



# Simplified Prospectus

June 29, 2011

Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O units

## Money Market Funds

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RBC Canadian Money Market Fund<sup>9</sup>  
RBC Premium Money Market Fund<sup>8</sup>  
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RBC Premium \$U.S. Money Market Fund<sup>8</sup>

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RBC Bond Fund<sup>7</sup>  
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RBC Canadian Government Bond Index Fund<sup>1</sup>  
(formerly, RBC Canadian Bond Index Fund)  
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- <sup>1</sup> Offering Series A units only.
- <sup>2</sup> Offering Series A and Advisor Series units only.
- <sup>3</sup> Offering Series A, Series D and Series F units only.
- <sup>4</sup> Offering Series A, Advisor Series, Series D and Series F units only.
- <sup>5</sup> Offering Series A, Series D, Series I and Series O units only.
- <sup>6</sup> Offering Advisor Series, Series F and Series O units only.
- <sup>7</sup> Offering Series A, Advisor Series, Series D, Series F, Series I and Series O units only.
- <sup>8</sup> Offering Series A, Series F and Series I units only.
- <sup>9</sup> Offering Series A, Advisor Series, Series D, Series F and Series O units only.
- <sup>10</sup> Offering Series A, Advisor Series, Series T, Series D, Series F and Series O units only.
- <sup>11</sup> Offering Series A, Series D, Series F and Series O units only.
- <sup>12</sup> Offering Series A, Advisor Series, Series D, Series F and Series I units only.
- <sup>13</sup> Offering Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O units.
- <sup>14</sup> Offering Series A, Advisor Series and Series F units only.
- <sup>15</sup> Offering Series A, Advisor Series, Series F and Series O units only.
- <sup>16</sup> Offering Series A, Series D and Series O units only.
- <sup>17</sup> Offering Series A and Series D units only.

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

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## Introduction

In this document, *we*, *us* and *our* refer to RBC Global Asset Management Inc. (*RBC GAM*). We refer to all of the RBC Funds listed on the front cover of this simplified prospectus as the *funds* and each individual RBC Fund as a *fund*. Each fund is a mutual fund trust. When we are referring to the RBC Select Portfolios, the RBC Select Choices Portfolios, the RBC Managed Payout Solution and the RBC Managed Payout Solution – Enhanced described in this simplified prospectus, we sometimes refer to them as the *portfolios* and to each individual fund as a *portfolio*.

This simplified prospectus contains selected important information about the funds listed on the front cover, to help you make an informed investment decision and understand your rights as an investor.

This simplified prospectus is divided into three parts. Pages 3 to 10 of this simplified prospectus explain general information regarding mutual funds and their risks and tell you who manages the funds. Pages 11 to 167 contain specific information about each of the funds, and pages 168 to the inside back cover contain general information about the funds.

You will find more information about each fund in the following documents:

- › the fund's annual information form;
- › the fund's most recently filed fund facts;
- › the fund's most recently filed annual financial statements;
- › any interim financial statements filed after those annual financial statements;
- › the fund's most recently filed annual management report of fund performance; and
- › any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it. For a copy of these documents, at no cost, call us at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French), email us at [funds.investments@rbc.com](mailto:funds.investments@rbc.com) (English) or [fonds.investissements@rbc.com](mailto:fonds.investissements@rbc.com) (French) or ask your dealer.

You can also get copies of this simplified prospectus, the fund facts, the annual information form, the management reports of fund performance and the financial statements from the RBC Funds website at [www.rbcgam.com](http://www.rbcgam.com).

These documents and other information about the funds are also available at [www.sedar.com](http://www.sedar.com).

## What is a mutual fund and what are the risks of investing in a mutual fund?

A mutual fund is a pool of investments made on behalf of people with a similar investment objective. When you invest in a mutual fund, your money is working together with that of many other investors. A professional investment manager invests this money on behalf of the whole group.

Investors share a mutual fund's income, expenses, gains and losses in proportion to their interest in the mutual fund. Mutual funds can give individuals the advantages of a simpler, more accessible, less expensive and less time-consuming method of investing in a portfolio of securities.

Mutual funds own different kinds of investments, depending on their objectives. These include equities like stocks, fixed-income securities like bonds and cash or cash equivalents like treasury bills. Unlike traditional mutual funds, the portfolios, the RBC Target Funds, the RBC Monthly Income Bond Fund and the RBC Phillips, Hager & North Monthly Income Fund invest in units of other mutual funds, called the *underlying funds*. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, financial markets and company news.

When you invest in a mutual fund trust, you are buying a portion of that fund called a unit. Mutual funds keep track of all the individual investments by recording how many units each investor owns. The more money you put into a mutual fund, the more units you get. The price of a unit changes every day, depending on how the investments are performing. When the investments rise in value, the price of a unit goes up. When the investments drop in value, the price of the unit goes down.

Some mutual funds offer units in more than one series. A multi-series structure recognizes that different investors may seek the same investment objective, yet require different investment advice and/or service. Each series represents an investment in the same investment portfolio of each fund. However, each series may charge a different management fee and incur its own specific expenses. As a result, a separate net asset value per unit is calculated for each series on a daily basis. See *Purchases, switches and redemptions – How the units are valued* on page 168.

Your investment in any mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates (*GICs*), mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

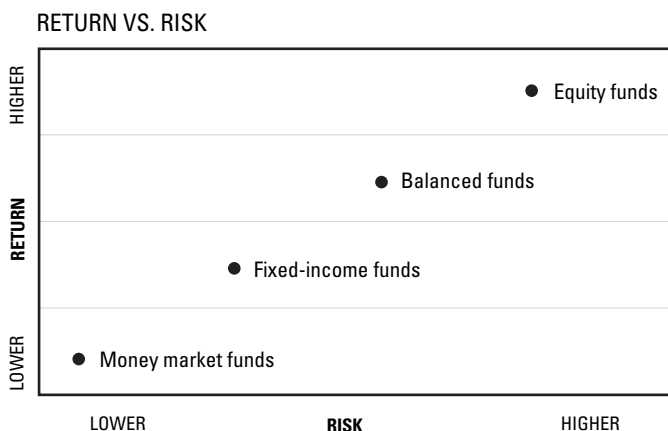
Under exceptional circumstances, you may not be able to redeem your units. See *Purchases, switches and redemptions – When you may not be allowed to redeem your units* on page 174 for more information.

## Risk and return

As an investor, there is always a risk you could lose money. Mutual funds are no exception, but the degree of risk varies considerably from one mutual fund to the next. As a general rule, investments with the greatest risk have the greatest potential for gains, but also have the greatest potential for losses. The key is to recognize the risk involved with your investment, understand it, and decide whether it is a risk you are comfortable accepting.

Although the value of your investments may drop in the short term, a longer investment horizon will help to lessen the effects of short-term market volatility. A shorter investment horizon may result in you having to sell your investments in adverse conditions. Ideally, investors in equity funds should have a minimum five- to nine-year investment horizon, which generally provides enough time for the investments to overcome any short-term volatility and grow.

The following chart shows the relationship between risk and potential return. As you can see, money market funds are the least volatile and generally have the lowest returns. At the other end of the scale, equity funds are usually the most risky, but also tend to have the highest potential return.



At any given time, however, one mutual fund may outperform another. The key is to have a diversified portfolio of mutual funds to try to ensure that a decline in one mutual fund is offset by growth in another, helping to reduce risk and smooth out returns. Your advisor can help you build a portfolio that's right for you.

## General investment risks

The value of mutual funds can change from day to day because the value of the securities in which they invest can be affected by changes in interest rates, the economy, financial markets or company news. As a result, when you redeem your mutual fund units, they may be worth more or less than when you bought them. For a mutual fund that invests primarily in other mutual funds (a *fund of funds*), such as the RBC Select Portfolios, the RBC Select Choices Portfolios, the RBC Managed Payout Solution, the RBC Managed Payout Solution – Enhanced, the RBC Target Funds, the RBC Monthly Income Bond Fund and the RBC Phillips, Hager & North Monthly Income Fund, its performance and ability to meet its investment objectives are directly related to the investment performance and the objectives of the underlying funds it holds.

Here are some of the specific risks, listed in alphabetical order, that can affect the value of your investment in a fund. Turn to the fund descriptions starting on page 14 to find out which risks apply to each fund or to each underlying fund within a portfolio.

