



FIXED-INCOME FUND

**RBC \$U.S. INVESTMENT GRADE
CORPORATE BOND FUND**

December 31, 2017

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

Sub-Advisor: RBC Global Asset Management (U.S.) Inc., Minneapolis, Minnesota

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 8, 2018.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/reports or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE (in USD)

Investment Objective and Strategies

The Fund seeks to provide interest income with the potential for modest capital growth by investing primarily in a portfolio of diversified investment-grade fixed-income securities issued by U.S. corporations.

To achieve the Fund's objectives, the portfolio manager invests primarily in bonds issued by U.S. corporations rated BBB- and above by Standard & Poor's or an equivalent rating agency. The portfolio manager employs a value-focused philosophy that emphasizes quality companies having stable to improving credit profiles, and which are considered to be undervalued given current market sentiment. The portfolio manager conducts fundamental company credit and industry analysis and diversifies the portfolio so that it is not concentrated in any one issuer, industry, country or credit rating.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Effective June 30, 2017, RBC GAM adopted the risk classification methodology under National Instrument 81-102 – *Investment Funds* (the "new risk classification methodology"). Pursuant to the new risk classification methodology, certain funds' risk ratings were changed. RBC GAM reviews each fund's risk rating on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies. Any changes to a fund's risk rating are the result of RBC GAM's annual review and the adoption of the new risk classification methodology.

Effective June 30, 2017, the Fund's risk rating changed from low to low-to-medium.

Results of Operations

The Fund's net asset value rose to \$246 million as of December 31, 2017, from \$152 million at the end of 2016. The increase was due mainly to net inflows.

Over the past year, the Fund's Series A units gained 5.4%, which underperformed the 6.4% rise in the benchmark. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Returns in the U.S. corporate-bond market were driven by earnings growth and strong investor demand for income in an environment of low global interest rates. During 2017, lower-quality (BBB) bonds outperformed higher-quality (A-AAA) fixed-income securities, and the top-performing sectors were Materials, Utilities and Energy. Longer-dated securities outperformed shorter-dated ones, as yields on 2-year bonds increased faster than those on 10-year securities given a push by the U.S. Federal Reserve to raise its short-term benchmark rate. Longer-term bonds are driven by expectations of economic growth and inflation, and with faster inflation failing to materialize, their yields were kept down.

The Fund's relative returns were aided by security selection, particularly in the Information Technology and Utilities sectors. Holdings in Microsoft bonds benefited from the company's strong earnings and the positive impact of U.S. tax reform. The new tax law gave the company incentives to reduce debt, which had increased significantly in recent years to fund dividends and share repurchases. Southern Co., Exelon and American Electric Power, all in the Utilities sector, were among holdings that benefited from bondholder-friendly regulations and valuations.

Other factors contributing to performance were the Fund's overweight position in the Utilities sector and in BBB-rated bonds. The Fund's relative underexposure to the commodity-related sectors, Materials and Energy, held back performance. The Fund did not own bonds of lower-quality commodity companies such as Vale, which performed well during the year as prices stabilized.

Recent Developments

The sub-advisor continues to favour large companies with stable or improving credit profiles, and to avoid companies that are likely to finance large acquisitions with debt or are likely to engage in shareholder-friendly activity at the expense of bondholders. The Fund has overweight positions in banking and utilities given the positive impact of the regulatory environment and earnings outlook for these industries.

Earnings growth and strong balance sheets bode well for corporate bonds in 2018, as will the new U.S. tax law. As a result, the sub-advisor does not anticipate making any material changes to the Fund's positioning in the near future, and continues to prefer companies that focus on the U.S., generate consistent cash flow and are in the process of reducing debt.

The sub-advisor has positioned the Fund in such a way that changes in market interest rates would not have a significant impact on returns relative to the benchmark.



Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund.

RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

Sub-Advisor

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the Fund. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of each series of units of the Fund. The sub-advisor is paid by the manager from the management fee paid by the Fund.

Distributors

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or distribute certain series of the units of, the Fund. Dealers receive an ongoing commission based on the total value of their clients' Series A, Advisor Series and Series D units.

