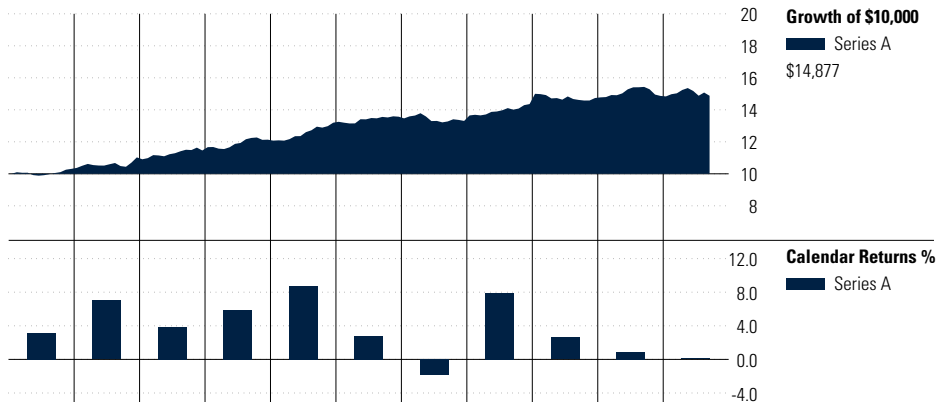
### Term to Maturity

|                             | %     |
|-----------------------------|-------|
| Under 1 year                | 0.0   |
| 1 - 5 Yrs                   | 0.0   |
| 5 - 10 Yrs                  | 0.0   |
| Over 10 Yrs                 | 100.0 |
| Avg. Term to maturity (Yrs) | 9.9   |
| Duration (Yrs)              | 7.3   |
| Yield to Maturity           | 2.6   |

### Geographic Allocations

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

## Performance Analysis as of September 30, 2017



| Year     | 2007            | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | YTD             |               |
|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Return % | 3.1             | 7.0             | 3.9             | 5.9             | 8.7             | 2.8             | -1.9            | 7.9             | 2.6             | 0.9             | 0.1             | Fund Quartile |
| Rank     | 1 <sup>st</sup> | 1 <sup>st</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 1 <sup>st</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 2 <sup>nd</sup> | 2 <sup>nd</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> |               |

| Period                   | 1 Mth           | 3 Mth           | 6 Mth           | 1 Yr            | 3 Yr            | 5 Yr            | 10 Yr           | Since Incep. | Trailing Return %        |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------------|
| Return %                 | -1.3            | -2.0            | -1.0            | -3.6            | 2.0             | 1.9             | 4.0             | 4.7          | Fund Quartile            |
| Rank                     | 4 <sup>th</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 4 <sup>th</sup> | 2 <sup>nd</sup> | 3 <sup>rd</sup> | 2 <sup>nd</sup> | —            | Quartile                 |
| No. of Funds in Category | 613             | 610             | 603             | 586             | 456             | 371             | 149             | —            | No. of Funds in Category |



# RBC Canadian Bond Index Fund

## Management Overview

### Manager Bios

#### State Street Global Advisors (Montreal)

SSgA's focus has been on providing highly disciplined risk controlled investment strategies to the global marketplace. SSgA has offices in 28 location around the world, with on-site portfolio management services in Boston, London, Montreal, Munich, Paris, Hong Kong, Sydney and Tokyo.

### Performance Analysis Cont'd as of September 30, 2017

| Distributions (\$)/Unit | YTD* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | 0.24 | 0.34 | 0.30 | 0.33 | 0.35 | 0.34 | 0.38 | 0.41 | 0.42 | 0.44 | 0.45 |
| Interest                | 0.24 | 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                | 9-2017  | -3.6 | 9-2017 | 2.0   | 9-2017 | 1.9   | 9-2017 | 4.0   |
| Average              |         | 4.9  |        | 5.0   |        | 4.9   |        | 5.0   |
| No. of Periods       |         | 203  |        | 179   |        | 155   |        | 95    |
| Pct. Positive        |         | 92.6 |        | 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.



# RBC Canadian Bond Index 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.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy,

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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2017