## Capital erosion risk

If markets fell substantially and did not recover for a significant period, a fund's net asset value would likely drop in line with the market decline. A long-term decline in net asset value may force us to temporarily reduce distributions in an attempt to return the net asset value closer to the initial unit price to avoid a significant erosion of capital and a long-term effect on the fund's ability to generate income. Erosion of capital may also occur during the year if distributions of a particular series exceed the fund's income for that series.

## Credit risk

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies, governments and special purpose vehicles (such as vehicles that issue asset-backed securities or mortgage-backed securities) that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities

issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can influence a debt security's market value. Other factors can also influence a debt security's market value such as the level of liquidity of the security, a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments but have the potential for substantial loss. Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

### Currency risk

Most funds are valued in Canadian dollars. However, funds that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. Such funds may also purchase foreign currencies as investments. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities or foreign currencies in a fund. For example, if the Canadian dollar rises relative to the U.S. dollar, a fund's U.S. holdings will be worth fewer Canadian dollars. This decline in value may reduce, or even eliminate, any return the fund has earned. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the fund.

#### For mutual funds denominated in U.S. dollars

The Canada Revenue Agency requires that capital gains and losses be reported in Canadian dollars. As a result, when you redeem units in a U.S. dollar denominated mutual fund, you need to calculate gains or losses based on the Canadian dollar value of your units when they were purchased and when they were sold.

Additionally, although U.S. dollar denominated mutual funds distribute any income in U.S. dollars, it must be reported in Canadian dollars for Canadian tax purposes. Consequently, all investment income will be reported to you in Canadian dollars for income tax purposes.

In each of the cases above, changes in the value of the Canadian dollar relative to the U.S. dollar may affect your income tax payable. You may want to consult your tax advisor.

### Derivative risk

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices.

The funds may use derivatives as permitted by the Canadian Securities Administrators (CSA) as long as their use is consistent with the individual fund's investment objectives. **A fund cannot use derivatives for speculative trading or to create a portfolio with excess leverage.** If a fund uses derivatives, securities regulations require that the fund hold enough assets or cash to cover its commitments in the derivative contracts. This limits the amount of losses that could result from the use of derivatives.

There are many different types of derivatives – they usually take the form of a contract to buy or sell a specific commodity, currency, stock or market index. The most common types of derivatives are:

- › a futures or forward contract – these are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price;
- › an option contract – these are agreements that give the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period, at a specified price; and
- › a swap agreement – these are negotiated contracts between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or the London Inter-Bank Offered Rate (*LIBOR*).

Derivatives can help a mutual fund achieve its investment objectives and may be used in three different ways:

- › to protect against or limit the changes in the value of an investment that may result from changes in interest rates, foreign exchange rates, commodity prices, and stock prices;
- › as a substitute to investing directly in a particular security or market. A mutual fund may use derivatives instead of buying the actual security because it may be cheaper or more efficient; or
- › as a substitute for investing directly in a foreign currency as part of the overall investment strategy of a mutual fund which invests in foreign securities. A portfolio manager may take the view that a currency will underperform or overperform another currency over a period of time and use currency forwards to take on currency exposure on a short- or long-term basis.



Derivatives have their own special risks. Here are some of the common ones:

- › Using derivatives for hedging may not always work and it could limit a mutual fund's potential to make a gain.
- › Using derivatives for non-hedging does not protect a mutual fund from a decline in the value of the underlying security, currency or market for which the derivative is a substitute.
- › The price of a derivative may not accurately reflect the value of the underlying currency or security.
- › There is no guarantee that a mutual fund can close out a derivative contract when it wants to. If, for example, a stock exchange imposes trading limits, it could affect the ability of a mutual fund to close out its position in derivatives. This type of event could prevent a mutual fund from making a profit or limiting its losses.
- › Derivatives traded on foreign markets may be harder to trade and may have higher credit risks than derivatives traded in North America.
- › The other party to a derivative contract may not be able to meet its obligation to complete the transaction.

### Foreign investment risk

Foreign investments are affected by global economic factors. There is often less information available about foreign companies and many countries have less stringent accounting, auditing and reporting standards than we do in Canada. Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or make prices more volatile. Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments. As a result, mutual funds that specialize in foreign investments may experience larger and more frequent price changes in the short term.

Pursuant to new U.S. tax rules, starting in 2013, unitholders of the funds may be required to provide identity and residency information to the funds, which may be provided by the funds to U.S. tax authorities in order to avoid a U.S. withholding tax being imposed on U.S. and certain non-U.S. source income and proceeds of disposition received by the funds or on certain amounts (including distributions) paid by the funds to certain unitholders.

### Interest rate risk

If a fund invests primarily in bonds and other fixed-income securities, the biggest influence on the fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the fund's units will tend to rise. If interest rates rise, the value of the fund's units will tend to fall. Depending on a fund's holdings, short-term interest rates can have a different influence on a mutual fund's value than long-term interest rates. If a mutual fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the mutual fund's value will be changes in the general level of long-term interest rates. If a mutual fund invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the mutual fund's value will be changes in the general level of shorter-term interest rates. If you are seeking current income, you should be aware that the level of interest income from a money market fund will fluctuate as short-term interest rates vary.

### Issuer-specific risk

The market value of an individual issuer's securities can be more volatile than the market as a whole. As a result, if a single issuer's securities represent a significant portion of the market value of a fund's assets, changes in the market value of that issuer's securities may cause greater fluctuations in the fund's unit value than would normally be the case. A less-diversified fund may also suffer from reduced liquidity if a significant portion of its assets is invested in any one issuer. In particular, the fund may not be able to easily liquidate its position in the issuer as required to fund redemption requests.

Generally, mutual funds are not permitted to invest more than 10 per cent of their assets in any one issuer. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government, securities issued by a clearing corporation, securities issued by mutual funds that are subject to the requirements of National Instrument 81-102 – Mutual Funds and National Instrument 81-101 – Mutual Fund Prospectus Disclosure, or index participation units issued by a mutual fund.

Index funds may invest their assets in a company in accordance with the weighting of the company in the benchmark index, even if that weighting is greater than 10 per cent. The RBC Canadian Government Bond Index Fund, the RBC Canadian Index Fund, the RBC U.S. Index Fund, the RBC U.S. Index Currency Neutral Fund, and the RBC International Index Currency Neutral Fund (*RBC Index Funds*) invest their assets in accordance with their benchmark weights, potentially exceeding 10 per cent in a single issuer. As the index weighting of an

individual company increases, any increase or decrease in its value will have a greater impact on a fund's net asset value and total return. This may result in an index fund being more volatile than an actively managed fund that is limited to a maximum 10 per cent holding of an individual company.

### **Liquidity risk**

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Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by mutual funds can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, certain features, like guarantees or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for a fund.

### **Market risk**

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Market risk is the risk of being invested in the equity and fixed-income markets. The market value of a fund's investments will rise and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

### **Multiple series risk**

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Most of the funds are available in more than one series of units. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that series, thereby reducing its unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the unit price of the other series may also be reduced. Please see *Purchases, switches and redemptions* on page 168 and *Fees and expenses* on page 175 for more information regarding each series and how their unit value is calculated.

### **Securities lending, repurchase and reverse repurchase transaction risks**

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Certain of the funds may enter into securities lending arrangements and repurchase and reverse repurchase transactions in accordance with the rules of the CSA. Securities lending, repurchase and reverse repurchase transactions may be entered into to generate additional income or as a short-term cash management tool to enhance the net asset value of a fund.

In a securities lending transaction, a fund lends its securities to a borrower in exchange for a fee. A repurchase agreement takes place when a fund sells a security at one price and agrees to buy it back later from the same party at a higher price. The difference between the higher price and the original price is like the interest payment on a loan. A reverse repurchase agreement is the opposite of a repurchase agreement and occurs when the fund buys a security at one price and agrees to sell it back to the same party at a higher price. The other party to a securities lending transaction, repurchase agreement or reverse repurchase agreement delivers collateral to the fund in order to secure the transaction.