Custodian

RBC Investor Services Trust ("RBC IS") is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

Registrars

Royal Bank, RBC IS and RBC GAM are the registrars of the Fund and keep records of who owns the units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and

Inter-Fund Trading

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



FINANCIAL HIGHLIGHTS (in USD)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

Change in Net Assets Per Unit

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
Dec. 31, 2017	9.47	0.37	(0.12)	0.02	0.23	0.50	(0.22)	–	(0.05)	–	(0.27)	9.71
Dec. 31, 2016	9.50	0.39	(0.13)	(0.01)	0.01	0.26	(0.26)	–	(0.23)	–	(0.49)	9.47
Dec. 31, 2015	10.42	0.41	(0.15)	(0.01)	(0.37)	(0.12)	(0.28)	–	(0.53)	–	(0.81)	9.50
Dec. 31, 2014	10.06	0.40	(0.15)	0.04	0.20	0.49	(0.20)	–	(0.07)	–	(0.27)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.16	(0.06)	–	0.03	0.13	(0.06)	–	(0.02)	–	(0.08)	10.05
Advisor Series												
Dec. 31, 2017	9.35	0.35	(0.12)	0.02	0.21	0.46	(0.21)	–	(0.05)	–	(0.26)	9.59
Dec. 31, 2016	9.50	0.39	(0.14)	(0.01)	0.14	0.38	(0.25)	–	(0.34)	–	(0.59)	9.35
Dec. 31, 2015	10.42	0.41	(0.15)	(0.01)	(0.37)	(0.12)	(0.28)	–	(0.53)	–	(0.81)	9.50
Dec. 31, 2014	10.08	0.40	(0.14)	0.04	0.21	0.51	(0.24)	–	(0.07)	–	(0.31)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.14	(0.07)	–	0.02	0.09	(0.05)	–	(0.02)	–	(0.07)	10.07
Series D												
Dec. 31, 2017	9.48	0.36	(0.09)	0.02	0.25	0.54	(0.25)	–	(0.05)	–	(0.30)	9.72
Dec. 31, 2016	9.50	0.38	(0.09)	(0.01)	(0.08)	0.20	(0.29)	–	(0.22)	–	(0.51)	9.48
Dec. 31, 2015	10.42	0.41	(0.11)	(0.01)	(0.37)	(0.08)	(0.32)	–	(0.53)	–	(0.85)	9.50
Dec. 31, 2014	10.07	0.42	(0.11)	0.04	0.21	0.56	(0.25)	–	(0.07)	–	(0.32)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.16	(0.04)	–	0.03	0.15	(0.07)	–	(0.02)	–	(0.09)	10.05
Series F												
Dec. 31, 2017	9.45	0.36	(0.07)	0.02	0.23	0.54	(0.27)	–	(0.05)	–	(0.32)	9.70
Dec. 31, 2016	9.50	0.38	(0.08)	(0.01)	(0.21)	0.08	(0.31)	–	(0.24)	–	(0.55)	9.45
Dec. 31, 2015	10.42	0.41	(0.09)	(0.01)	(0.37)	(0.06)	(0.34)	–	(0.53)	–	(0.87)	9.50
Dec. 31, 2014	10.05	0.38	(0.10)	0.04	0.20	0.52	(0.24)	–	(0.07)	–	(0.31)	10.42
Dec. 31, 2013 ³	10.00 [†]	0.17	(0.04)	–	0.03	0.16	(0.10)	–	(0.02)	–	(0.12)	10.03
Series O												
Dec. 31, 2017	9.42	0.36	–	0.02	0.24	0.62	(0.34)	–	(0.05)	–	(0.39)	9.67
Dec. 31, 2016	9.46	0.39	–	(0.01)	0.12	0.50	(0.39)	–	(0.22)	–	(0.61)	9.42
Dec. 31, 2015	10.38	0.41	–	(0.01)	(0.37)	0.03	(0.43)	–	(0.53)	–	(0.96)	9.46
Dec. 31, 2014	10.04	0.43	–	0.04	0.22	0.69	(0.37)	–	(0.07)	–	(0.44)	10.38
Dec. 31, 2013 ³	10.00 [†]	0.17	–	–	0.03	0.20	(0.14)	–	(0.02)	–	(0.16)	10.02

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are reinvested in additional units of the Fund or paid in cash.

³ From August 12, 2013.

