



RBC Funds (Lux) – U.S. Investment Grade Corporate Bond Fund

Investment objective

To maximize total returns by investing primarily in a diversified portfolio of investment grade corporate fixed income securities, issued in the U.S. and denominated in U.S. dollars.

INVESTMENT MANAGER

RBC Global Asset Management Inc.

SUB-INVESTMENT MANAGER

RBC Global Asset Management (U.S.) Inc.

BENCHMARK

Barclays Capital U.S. Corporate Bond Index

FUND SIZE (USD)

44.4mm

Fund information

| Share class | Mgmt fees | Total expense ratio | NAV per share | Bloomberg code | ISIN code |
|------------------|-----------|---------------------|---------------|----------------|--------------|
| O (acc) USD | 0.35% | 0.45% | 137.26 | RBCUIGO LX | LU0494129082 |
| O (dist) USD | 0.35% | 0.45% | 104.55 | RBCUIDO LX | LU0619788440 |
| A (acc) USD | 1.00% | 1.30% | 122.92 | RBCUIGA LX | LU0610494527 |
| B (acc) USD | 0.50% | 0.80% | 104.99 | RBCUIGB LX | LU0641092605 |
| B (dist) GBP (H) | 0.50% | 0.80% | 114.25 | RBUSCGH LX | LU0954298823 |

Investment performance (total return) *

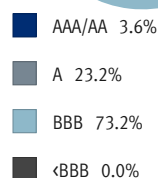
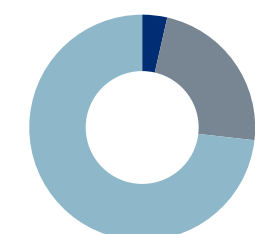
| Share class | 1 mo. | 3 mo. | 1 yr. | 3 yr. | 5 yr. | Since inception | Launch date |
|------------------|-------|--------|-------|-------|-------|-----------------|-------------|
| O (acc) USD | 0.6% | (3.1)% | 5.8% | 4.3% | 4.1% | 4.9% | 03-May-10 |
| O (dist) USD | 0.6% | (3.1)% | 5.8% | 4.3% | 4.1% | 4.5% | 26-Apr-11 |
| A (acc) USD | 0.5% | (3.3)% | 4.9% | 3.4% | 3.3% | 3.7% | 26-Apr-11 |
| B (acc) USD | 0.6% | (3.2)% | 5.4% | -- | -- | 2.4% | 15-Dec-14 |
| B (dist) GBP (H) | 0.4% | (3.4)% | 5.1% | 3.8% | -- | 4.1% | 29-Aug-13 |
| Benchmark (USD) | 0.7% | (2.8)% | 6.1% | 4.2% | 4.1% | 5.0% | -- |

* Returns more than one year are annualized. Except the Class O (acc) USD, Since Inception performance is calculated from the first month-end following inception. Benchmark Since Inception performance is calculated from Class O (acc) USD inception date.

* Returns may increase or decrease as a result of currency fluctuations.

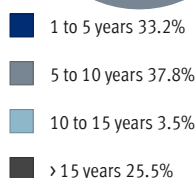
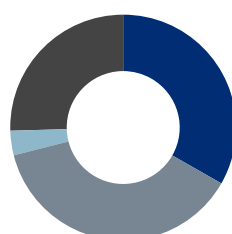
Credit quality

(As at December 31, 2016)



Maturity distribution

(As at December 31, 2016)



Top 10 holdings

| | Current |
|--|--------------|
| Verizon Communications Inc 6.55% 15/09/2043 | 1.6% |
| AT&T Inc 5% 01-03-2021 | 1.5% |
| Newell Brands Inc 3.85% 01-04-2023 | 1.4% |
| LyondellBasell Industries NV 6% 15/11/2021 | 1.3% |
| Apache Corp 3.25% 15-04-2022 | 1.3% |
| United States Treasury Bill 0% 09-11-2017 | 1.2% |
| Georgia-Pacific LLC 8% 15/01/2024 | 1.2% |
| General Motors Financial Co Inc 4.38% 25-09-2021 | 1.2% |
| Medtronic Inc 3.15% 15-03-2022 | 1.2% |
| Barclays PLC 4.38% 12-01-2026 | 1.2% |
| Total | 13.0% |
| Cash and Equivalents | 0.5% |
| No. of Holdings | 160 |

Purchases

| |
|--|
| Analog Devices Inc 3.13% 05-12-2023 |
| Roper Technologies Inc 2.8% 15-12-2021 |
| Wells Fargo & Co 4.75% 07-12-2046 |

Sales

| |
|---|
| Macy's Retail Holdings Inc 3.875% 15/01/2022 |
| Wells Fargo & Co 3% 22-04-2026 |
| Southwest Airlines Co 2.75% 06-11-2019 |
| General Motors Financial Co Inc 4% 06-10-2026 |
| Teva Pharmaceutical III BV 3.15% 10/01/2026 |

Investment performance

Top 5 contributors
(for the month)

| | Beginning weight | Security return | Security contribution |
|--|------------------|-----------------|-----------------------|
| Barclays PLC 4.38% 12-01-2026 | 1.1% | 2.2 | 0.02 |
| Kinder Morgan Energy Partners 6.95% 15/01/2038 | 0.4% | 5.5 | 0.02 |
| Walgreens Boots Alliance 4.8% 18/11/2044 | 0.6% | 3.0 | 0.02 |
| Duke Energy Corp 3.75% 01-09-2046 | 1.1% | 1.6 | 0.02 |
| Anadarko Petroleum Corp 5.55% 15-03-2026 | 0.6% | 3.0 | 0.02 |

Bottom 5 contributors
(for the month)