Securities lending, repurchase and reverse repurchase transactions come with certain risks. If the other party to the transaction cannot complete the transaction, the mutual fund may be left holding the collateral delivered by the other party to secure the transaction. In a securities lending or repurchase transaction, the fund could lose money if the value of collateral held and cash received does not increase as much as the securities loaned or agreed to be repurchased. In a reverse repurchase transaction, the fund could lose money if the value of the securities purchased drops relative to the cash and collateral delivered. To minimize these risks, the other party must provide collateral that is worth at least 102 per cent of the value of the mutual fund's securities or cash and of the type permitted by the CSA. The value of the transactions and the collateral are monitored daily and the collateral adjusted appropriately by the securities lending agent of the funds.

The portfolios, the RBC Target Funds, the RBC Monthly Income Bond Fund and the RBC Phillips, Hager & North Monthly Income Fund will not enter into securities lending, repurchase or reverse repurchase transactions, but certain of the underlying funds may do so. Those funds (including underlying funds) that do enter into securities lending or repurchase transactions may not commit more than 50 per cent of their total assets to securities lending or repurchase transactions at any time. Securities lending transactions may be ended at any time and all repurchase transactions and reverse repurchase transactions must be completed within 30 days.

### **Small cap risk**

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Securities of small cap companies tend to be traded less frequently and in smaller volumes than those of large cap companies. As a result, the prices of shares of small cap companies tend to be less stable than those of large cap companies. Their value may rise and fall more sharply than other securities, and they may be more difficult to buy and sell.



### Specialization risk

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Some funds specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach, like growth, value or socially responsible investing. Specialization allows a fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favour. However, if the particular sector, country or investment style is out of favour, the value of the mutual fund may underperform relative to less specialized investments. Mutual funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

### Tracking risk

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The RBC Index Funds seek to provide returns similar to the performance of their benchmark indices. However, a fund's ability to match the return of the index is influenced by the operating and management expenses incurred by the fund. Certain expenses are affected by various factors, including the size of the fund, the composition of each index, the skill of the portfolio manager and the level of trading activity by the fund's unitholders. Frequent trading results in additional expenses, which hamper a fund's ability to achieve the same return as that of its benchmark index.

### Trust investments risk

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A fund that invests in trusts faces the risk that, as a holder of units of a trust, the fund may be held liable and subject to levy or execution for satisfaction of all obligations and claims of the trust. This risk may arise with income trusts, which include real estate investment trusts and other forms of business trusts. The risk is considered remote. Alberta, Ontario, Saskatchewan, British Columbia and Manitoba have legislation to eliminate this risk in respect of holders of units of trusts that are reporting issuers organized under the laws of such provinces. To the extent that the funds are subject to such claims and such claims are not satisfied by the fund, there is a risk that a unitholder of the fund could be held personally liable for the obligations of the trust. The possibility of a unitholder incurring personal liability of this nature is considered extremely remote.

### Underlying fund risk

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The securities of a fund, including an underlying fund, may be held in significant percentages by an investor, including another mutual fund. In order to meet purchase and redemption requests by the investor, the fund may have to alter its holdings significantly and purchase or sell investments at unfavourable prices. This can reduce the returns of the fund. The fund descriptions disclose if any investor held a significant percentage (more than 10 per cent) of the units of a fund as at June 3, 2011.

## Organization and management of the funds

This section tells you about the companies that are involved in managing or providing services to the funds. RBC GAM, Royal Mutual Funds Inc. (*RMFI*), RBC Direct Investing Inc. (*RBC DI*) and RBC Dominion Securities Inc. (*RBC DS*) are all wholly-owned subsidiaries of Royal Bank of Canada (*Royal Bank*). We refer to Royal Bank and affiliated companies of Royal Bank as *RBC*. RBC Dexia Investor Services Trust (*RBC Dexia*) is a joint venture equally owned by Royal Bank and Dexia Banque Internationale à Luxembourg.

### Manager, Trustee and Portfolio Advisor

RBC Global Asset Management Inc.

P.O. Box 7500, Station A

Toronto, Ontario M5W 1P9

RBC GAM is the manager and trustee of, and portfolio advisor to, the funds. RBC GAM manages the day-to-day business of the funds, provides investment advice and portfolio management services to the funds and appoints distributors for the funds.

Each fund is a trust. When you invest in a fund, you are buying units in the trust. As trustee, RBC GAM holds title to each mutual fund trust's property (other than certain mortgage assets of the RBC Canadian Short-Term Income Fund) such as cash and securities, or units of the underlying funds in the case of the portfolios, the RBC Target Funds, the RBC Monthly Income Bond Fund and the RBC Phillips, Hager & North Monthly Income Fund, on behalf of its unitholders.

RBC GAM is the primary investment manager for the RBC® businesses serving the needs of private clients, including the RBC Funds and PH&N Funds. RBC GAM hires sub-advisors to provide investment advice for certain of the funds. The sub-advisors are described in the *Fund details* tables for each such fund beginning on page 14. RBC GAM is responsible for any investment advice given to the funds by a sub-advisor. Since the sub-advisors and their assets may be located outside of Canada, it may be difficult to enforce legal rights against them.

RBC GAM has partnered with a Canadian provider of socially responsible investment (*SRI*) research, Jantzi Research Inc. (*Jantzi-Sustainalytics*), to provide independent and objective SRI criteria for the RBC Jantzi Funds. The RBC Jantzi Funds invest only in companies that have met the SRI criteria established by Jantzi-Sustainalytics. The other funds managed by RBC GAM may use SRI research as an input to overall investment analysis and risk assessment of a company.

For the RBC Select Choices Portfolios, the assessment and monitoring of the underlying funds is based on the comprehensive research and analysis of RBC Mutual Fund Research. RBC Mutual Fund Research works with RBC GAM in selecting the underlying funds, subject to overall approval of RBC GAM as portfolio advisor.

RBC GAM does not participate in the investment management of underlying funds other than underlying RBC Funds described in this simplified prospectus.

If a unitholder meeting is called for an underlying fund that is managed by us or an affiliate, you will have the voting rights that come with the units of the underlying fund and we will not vote the units of the underlying fund. If a unitholder meeting is called for an underlying fund that is not managed by us or an affiliate, we will exercise our discretion with regard to those voting rights in a manner consistent with the best interests of the RBC Fund's unitholders.

<b>Principal Distributor (Series A)</b> Royal Mutual Funds Inc. Toronto, Ontario	RMFI is the principal distributor of Series A units of the funds. RMFI is an affiliate of RBC GAM.
<b>Principal Distributor (Series D)</b> RBC Direct Investing Inc. Toronto, Ontario	RBC DI is the principal distributor of Series D units of the funds. RBC DI is an affiliate of RBC GAM.
<b>Custodian</b> RBC Dexia Investor Services Trust Toronto, Ontario	The custodian holds the assets of the funds (other than certain mortgage assets of the RBC Canadian Short-Term Income Fund).
<b>Registrar</b> Royal Bank of Canada, RBC Dexia Investor Services Trust and RBC GAM Montreal, Quebec, Toronto, Ontario and Vancouver, British Columbia	Royal Bank, RBC Dexia and RBC GAM keep a record of who owns all fund units. Royal Bank is an affiliate of RBC GAM.
<b>Auditor</b> Deloitte & Touche LLP Toronto, Ontario	The auditor performs the required examination of the annual financial statements of the funds.
<b>Independent Review Committee (Board of Governors)</b>	<p>The Board of Governors acts as the independent review committee that the funds are required to have under Canadian securities laws. The Board of Governors reviews and provides input on conflict of interest matters in respect of RBC GAM and the funds. The Board of Governors also provides advice to RBC GAM on other issues relating to the management of the funds.</p> <p>The Board of Governors is composed of nine members and each is independent from RBC GAM, the funds and entities related to RBC GAM. The Board of Governors prepares, at least annually, a report for unitholders of its activities as the independent review committee. This report is available, at no cost, on the RBC GAM website at <a href="http://www.rbcgam.com">www.rbcgam.com</a> or by contacting RBC GAM by email at <a href="mailto:funds.investments@rbc.com">funds.investments@rbc.com</a> (English) or <a href="mailto:fonds.investissements@rbc.com">fonds.investissements@rbc.com</a> (French).</p> <p>Additional information about the Board of Governors, including the names of the members, is available in the funds' annual information form.</p>

## Specific information about each of the mutual funds described in this document

### How to read these fund descriptions

#### Fund details

This table gives you a brief summary of each fund. It describes what type of mutual fund it is, when it was established and the series of units that the fund offers. The table also highlights that units of the fund are a qualified investment for registered plans and tax-free savings accounts (TFSAs). You will find more information about registered plans and TFSAs starting on page 175. It also tells you the name of the portfolio sub-advisor, if there is one, and the management fee and administration fee for each series of the fund.