[†] Initial offering net asset value per unit.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
Dec. 31, 2017	9.71	26 828	2 763	1.27	1.27	21.65	—
Dec. 31, 2016	9.47	28 835	3 046	1.33 ⁴	1.33	43.14	—
Dec. 31, 2015	9.50	21 665	2 280	1.45	1.45	53.05	—
Dec. 31, 2014	10.42	16 342	1 568	1.47	1.47	31.66	—
Dec. 31, 2013 ⁵	10.06	2 067	205	1.47	1.47	46.96	—
Advisor Series							
Dec. 31, 2017	9.59	987	103	1.27	1.27	21.65	—
Dec. 31, 2016	9.35	605	65	1.40 ⁴	1.40	43.14	—
Dec. 31, 2015	9.50	757	80	1.43	1.43	53.05	—
Dec. 31, 2014	10.42	863	83	1.37	1.37	31.66	—
Dec. 31, 2013 ⁵	10.08	139	14	1.47	1.47	46.96	—
Series D							
Dec. 31, 2017	9.72	2 700	278	0.88	0.88	21.65	—
Dec. 31, 2016	9.48	1 464	155	0.92 ⁴	0.92	43.14	—
Dec. 31, 2015	9.50	834	88	1.04	1.04	53.05	—
Dec. 31, 2014	10.42	907	87	1.07	1.07	31.66	—
Dec. 31, 2013 ⁵	10.07	270	27	1.07	1.07	46.96	—
Series F							
Dec. 31, 2017	9.70	19 012	1 960	0.71	0.71	21.65	—
Dec. 31, 2016	9.45	10 599	1 121	0.77 ⁴	0.77	43.14	—
Dec. 31, 2015	9.50	3 334	351	0.89	0.89	53.05	—
Dec. 31, 2014	10.42	2 363	227	0.91	0.91	31.66	—
Dec. 31, 2013 ⁵	10.05	198	20	0.90	0.90	46.96	—
Series O							
Dec. 31, 2017	9.67	196 944	20 372	0.02	0.02	21.65	—
Dec. 31, 2016	9.42	110 479	11 722	0.02	0.02	43.14	—
Dec. 31, 2015	9.46	92 992	9 833	0.02	0.02	53.05	—
Dec. 31, 2014	10.38	96 158	9 264	0.02	0.02	31.66	—
Dec. 31, 2013 ⁵	10.04	42 333	4 217	0.02	0.02	46.96	—

¹ The management expense ratio ("MER") is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ Effective June 30, 2016, the management fees were changed in respect of Series A, Advisor Series, Series D and Series F units of the Fund. If the changes to the management fees would have been in effect throughout 2016, the adjusted MER for each series of the Fund would be: Series A – 1.26%, Advisor Series – 1.30%, Series D – 0.86% and Series F – 0.72%.

⁵ From August 12, 2013.



FINANCIAL HIGHLIGHTS (in USD) (cont.)

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the Fund. Management fees of each series of the Fund are calculated at the annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	1.10%	40%	60%
Advisor Series	1.10%	40%	60%
Series D	0.75%	17%	83%
Series F	0.60%	—	100%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

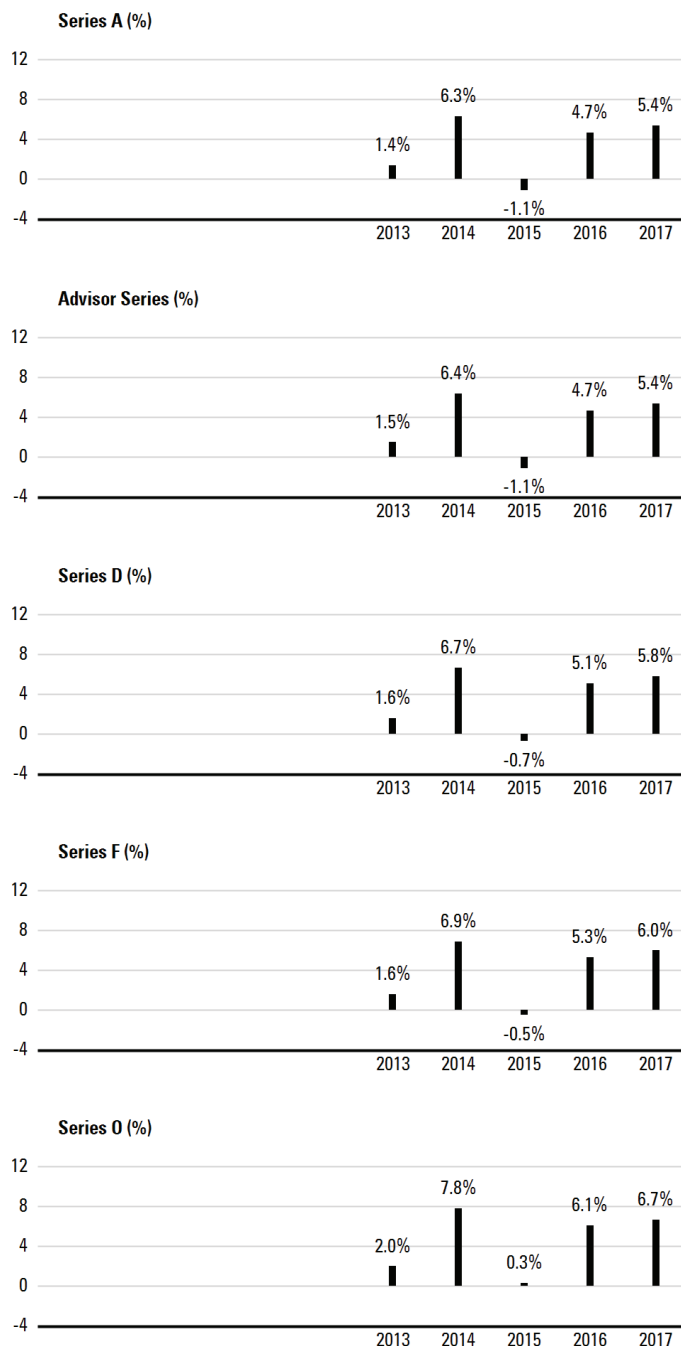
* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