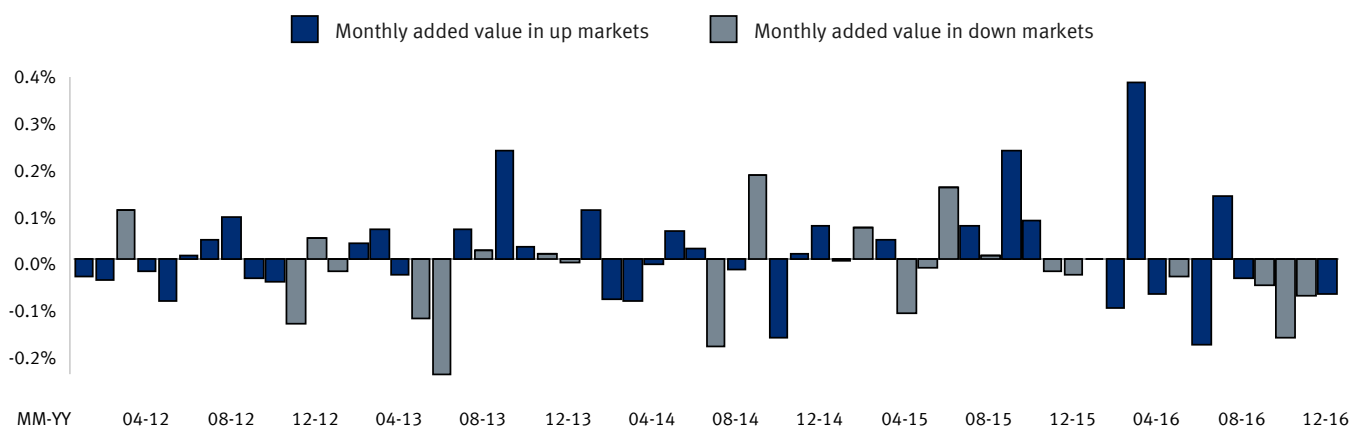
| | Beginning weight | Security return | Security contribution |
|------------------------------------|------------------|-----------------|-----------------------|
| XLIT Ltd 5.25% 15-12-2043 | 0.3% | (6.9) | (0.02) |
| Appalachian Power Co 7% 01/04/2038 | 0.8% | (1.4) | (0.01) |
| EMD Finance LLC 2.95% 19-03-2022 | 1.1% | (0.5) | 0.00 |
| Actavis Inc 3.25% 10/01/2022 | 1.2% | (0.2) | 0.00 |
| AXA SA 8.6% 15/12/2030 | 0.9% | (0.2) | 0.00 |

Portfolio characteristics

(As at December 31, 2016)

| | Portfolio | Benchmark |
|-------------------|-----------|-----------|
| Convexity | 110.66 | 103.57 |
| Modified Duration | 7.27 | 7.30 |
| Yield to Maturity | 3.50 | 3.37 |

Value added chart



Value added calculation is based on performance of Class O (acc) USD shares.

Important Risk Considerations:

- **General Investment and Taxation Risk:** The value of a Sub-Fund is highly sensitive to changes in interest rates, the general financial market and economic conditions or individual company news.
- **Credit Risk:** There is a potential that a borrower is unable or unwilling to repay the loan or obligation, either on time or at all.
- **Currency Risk:** Sub-Funds are invested in securities denominated in different currencies other than the Reference currency. As a result, changes in the value of the Reference Currency compared to other currencies will affect the value in the Reference Currency of any securities denominated in another currency.
- **Currency Hedging Risk:** Hedging currency risks may protect investors against a decrease in the value of the Reference Currency relative to the Hedged Share Class, but it may also preclude investors from benefiting from an increase in the value of such currencies. All costs and gains/losses of hedging transactions are borne by the relevant Hedged Share Classes.
- **Derivative Risk:** Derivative instruments are highly sensitive to changes in the value of the underlying asset that they are based on. Certain derivatives may result in losses greater than the amount originally invested.
- **Interest Rate Risk:** The value of the Sub-Fund is highly affected by fluctuations in interest rates.
- **Large Shareholder Risk:** Investors holding a large portion of issued and outstanding shares of a Sub-Fund are likely to incur transaction costs in case of redemptions.
- **Liquidity Risk:** Under highly volatile markets, securities may not be sold as quickly or easily, which could have an influence on meeting redemption requests on demand.
- **Specialization Risk:** Sub-Funds specializing in a particular sector may lead to underperformance relative to less specialized investments.

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Past performance is not a reliable guide to future performance. The value of investments and any income from them is not guaranteed and may fall or rise and the investor may not get back the original investment. Exchange rate movement could increase or decrease the value of underlying investments/ holdings. The Sub-Fund may be invested in securities denominated in a number of different currencies other than the Reference Currency. As a result, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in another currency. While it is the intention of the Sub-Fund to achieve its investment objective, there can be no assurance that it will.

Index returns are for illustrative purposes only, do not represent actual fund performance and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

The value of the Sub-Fund can change from day to day because the value of the securities in which it invests can be affected by changes in interest rates, the general financial market and economic conditions or individual company news. As a result, at the time of redemption, Sub-Fund Shares may be worth more or less than the original purchase price. There can be a number of risk factors that impact the value of an investment in a Sub-Fund. Investors should refer to the section called "Risk Factors" in the Prospectus before investing.

None of the Shares of the Sub-Funds has been or will be registered for sale or distribution in Canada or in the United States.

Copies of the Articles of Incorporation of the SICAV, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the SICAV in Luxembourg: 14, Porte de France, L- 4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, or at rbcgam.lu. The Prospectus is available in the English and German languages. The KIIDs are available in the local language(s) of the jurisdictions in which the Sub-Fund(s) are registered.

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