#### What does the fund invest in?

##### Investment objectives

This section outlines the investment objectives of each fund and the type of securities in which the fund may invest to achieve those investment objectives. A fund's objectives may include capital preservation, generating income, capital growth or a combination of the three. Some funds focus on tax efficiency or diversification across asset classes, while others take a focused investment theme, investing in a particular country or sector as their objective.

##### Investment strategies

This section describes the principal investment strategies that the portfolio advisor uses to achieve the fund's investment objectives. It gives you a better understanding of how your money is being managed. The format also allows you to compare more easily how different mutual funds are managed.

This section also highlights:

- › any significant investment restrictions adopted by the fund; and
- › the potential use of derivatives and a description of how they will be used.

##### Regulatory relief from investment restrictions

RBC GAM has received relief from applicable securities legislation to engage in certain derivatives transactions as described below. Such transactions must be consistent with the investment objectives of a fund and related issuer and related dealer transactions must be carried out in accordance with any instructions of the Board of Governors of the fund.

Additional information about the relief described below, as well as certain other relief, is contained in the annual information form.

##### *Use of derivatives*

A fund, other than a money market fund, is permitted to:

- › enter into interest rate swaps, credit default swaps or currency forwards with a remaining term to maturity of greater than three years;
- › use additional portfolio assets to those contemplated under National Instrument 81-102 – Mutual Funds as cash cover in respect of derivative transactions; and
- › use a right or obligation in respect of the underlying interest as cover in respect of derivative transactions, in addition to cash cover.

A fund which invests in foreign securities may use derivatives for non-hedging purposes in order to gain exposure to foreign currencies. The fund's exposure to non-hedging currency transactions will not exceed 7.5 per cent of the assets of the fund, unless otherwise indicated under the *Investment strategies* section of a fund. See *What is a mutual fund and what are the risks of investing in a mutual fund? – Derivative risk* on page 5 for more information about derivative risk.

##### *Purchase of debt securities*

A fund is permitted to:

- › purchase debt securities of a related issuer which are not traded on an exchange if the purchase is made in the secondary market;
- › purchase debt securities from and sell debt securities to related dealers that are principal dealers in the Canadian debt securities market; and
- › purchase and hold debt securities issued by a related party in a primary offering (other than asset-backed commercial paper securities) with a term to maturity of 365 days or more.

##### *Related party underwritings*

A fund is permitted to purchase equity securities for which a related dealer has acted as underwriter, subject to Board of Governors approval and certain other conditions, during the distribution and for 60 days thereafter: (i) when a prospectus is filed in respect of the securities; or (ii) when no prospectus is filed in respect of the securities provided that the issuer is a reporting issuer in Canada.

## What are the risks of investing in the fund?

Understanding risk and your comfort with risk is an important part of investing. This section highlights the specific risks of each fund. We have also listed the risks in the order of relevance for each fund. You will find general information about the risks of investing and descriptions of each specific risk in *What is a mutual fund and what are the risks of investing in a mutual fund?* on page 3.

## Who should invest in this fund?

This section explains the type of investor for whom the fund may be suitable. As an investor, the most important part of your financial plan is understanding:

- › your objectives – what are you expecting from your investments – income, growth, or a balance of the two;
- › your investment time horizon – how long are you planning to invest; and
- › your risk tolerance – how much volatility in your investment are you able to accept.

When looking at each fund, you should also consider how the fund will work with your other investment holdings. For instance, if you are considering an aggressive growth fund, it may be too risky if it is your only investment. If you plan on holding it as a portion of your overall portfolio, it may be a good way to increase your potential portfolio returns while limiting the overall risk of the portfolio – benefiting from diversification.

## Investment risk classification methodology

We assign fund risk ratings to each fund as an additional guide to help you decide whether a fund is right for you. Our determination of the risk rating for each fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (*Task Force*). The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. However, you should be aware that other types of risk, both measurable and non-measurable, also exist. Additionally, just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. The Task Force guidelines suggest that managers refer to standard deviation bands associated with fund categories as a point of reference where historical performance does not exist. Consistent with the Task Force guidelines, qualitative factors are also considered before making a final determination of the appropriate risk ratings.

Using this methodology, we assign a risk rating to each fund as either low, low to medium, medium, medium to high, or high risk. In certain instances, we may classify a fund either higher or lower than the risk rating indicated by the Task Force's methodology. We may do so where qualitative factors, such as style and sector concentration, may contribute to the fund's overall volatility and therefore the risk rating of the fund. We review the risk rating for each fund on an annual basis.

A copy of the methodology used by RBC GAM to identify the investment risk levels of the funds is available on request, at no cost, by calling 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French) or by writing to RBC GAM at the address on the back cover of this simplified prospectus.

## Distribution policy

This section explains when the funds will make distributions. You earn money from the funds when they distribute amounts to you out of interest, dividend and other income earned and capital gains realized on their underlying investments or, in the case of funds that invest in other funds, such income that has been distributed to each fund by the underlying funds in which it invests. The funds may also make additional distributions, including distributions treated as a return of capital. Distributions of each of the funds that invest in underlying funds may vary depending on the distribution policies of each underlying fund and the activity within each fund. Mutual fund trusts may make distributions that are treated as ordinary income, dividend income, capital gains, foreign source income or non-taxable amounts (including returns of capital). For registered plans (like RRSPs, GRSPs, RRIFFs, RESPs and DPSPs) and TFSA's offered through RBC Royal Bank, distributions are automatically reinvested in additional units of the same fund. For non-registered accounts, distributions are reinvested in additional units of the same fund unless you tell your dealer that you want them in cash. You will find more information about distributions in *Income tax considerations for investors* on page 181.

## Fund expenses indirectly borne by investors

This table provides an example of the costs of investing in each series of a fund. These costs reflect the management expense ratio (*MER*) of each series of the fund that is paid out of the fund's assets. While you do not pay these costs directly, they do lower the fund's returns. See *Fees and expenses, Management fee* and *Administration fee* in the *Fund details* table for each fund for more information.

The example shows the expenses you would pay if:

- › you invested \$1,000 in the fund for the time periods shown;
- › the fund earned five per cent each year; and
- › the MER for the fund remained the same in all periods as it was in the fund's last financial year.

We cannot provide information regarding fund expenses indirectly borne by investors in respect of a fund or a series of a fund that has not completed a financial year or been previously distributed under a simplified prospectus.

### **Additional information**

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#### **Past performance and financial highlights**

You can find more information, including past performance and financial highlights, in the annual and interim management reports of fund performance for each fund. For a copy of these documents, at no cost, call us at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French), visit our website at [www.rbcgam.com](http://www.rbcgam.com), send an email to [funds.investments@rbc.com](mailto:funds.investments@rbc.com) (English) or [fonds.investissements@rbc.com](mailto:fonds.investissements@rbc.com) (French) or ask your dealer.

#### **Policies and procedures regarding proxy voting**

As portfolio advisor for the funds, RBC GAM has responsibility for the investment management of the funds, including the exercise of voting rights attaching to securities held by the funds. Each fund has proxy voting policies and procedures which require the fund's voting rights to be exercised in accordance with the best interests of the fund. Additional information about the policies and procedures regarding proxy voting, including how to obtain a copy of such policies, is available in the annual information form of the funds.



## RBC Canadian T-Bill Fund

### Fund details

Type of fund	Canadian money market fund		
Date started	January 25, 1991		
Securities offered	Trust units – Series A and Series D units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	up to 0.75%	0.10%
	Series D	up to 0.60%	0.05%

### What does the fund invest in?

#### Investment objectives

- › To preserve the value of your investment.
- › To provide current income and liquidity consistent with short-term money market rates.

The fund invests in high-quality, short-term (one year or less) debt securities, such as Canadian federal government treasury bills, federal government-guaranteed notes, provincial government treasury bills and promissory notes.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

#### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › strives to maintain a constant \$10 unit value;
- › invests in short-term debt securities, maintaining an average term of 90 days or less;
- › selects maturities based on both economic fundamentals and capital market developments;
- › may invest no more than 10 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as swaps as a substitute for direct investment; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › the unit price of the fund may rise or fall, although we strive to maintain a constant \$10 unit value;
- › interest rate risk;
- › derivative risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › multiple series risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want current income and prefer an investment that preserves your capital;
- › you are looking for a liquid, short-term investment; or
- › you have a low tolerance for risk.