PAST PERFORMANCE (in USD)

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.





PAST PERFORMANCE (in USD) (cont.)

Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2017, compared with the following benchmark:

Barclays Capital U.S. Corporate Bond Index (USD)

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	5.4	3.0	–	–	3.8
Benchmark	6.4	3.9	–	–	4.6
Advisor Series	5.4	3.0	–	–	3.8
Benchmark	6.4	3.9	–	–	4.6
Series D	5.8	3.4	–	–	4.2
Benchmark	6.4	3.9	–	–	4.6
Series F	6.0	3.6	–	–	4.4
Benchmark	6.4	3.9	–	–	4.6
Series O	6.7	4.4	–	–	5.2
Benchmark	6.4	3.9	–	–	4.6

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark index.

Series A, Advisor Series, Series D, Series F and Series O units have been available for sale to unitholders since August 12, 2013.

Inception dates are not provided for series that have been in existence for more than 10 years.

All outstanding Series H units were re-designated as Series A units and all outstanding Series I units were re-designated as Series F units effective June 30, 2016.

INDEX DESCRIPTION

Barclays Capital U.S. Corporate Bond Index (USD) This index is a broad measure of performance for the U.S. investment-grade, fixed-rate corporate-bond market.

SUMMARY OF INVESTMENT PORTFOLIO (in USD)

(after consideration of derivative products, if any)

As at December 31, 2017

Investment Mix

	% of Net Asset Value
United States	85.0
Other Countries	12.5
Cash/Other	2.5

Top 25 Holdings

	% of Net Asset Value
Cash & Cash Equivalents	1.5
Cooperatieve Rabobank U.A. USD 4.375% Aug 4 2025	1.3
Microsoft Corp. 4.250% Feb 6 2047	1.1
Wells Fargo & Co. 3.000% Oct 23 2026	1.0
Newell Brands Inc. 3.850% Apr 1 2023	1.0
Bank of America Corp. 4.200% Aug 26 2024	1.0
The Sherwin-Williams Co. 4.500% Jun 1 2047	0.9
Australia & New Zealand Banking Group Ltd. USD 4.400% May 19 2026	0.9
Citigroup Inc. 2.700% Mar 30 2021	0.8
Citigroup Inc. 3.200% Oct 21 2026	0.8
Duke Energy Corp. 3.750% Sep 1 2046	0.8
Southern Power Co. 4.950% Dec 15 2046	0.8
Appalachian Power Co. 7.000% Apr 1 2038	0.8
The Goldman Sachs Group Inc. 3.625% Jan 22 2023	0.8
Bank of America Corp. 3.875% Aug 1 2025	0.8
MidAmerican Energy Holdings Co. 6.125% Apr 1 2036	0.8
American Express Co. 3.000% Oct 30 2024	0.7
Lloyds Banking Group Plc. USD 2.907% Nov 7 2023	0.7
Diamond 1 Finance Corp. 3.480% Jun 1 2019	0.7
Morgan Stanley 3.591% Jul 22 2028	0.7
JPMorgan Chase & Co. 3.220% Mar 1 2025	0.7
Citigroup Inc. 3.668% Jul 24 2028	0.7
ConocoPhillips Holding Co. 6.950% Apr 15 2029	0.7
Williams Partners LP 3.750% Jun 15 2027	0.7
Verizon Communications Inc. 5.150% Sep 15 2023	0.7
Top 25 Holdings	21.4

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.rbcgam.com/funds.