



# 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 Canada Federal Bond Index, either directly or indirectly through investment in units of other mutual funds.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Fund Assets \$Mil		167.7	
Series A NAV \$		11.97	
Series A MER %		0.61	
Benchmark		FTSE 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	

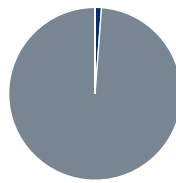
## Notes

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

The fund's investment objective changed effective on or about April 8, 2019.

## Portfolio Analysis as of June 30, 2019

### Asset Mix



	% Assets
Cash	1.2
Fixed Income	98.8
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

### Top 25 Holdings

	% Assets
Canada Housing Tr No.1 1.25% 15-06-2021	10.7
Canada Hsg Tr No 1 3.35% 15-12-2020	8.1
Canada Hsg Tr No 1 2.35% 15-09-2023	6.4
Canada (Government of) 4% 01-06-2041	6.4
Canada Hsg Tr No 1 1.75% 15-06-2022	5.1
Canada (Government of) 3.5% 01-12-2045	5.1
Canada Hsg Tr No 1 2.65% 15-03-2022	4.2
Canada (Government of) 1.5% 01-06-2026	4.2
Canada Housing Tr No.1 1.25% 15-12-2020	4.2
Canada (Government of) 2% 01-06-2028	4.1
Canada (Government of) 0.75% 01-09-2020	3.8
Canada (Government of) 0.5% 01-03-2022	3.7
Canada (Government of) 2.25% 01-06-2025	3.6
Canada (Government of) 5.75% 01-06-2029	3.5
Canada (Government of) 1.5% 01-06-2023	3.4
Canada Hsg Tr No 1 1.9% 15-09-2026	3.2
Canada (Government of) 2.75% 01-06-2022	3.0
Canada (Government of) 5% 01-06-2037	2.9
Inter Amer Dev Bk 4.4% 26-01-2026	2.7
Canada Hsg Tr No 1 2.65% 15-12-2028	2.2
Canada (Government of) 2.75% 01-12-2048	1.9
Canada (Government of) 5.75% 01-06-2033	1.9
Canada Hsg Tr No 1 2.55% 15-12-2023	1.6
Canada (Government of) 1% 01-06-2027	1.2
Canada (Government of) 1.75% 01-03-2023	0.9
Total % of Top 25 Holdings	98.0
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	98.8
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	1.2
Asset Backed Securities	0.0

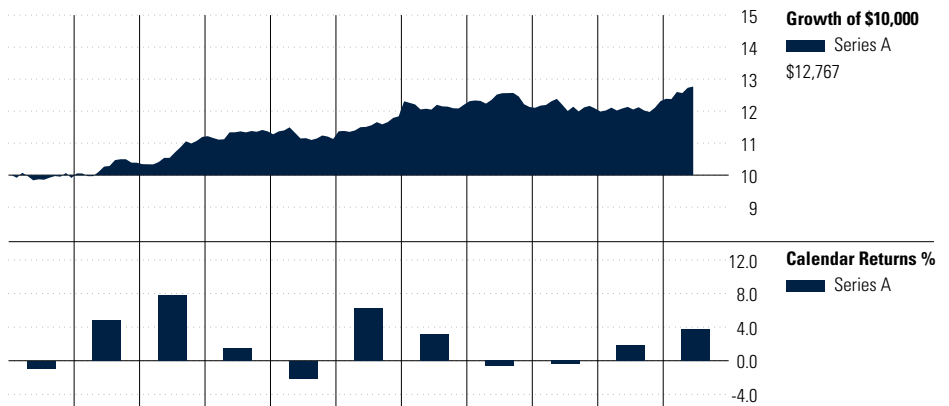
### Bond Rating

	%	Term to Maturity	%
Cash / Cash Equiv.	1.2	Under 1 year	0.0
AAA	98.8	1 - 5 Yrs	57.2
AA	0.0	5 - 10 Yrs	24.9
A	0.0	Over 10 Yrs	18.0
BBB	0.0		
Below BBB	0.0	Avg. Term to maturity (Yrs)	7.6
Mortgages	0.0	Duration (Yrs)	6.2
NR/NA	0.0	Yield to Maturity	1.6

### Geographic Allocations

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

## Performance Analysis as of June 30, 2019



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	Fund Quartile
-0.9 4 <sup>th</sup>	4.8 4 <sup>th</sup>	7.8 3 <sup>rd</sup>	1.5 4 <sup>th</sup>	-2.1 3 <sup>rd</sup>	6.3 4 <sup>th</sup>	3.1 1 <sup>st</sup>	-0.6 4 <sup>th</sup>	-0.4 4 <sup>th</sup>	1.9 1 <sup>st</sup>	3.7 4 <sup>th</sup>	

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
0.3 4 <sup>th</sup>	1.3 4 <sup>th</sup>	3.7 4 <sup>th</sup>	5.2 4 <sup>th</sup>	0.7 4 <sup>th</sup>	2.1 4 <sup>th</sup>	2.6 4 <sup>th</sup>	4.1	Fund Quartile
629	625	619	578	441	341	156	—	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 June 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	0.10	0.21	0.20	0.22	0.21	0.22	0.31	0.26	0.31	0.36	0.38
Interest	0.10	0.21	0.20	0.21	0.21	0.22	0.25	0.26	0.31	0.36	0.37
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	1-2018	-0.9	4-2018	0.9	12-2018	2.1
Average		3.9		3.9		4.0		4.1
No. of Periods		217		193		169		109
Pct. Positive		84.3		95.9		100.0		100.0

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

### Commentary as at June 30, 2019

Canadian bonds recorded solid returns in the first half of 2019, joining a global rally led by fixed-income markets in the U.S. and Europe. Concerns about a slowdown in the global economic expansion and worsening trade tensions prompted major central banks to shift to a preference for lower interest rates after having indicated that rates would rise for most of last year. The yield on Canada's 10-year government yield dropped about ½ percentage point during the period, while the Bank of Canada left its benchmark interest rate at 1.75%. Meanwhile, the U.S. Federal Reserve (the "Fed") acknowledged the threats to the economic outlook and indicated a willingness to lower short-term interest rates to support the economy.

Mortgage bonds, which are backed by the federal government and comprise almost 1/3 of the federal bond market, underperformed Government of Canada bonds.

The drop in bond yields now reflects expectations for slower global economic growth, geopolitical

concerns and the current state of the trade conflict between the U.S. and China. As a result, the portfolio manager believes that any further significant decline in yields will require an even weaker outlook for growth and trade, or the outbreak of war between the U.S. and Iran. The risk of a near-term recession remains low, in the view of the portfolio manager, and any signs of economic stabilization and/or an easing in trade tensions could push yields sharply higher and lead to sharp declines in bond prices.

The portfolio manager expects higher-than-normal financial-market volatility in the second half of the year as investors are facing bifurcated economic outcomes of further weakening or less weakening than originally feared. The Fund will continue to hold an overweight position in Canadian government-backed mortgage bonds, as the higher income that they offer would help offset capital losses if yields rise further.



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## Disclosure

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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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MER (%) for RBC Funds, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of data at the time of publication.

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.

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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).

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