This fund may not be right for you if your primary goal is to achieve long-term capital appreciation.

### Distribution policy

This fund allocates net income daily and distributes it monthly. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

## RBC Canadian T-Bill Fund

## Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	2.77	8.72	15.29	34.81
Series D (\$)	2.77	8.72	15.29	34.81

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Money Market Fund

### Fund details

Type of fund	Canadian money market fund
Date started	September 18, 1986
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	up to 0.75%	0.10%
Advisor Series	up to 0.75%	0.05%
Series D	up to 0.60%	0.05%
Series F	up to 0.50%	0.05%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide current income and liquidity consistent with short-term money market rates.
- › To preserve the value of your investment.

The fund invests primarily in high-quality, short-term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian chartered banks, loan companies, trust companies and corporations.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › strives to maintain a constant \$10 unit value;
- › invests in short-term debt securities, maintaining an average term of 90 days or less;
- › selects maturities based on both economic fundamentals and capital market developments;
- › for the portion invested in corporate money market securities, invests only in securities rated R-1 or higher by the DBRS Ltd. or the equivalent rating as defined by other recognized rating agencies;

- › may invest no more than 10 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as swaps as a substitute for direct investment; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › the unit price of the fund may rise or fall, although we strive to maintain a constant \$10 unit value;
- › interest rate risk;
- › credit risk to the extent the fund invests in corporate money market securities;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

## RBC Canadian Money Market Fund

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking somewhat higher current income than available on funds invested solely in short-term government securities;
- › you are looking for a liquid, short-term investment; or
- › you have a low tolerance for risk.

### Distribution policy

This fund allocates net income daily and distributes it monthly. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash.

Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	4.20	13.25	23.22	52.86
Advisor Series (\$)	4.20	13.25	23.22	52.86
Series D (\$)	4.20	13.25	23.22	52.86
Series F (\$)	3.59	11.31	19.82	45.12
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Premium Money Market Fund

### Fund details

Type of fund	Canadian money market fund		
Date started	February 3, 1997		
Securities offered	Trust units – Series A, Series F and Series I units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	up to 0.30%	0.02%
	Series F	up to 0.20%	0.02%
	Series I	up to 0.10%	0.02%

### What does the fund invest in?

#### Investment objectives

- › To provide current income and liquidity consistent with short-term money market rates.
- › To preserve the value of your investment.

The fund invests primarily in high-quality, short-term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian chartered banks, loan companies, trust companies and corporations.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

#### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › strives to maintain a constant \$10 unit value;
- › invests in short-term debt securities, maintaining an average term of 90 days or less;
- › selects maturities based on both economic fundamentals and capital market developments;
- › for the portion invested in corporate money market securities, invests only in securities rated R-1 or higher by the DBRS Ltd. or the equivalent rating as defined by other recognized rating agencies;

- › may invest no more than 10 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as swaps as a substitute for direct investment; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › the unit price of the fund may rise or fall, although we strive to maintain a constant \$10 unit value;
- › interest rate risk;
- › credit risk to the extent the fund invests in corporate money market securities;
- › securities lending, repurchase and reverse repurchase transaction risks;
- › multiple series risk; and
- › derivative risk.

## RBC Premium Money Market Fund

### Who should invest in this fund?

This fund may be right for you if:

- › you have at least \$100,000 to invest in the fund;
- › you are seeking somewhat higher current income than available on funds invested solely in short-term government securities;
- › you are looking for a liquid, short-term investment; or
- › you have a low tolerance for risk.

### Distribution policy

This fund allocates net income daily and distributes it monthly. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash.

Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	3.49	10.99	19.26	43.83
Series F (\$)	2.46	7.76	13.59	30.94
Series I (\$)	1.33	4.20	7.36	16.76

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC \$U.S. Money Market Fund

### Fund details

Type of fund	U.S. money market fund		
Date started	July 5, 1990		
Securities offered	Trust units – Series A, Series D and Series O units denominated in U.S. dollars only		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs. Not currently available through registered plans administered by RBC Royal Bank.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	up to 0.85%	0.10%
	Series D	up to 0.60%	0.05%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide current income and liquidity consistent with short-term U.S. money market rates.
- › To generate U.S. dollar returns, providing investors with potential for currency diversification.
- › To preserve the value of your investment.

The fund invests primarily in high-quality, short-term (one year or less) debt securities denominated in U.S. dollars. These include treasury bills issued or guaranteed by Canadian or foreign governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian or foreign corporations and supranational agencies such as the World Bank.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › strives to maintain a constant US\$10 unit value;
- › invests in short-term debt securities, maintaining an average term of 90 days or less;
- › selects maturities based on both economic fundamentals and capital market developments;

- › for the portion invested in corporate money market securities, invests only in securities rated R-1 or higher by the DBRS Ltd. or the equivalent rating as defined by other recognized rating agencies;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as swaps as a substitute for direct investment; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › the unit price of the fund may rise or fall, although we strive to maintain a constant US\$10 unit value;
- › currency risk;
- › interest rate risk;
- › credit risk to the extent the fund invests in corporate money market securities;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

## RBC \$U.S. Money Market Fund

### Who should invest in this fund?

This fund may be right for you if:

- › you wish to diversify your investments by converting some of your holdings into U.S. dollars;
- › you want current income and are looking for a liquid, short-term investment; or
- › you have a low tolerance for risk.

You must pay for units in the RBC \$U.S. Money Market Fund in U.S. dollars. When you sell units of the RBC \$U.S. Money Market Fund, we will pay you in U.S. dollars. All distributions are also paid in U.S. dollars. At the time of purchase, you must designate a U.S. dollar bank account to receive payments.

### Distribution policy

This fund allocates net income daily and distributes it monthly. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. The fund may make an additional capital gains distribution to unitholders annually in December, due to foreign exchange fluctuations. Income earned by the fund must be reported in Canadian dollars for income tax purposes. When the fund sells or matures investments in U.S. dollars, it may realize a gain or loss on the exchange rate when converted to Canadian dollars. This is treated as a capital gain or loss for income tax purposes. In any year, we may elect to retain these capital gains in the fund with the result that tax will be payable by the fund. We may make such an election without unitholder notice provided we make this election prior to the end of the fund's fiscal year. This tax, payable by the fund, is a refundable tax which can be recoverable in future years.

In the event of a capital gains distribution, the additional units that are issued are simultaneously consolidated to ensure that the unit value of the fund is maintained at US\$10. The distribution is added to the adjusted cost base of the unitholder's investment and is included in the unitholder's taxable income in the year in which the gain is paid or payable to the unitholder.

### Fund expenses indirectly borne by investors (in US\$)

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	2.77	8.72	15.29	34.81
Series D (\$)	2.67	8.40	14.73	33.52
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Premium \$U.S. Money Market Fund

### Fund details

Type of fund	U.S. money market fund		
Date started	November 1, 2007		
Securities offered	Trust units – Series A, Series F and Series I units denominated in U.S. dollars only		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs. Not currently available through registered plans administered by RBC Royal Bank.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	up to 0.35%	0.02%
	Series F	up to 0.25%	0.02%
	Series I	up to 0.15%	0.02%

### What does the fund invest in?

#### Investment objectives

- › To provide current income and liquidity consistent with short-term U.S. money market rates.
- › To generate U.S. dollar returns, providing investors with potential for currency diversification.
- › To preserve the value of your investment.

The fund invests primarily in high-quality, short-term (one year or less) debt securities denominated in U.S. dollars. These include treasury bills issued or guaranteed by Canadian or foreign governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian or foreign corporations and supranational agencies such as the World Bank.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

#### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › strives to maintain a constant US\$10 unit value;
- › invests in short-term debt securities, maintaining an average term of 90 days or less;
- › selects maturities based on both economic fundamentals and capital market developments;
- › for the portion invested in corporate money market securities, invests only in securities rated R-1 or higher by the DBRS Ltd. or the equivalent rating as defined by other recognized rating agencies;

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as swaps as a substitute for direct investment; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › the unit price of the fund may rise or fall, although we strive to maintain a constant US\$10 unit value;
- › currency risk;
- › interest rate risk;
- › credit risk to the extent the fund invests in corporate money market securities;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

## RBC Premium \$U.S. Money Market Fund

### Who should invest in this fund?

This fund may be right for you if:

- › you wish to diversify your investments by converting some of your holdings into U.S. dollars;
- › you have at least US\$100,000 to invest in the fund;
- › you want current income and are looking for a liquid, short-term investment; or
- › you have a low tolerance for risk.

You must pay for units in the RBC Premium \$U.S. Money Market Fund in U.S. dollars. When you sell units of the RBC Premium \$U.S. Money Market Fund, we will pay you in U.S. dollars. All distributions are also paid in U.S. dollars. At the time of purchase, you must designate a U.S. dollar bank account to receive payments.

### Distribution policy

This fund allocates net income daily and distributes it monthly. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. The fund may make an additional capital gains distribution to unitholders annually in December, due to foreign exchange fluctuations. Income earned by the fund must be reported in Canadian dollars for income tax purposes. When investments of the fund in U.S. dollars are sold or mature, the fund may realize a gain or incur a loss on the applicable exchange rate when converted to Canadian dollars. This is treated as a capital gain or loss for income tax purposes. In any year, we may elect to retain these capital gains in the fund with the result that tax will be payable by the fund. We may make such an election without unitholder notice provided we make this election prior to the end of the fund's fiscal year. This tax, payable by the fund, is a refundable tax which can be recoverable in future years.

In the event of a capital gains distribution, the additional units that are issued are immediately consolidated to ensure that the unit value of the fund is maintained at US\$10. The distribution is added to the adjusted cost base of the unitholder's investment and is included in the unitholder's income in the year in which the gain is paid or payable to the unitholder.

### Fund expenses indirectly borne by investors (in US\$)

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	3.08	9.69	16.99	38.68
Series F (\$)	2.46	7.76	13.59	30.94
Series I (\$)	1.85	5.82	10.19	23.21

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Short-Term Income Fund

### Fund details

Type of fund	Canadian income fund		
Date started	January 27, 1992		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.00%	0.10%
	Advisor Series	1.00%	0.05%
	Series D	0.65%	0.05%
	Series F	0.50%	0.05%
	Series I	up to 0.60%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Administrator	The mortgage assets insured by the Canada Mortgage and Housing Corporation are administered by ResMor Trust Company, which provides its services to the fund in Calgary, Alberta, pursuant to an agreement dated September 22, 2004.		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide a competitive level of monthly income by investing in short-term fixed-income assets.

The fund invests primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments and corporations, asset-backed securities and corporate bonds. The fund may also invest in high-quality first mortgages on Canadian residential property insured by the Canada Mortgage and Housing Corporation (CMHC) under the *National Housing Act* or guaranteed by Royal Bank or certain of its affiliates.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › maintains an average term to maturity of the assets held of two to five years;
- › selects maturities based on both economic fundamentals and capital market developments;
- › invests the portion of the fund allocated to corporate bonds in securities with an average rating of A or higher by the DBRS Ltd. or the equivalent rating as defined by other recognized rating agencies;
- › may invest no more than 10 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC Canadian Short-Term Income Fund

If the fund buys a mortgage, it will be CMHC-insured, fully guaranteed by CMHC on behalf of the Government of Canada or guaranteed by Royal Bank or certain of its affiliates. That means the fund does not assume the risk of default on the mortgages it invests in.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › liquidity risk;
- › credit risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Conservative Portfolio, RBC Managed Payout Solution and RBC Select Very Conservative Portfolio held approximately 25, 12 and 10 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking moderately higher current income than available on short-term money market funds;
- › you are seeking monthly payments of income from your investment; or
- › you are planning to hold your investment for the short-to-medium term and can tolerate low investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute net income monthly and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	12.10	38.13	66.83	152.13
Advisor Series (\$)	11.58	36.51	64.00	145.68
Series D (\$)	7.69	24.23	42.48	96.69
Series F (\$)	6.05	19.06	33.42	76.06
Series I (\$)	7.07	22.30	39.08	88.96
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Monthly Income Bond Fund

### Fund details

Type of fund	Canadian bond income fund		
Date started	September 27, 2010		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.00%	0.05%
	Advisor Series	1.00%	0.05%
	Series D	0.65%	0.05%
	Series F	0.50%	0.05%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide regular monthly income with a potential for modest capital appreciation.

The fund invests primarily in units of the other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), emphasizing mutual funds that invest in fixed-income securities.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

It is expected that the fund will invest up to 100 per cent of its net assets in units of the underlying funds managed by RBC GAM or an affiliate of RBC GAM.

To achieve the fund's objectives, the portfolio manager:

- › selects underlying funds from the RBC Funds family or PH&N Funds family that invest in fixed-income securities for inclusion in the fund;
- › allocates and rebalances the fund's assets among the underlying funds based on the underlying funds' ability to help the fund meet its stated investment objectives;

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates; and

- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

The fund may invest in any fixed-income fund that is part of the RBC Funds family or PH&N Funds family. A list of the underlying funds in which the fund is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

Information on the underlying funds managed by RBC GAM is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## What are the risks of investing in the fund?

Investing in a mix of different funds helps to reduce volatility, but it also means that the fund's performance depends directly on the performance of the underlying funds in which it invests.

The fund's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this fund are similar to the risks of investing in the underlying funds it holds. The fund takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

## RBC Monthly Income Bond Fund

- › interest rate risk;
- › credit risk;
- › liquidity risk;
- › currency risk;
- › foreign investment risk;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking regular monthly income from your investment;
- › you want to invest in a diversified portfolio of fixed-income securities with the potential of modest capital appreciation; or
- › you are planning to hold your investment for the short-to-medium term and can tolerate low investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute a regular stream of income monthly and any net capital gains annually in December. The monthly distribution may be adjusted during the year, if required and without prior notification, as capital market conditions change. You can get information on the current monthly distribution amount from our website at [www.rbcgam.com](http://www.rbcgam.com).

If the regular monthly distributions are less than the fund's net income and net capital gains for the year, we will make an additional distribution of net income in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans offered through RBC Royal Bank are always reinvested.

If the regular monthly distributions exceed the fund's net income and net capital gains for the year, the excess distributions will be treated as a return of capital. This excess amount will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If

you hold your units in a non-registered account and if you receive your distributions in cash rather than having them reinvested in new units, the amount of the reduction in your adjusted cost base per unit will be realized as a larger capital gain (or reduced capital loss) in the year in which you redeem your units.

### Fund expenses indirectly borne by investors

We cannot provide information regarding fund expenses indirectly borne by investors because the fund was created on September 27, 2010.

## RBC Bond Fund

### Fund details

Type of fund	Canadian bond fund
Date started	July 29, 1966
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.00%	0.10%
Advisor Series	1.00%	0.05%
Series D	0.65%	0.05%
Series F	0.50%	0.05%
Series I	0.40%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide above average, long-term total returns consisting of interest income and moderate capital growth.

The fund invests primarily in high-quality fixed-income securities issued by Canadian governments and corporations. The fund may also invest in similar securities outside of Canada.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › uses a disciplined approach to assess opportunities within three risk categories:
  - overall direction of interest rates in Canada, the United States and other major economies,
  - expected changes in interest rate spreads between different segments of the bond market (for instance, between corporate bonds and government bonds or among different corporate bonds), and
  - anticipated change in interest rate spread associated with a change in individual credit ratings or quality perceptions;
- › may implement a longer average term than that of our other fixed-income funds;

- › selects securities based on fundamental economic analysis, examining economic growth, inflation and the fiscal and monetary policy in Canada, the United States and other countries;
- › the average credit quality rating of the fund's total corporate bond holdings will be a minimum of BBB low rated by the DBRS Ltd. or the equivalent rating agency as defined by other recognized rating agencies;
- › may invest up to 10 per cent of the fund's assets in securities of one issuer (other than Canadian federal and provincial government and U.S. federal and state government securities) or may invest up to 35 per cent of the fund's assets in securities issued or guaranteed by one or more national governments, their agencies, or certain international organizations such as the World Bank. In the latter case, the portfolio manager may (i) invest up to 35 per cent of the fund's assets in securities rated AAA by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (*Standard & Poor's*) or another similar rating agency, or (ii) invest up to 35 per cent of the fund's assets in a mix of securities rated AAA and AA by Standard & Poor's or another similar rating agency, but only up to 20 per cent of the fund's assets in securities rated AA;
- › may invest up to 20 per cent of the portfolio in:
  - global, non-investment grade corporate debt securities (high yield) rated below BBB(-) by Standard & Poor's or another similar rating agency, and
  - emerging market sovereign and corporate bonds;

## RBC Bond Fund

- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may invest no more than 25 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › liquidity risk;
- › currency risk;
- › foreign investment risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio and RBC Select Conservative Portfolio held approximately 31 and 24 per cent, respectively, of the outstanding units of the fund.)

## Who should invest in this fund?

This fund may be right for you if:

- › you want to invest in fixed-income securities but are seeking a higher potential total return than available on money market instruments or short-term bonds, but do not require regular income from your investment;
- › you are seeking the benefits of diversification through a core bond holding within an overall balanced portfolio strategy; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low investment risk (i.e. you can accept some fluctuations in the value of your investment).

## Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

## Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	12.10	38.13	66.83	152.13
Advisor Series (\$)	11.48	36.19	63.43	144.39
Series D (\$)	7.69	24.23	42.48	96.69
Series F (\$)	6.05	19.06	33.42	76.06
Series I (\$)	4.61	14.54	25.49	58.02
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Advisor Canadian Bond Fund

## Fund details

Type of fund	Canadian bond fund		
Date started	October 29, 1999		
Securities offered	Trust units – Advisor Series, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Advisor Series	0.80%	0.05%
	Series F	0.50%	0.05%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide a modest enhancement of long-term returns, consisting of income and modest capital gains, over that of 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 such as bonds, debentures and notes issued by Canadian governments and corporations. The fund may also invest in fixed-income securities of selected international agencies such as the World Bank which are not part of the benchmark and that are rated AAA or the equivalent.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › manages the fund according to a semi-passive strategy, described below, which seeks to add value through quantitative and other strategies;
- › manages the fund so that the interest rate risk and maturity profile of the portfolio approximately resembles that of the DEX Universe Bond Index.\* The manager may also invest in debt issued by supranational agencies like the World Bank;
- › does not currently intend to invest in foreign securities;

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## Semi-passive management

The fund provides a fixed-income investment alternative that lies between active and passive (indexed) portfolio management. The most visible difference between these two styles is the potential range of returns relative to the bond market index, against which they are measured. Active managers aim to achieve superior returns, but in doing so they accept the risk of underperforming the benchmark if they are not successful. Passive (or indexed) bond portfolios concentrate on maximizing diversification and replicating the overall characteristics of the bond market index. Indexed portfolios will generally not outperform the market, but they will also not significantly underperform, providing greater consistency of returns (relative to the benchmark) from year to year. Indexing is also a very rigid discipline, requiring the portfolio manager to buy and sell bonds based solely on changes in the characteristics of the benchmark index, without regard to other opportunities that may exist.

\* The DEX Universe Bond Index is published by PC-Bond, a business unit of TSX Inc. PC-Bond has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.

## RBC Advisor Canadian Bond Fund

The fund follows a semi-passive strategy which relaxes some of the more stringent demands of indexing. Efforts are made to maximize diversification while allowing the manager to make small deviations in the overall characteristics of the fund in order to exploit market opportunities. Examples may include purchasing undervalued securities and the periodic overweighting of short-term corporate bonds. The fund aims to provide certain of the benefits of indexing, namely:

- › lower management fees;
- › lower portfolio turnover and transaction costs;
- › lower risk of significantly underperforming the market index; and
- › greater consistency of returns (relative to the benchmark) from year to year.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC DS Balanced Global Portfolio and RBC DS Growth Global Portfolio held approximately 26 and 14 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking to invest in bonds as a way to diversify an equity portfolio;
- › you are seeking a combination of income and modest capital growth potential;
- › you are prepared to fully participate in both bond market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low investment risk (i.e. you can accept some fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. Distributions are automatically reinvested in additional units of the fund unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Advisor Series (\$)	9.43	29.73	52.11	118.61
Series F (\$)	6.05	19.06	33.42	76.06
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Government Bond Index Fund

(formerly, RBC Canadian Bond Index Fund)

### Fund details

Type of fund	Canadian bond index fund		
Date started	May 9, 2000		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series Series A	Management fee 0.50%	Administration fee 0.10%

## What does the fund invest in?

### Investment objectives

- › To track the performance of a generally recognized index of Canadian bond market performance currently being the DEX Federal Bond Index\*, or any successor thereto, before fees and expenses are deducted.
- › To provide a total return consisting of income and moderate capital growth.

The fund invests primarily in fixed-income securities issued or guaranteed by the Canadian federal government, which together comprise the universe of securities measured by its benchmark index.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a passive investment strategy, meaning it focuses on diversification and tracking the overall characteristics of the DEX Federal Bond Index;
- › manages the fund so that the yield, interest rate, risk and maturity profile of the fund will closely resemble that of the benchmark index;
- › uses a sampling strategy. All the bonds in the index with similar characteristics are divided into categories and a limited number of bonds are selected from each category to reflect the overall composition of the index. A sampling strategy is used because

the number of different types of bonds makes it difficult to cost-effectively duplicate a bond index;

- › adjusts the composition of the fund to reflect changes in the composition of the underlying benchmark index;
- › invests primarily in debt securities issued or guaranteed by the Canadian federal government, so credit risk is minimal;
- › does not seek to outperform the market, but should also not significantly underperform the market, thereby providing greater consistency of returns (relative to the benchmark) from year to year;
- › does not currently intend to invest in foreign securities;
- › may use index participation units and derivatives, such as futures, for non-hedging purposes as a substitute for direct investment in order to track the performance of the benchmark index;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

\* The DEX Federal Bond Index is published by PC-Bond, a business unit of TSX Inc. PC-Bond has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.



## RBC Canadian Government Bond Index Fund

### What are the risks of investing in the fund?

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments concerning general interest rates.

Investing in the fund may also result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › tracking risk;
- › issuer-specific risk;
- › derivative risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking to invest in bonds as a way to diversify an equity portfolio;
- › you prefer to invest in government and government-guaranteed fixed-income securities only, since the fund does not invest in corporate bonds. This may reduce the risk and potential return of the fund;
- › you are seeking a combination of income and modest capital growth potential;
- › you are prepared to fully participate in both bond market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the medium-to-long term and have a low risk tolerance (i.e. you can accept some fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and net capital gains, if any, annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	6.66	21.00	36.81	83.80

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Global Bond Fund

### Fund details

Type of fund	Foreign bond fund		
Date started	July 5, 1991		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.50%	0.10%
	Advisor Series	1.50%	0.05%
	Series D	0.90%	0.05%
	Series F	0.75%	0.05%
	Series I	0.60%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To achieve above average long-term total returns by taking advantage of interest rate and currency fluctuations in world fixed-income markets.
- › To provide total returns comprised of interest income and some capital growth.

The fund invests primarily in high-quality fixed-income securities, denominated in foreign currencies and issued internationally by Canadian and foreign governments. The fund may also invest in fixed-income securities issued by Canadian and foreign corporations and supranational agencies like the World Bank.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests in fixed-income securities of governments, their agencies, supranational organizations or companies throughout the world;
- › selects securities based on fundamental economic analysis examining economic growth, inflation and the fiscal and monetary policy in each country;
- › uses a disciplined approach to assess opportunities within four risk categories:

- currency risk – generally, the fund hedges currency exposure back to the Canadian dollar; however, the manager may take currency positions as conditions warrant,
- overall direction of interest rates in Canada, the United States and other major economies,
- anticipated change in interest rate spread associated with a change in individual credit ratings or quality perceptions, and
- expected changes in interest rate spreads between different segments of global bond markets (for instance, Germany versus the United States);
- › may invest in global (including emerging markets), non-investment grade corporate debt securities (high yield) rated below BBB(-) by Standard & Poor's (or equivalent rating agency) and national government bonds;
- › may invest less than 10 per cent of the fund's assets in securities of one issuer (other than Canadian federal and provincial government and U.S. federal and state government securities) or may invest up to 35 per cent of the fund's assets in securities issued or guaranteed by one or more national governments, their agencies, or certain international organizations such as the World Bank. In the latter case, the portfolio manager may (i) invest up to 35 per cent of the fund's assets in securities rated AAA by Standard & Poor's or another similar rating agency, or (ii) invest up to 35 per cent of the fund's assets in a mix of securities rated AAA and AA by Standard & Poor's or another similar rating agency, but only up to 20 per cent of the fund's assets in securities rated AA. This fund may expose all of its net assets to such

## RBC Global Bond Fund

securities, but not more than 35 per cent may be exposed to any one AAA-rated issuer and not more than 20 per cent may be exposed to any one AA-rated issuer;

- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio, RBC Select Very Conservative Portfolio and RBC Select Growth Portfolio held approximately 39, 18, 15 and 15 per cent, respectively, of the outstanding units of the fund.)

At certain times during the 12 months preceding the date of this simplified prospectus, more than 10 per cent of the net assets of this fund, on a market value basis, were invested in bonds of the

Government of Japan, Republic of Germany and Republic of Italy.

The maximum percentage of the net assets of the fund, on a market value basis, invested in the Government of Japan, Republic of Germany and Republic of Italy did not at any time exceed 12.9, 11.9 and 10.7 per cent, respectively. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you want to earn returns based on interest rates and currency movements around the world, but do not require regular income from your investment;
- › you want to diversify your fixed-income holdings geographically by adding international bonds to your portfolio; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low investment risk (i.e. you can accept some fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	17.63	55.58	97.42	221.75
Advisor Series (\$)	17.12	53.96	94.58	215.30
Series D (\$)	10.46	32.96	57.77	131.50
Series F (\$)	9.12	28.76	50.41	114.74
Series I (\$)	6.46	20.36	35.68	81.22
Series O (\$)	0.21	0.65	1.13	2.58

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Global Corporate Bond Fund

### Fund details

Type of fund	Global corporate bond fund		
Date started	August 23, 2004		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.50%	0.07%
	Advisor Series	1.50%	0.05%
	Series D	0.90%	0.05%
	Series F	0.75%	0.05%
	Series I	up to 0.75%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide a high level of interest income with the potential for modest capital growth by investing primarily in global corporate bonds.

The fund invests primarily in investment grade corporate debt securities from anywhere around the world. It may also invest in high yield debt securities and emerging market sovereign and corporate bonds.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in investment grade debt securities rated BBB(-) and above by Standard & Poor's (or equivalent rating agency) from anywhere around the world;
- › maintains a minimum portfolio average credit quality rating of BBB(-) by Standard & Poor's (or equivalent rating agency);
- › employs a value-focused philosophy for corporate bonds, primarily investing in quality companies having stable to improving credit profiles which are undervalued given current market sentiment;
- › conducts detailed fundamental company credit and industry analysis to identify investment opportunities offering high

probabilities of superior rates of return while simultaneously minimizing default prospects;

- › may invest up to 30 per cent of the portfolio in global, non-investment grade corporate debt securities (high yield) rated below BBB(-) by Standard & Poor's (or equivalent rating agency) and emerging market sovereign and corporate bonds;
- › emphasizes fundamental economic analysis of each country and its sensitivity to the shifting global environment when evaluating emerging market sovereign bonds;
- › diversifies the portfolio so as not to be concentrated in any one issuer, industry, country or credit rating, with the goal of balancing volatility with portfolio return optimization;
- › may make use of debt securities issued or guaranteed by developed country governments and their agencies;
- › may make use of cash and short-term securities;
- › may also invest in preferred shares and convertible securities of companies;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged;

## RBC Global Corporate Bond Fund

- › may also use derivatives and structured credit products such as options, futures, forward contracts, swaps and collateralized debt obligations as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Managed Payout Solution and RBC Managed Payout Solution – Enhanced held approximately 61 and 11 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking a combination of current income and modest capital growth potential;
- › you want exposure to investment grade corporate debt securities to diversify the fixed-income portion of your overall portfolio; the fund is generally suitable as a complement to a diversified portfolio rather than as a core holding; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and net capital gains, if any, annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	17.32	54.61	95.72	217.88
Advisor Series (\$)	17.22	54.29	95.15	216.59
Series D (\$)	10.56	33.28	58.34	132.79
Series F (\$)	8.82	27.79	48.71	110.87
Series I (\$)	8.61	27.14	47.58	108.30
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC High Yield Bond Fund

### Fund details

Type of fund	High yield bond fund
Date started	September 27, 2010
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.25%	0.05%
Advisor Series	1.25%	0.05%
Series D	0.90%	0.05%
Series F	0.75%	0.05%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide a high level of income with the potential for modest capital growth.

The fund invests primarily in higher yielding corporate debt securities issued by Canadian and U.S. corporations.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in higher yielding debt securities rated from BBB to B (by Standard & Poor's or its equivalent), issued by Canadian and U.S. corporations;
- › employs a value-focused philosophy for corporate bonds, striving to invest in quality companies having stable to improving credit profiles which are considered to be undervalued;
- › conducts detailed company credit and industry analysis to identify investment opportunities offering high probabilities of superior rates of return while simultaneously minimizing default prospects;
- › diversifies the portfolio so as not to be concentrated in any one issuer, industry, or credit rating, with the goal of balancing volatility with portfolio return optimization;

- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;

## **RBC High Yield Bond Fund**

- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### **Who should invest in this fund?**

This fund may be right for you if:

- › you are seeking a combination of current income and modest capital growth potential;
- › you want exposure to higher yield debt securities to diversify the fixed-income portion of your overall portfolio; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### **Distribution policy**

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. Distributions are automatically reinvested in additional units of the fund unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### **Fund expenses indirectly borne by investors**

We cannot provide information regarding fund expenses indirectly borne by investors because the fund was created on September 27, 2010.



## RBC Global High Yield Bond Fund

(formerly, RBC Global High Yield Fund)

### Fund details

Type of fund	Global high yield bond fund		
Date started	October 15, 2001		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.50%	0.10%
	Advisor Series	1.50%	0.05%
	Series D	0.90%	0.05%
	Series F	0.75%	0.05%
	Series I	up to 0.75%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide above average total returns and achieve a yield advantage.
- › To provide total returns comprised of interest income and capital growth.

The fund invests primarily in higher yielding corporate or government debt securities from anywhere around the world.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in global high yield debt securities rated below BBB(-) by Standard & Poor's;
- › employs a value-focused philosophy for corporate bonds, striving to invest in quality companies having stable to improving credit profiles which are undervalued given current market sentiment;
- › conducts detailed company credit and industry analysis to identify investment opportunities offering high probabilities of superior rates of return while simultaneously minimizing default prospects;
- › may invest a portion of the portfolio in emerging market sovereign and corporate bonds;

- › emphasizes fundamental economic analysis of each country and its sensitivity to the shifting global environment;
- › focuses on countries demonstrating improving fiscal, balance of payments and business-friendly trends, coupled with positive public policy momentum;
- › diversifies the portfolio so as not to be concentrated in any one issuer, industry, country or credit rating, with the goal of balancing volatility with portfolio return optimization;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC Global High Yield Bond Fund

High yield bond management entails continuous analysis of changing risk/reward scenarios for both corporate and emerging sovereign bonds against the evolving global economic and capital market backdrop.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Managed Payout Solution – Enhanced held approximately 46 per cent of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want the potential for above average fixed-income returns by investing in lower-rated debt securities;
- › you want exposure to higher yield debt securities to diversify the fixed-income portion of your overall portfolio; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk associated with lower-rated fixed-income securities (i.e. you can tolerate considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. Distributions are automatically reinvested in additional units of the fund unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	17.73	55.90	97.98	223.04
Advisor Series (\$)	17.22	54.29	95.15	216.59
Series D (\$)	10.56	33.28	58.34	132.79
Series F (\$)	8.82	27.79	48.71	110.87
Series I (\$)	—	—	—	—
Series O (\$)	0.21	0.65	1.13	2.58

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

2 Information regarding fund expenses indirectly borne by investors for Series I is not available because no Series I units of this fund had been issued as of December 31, 2010.

## RBC Emerging Markets Bond Fund

### Fund details

Type of fund	Emerging markets bond fund		
Date started	July 2, 2010		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.50%	0.10%
	Advisor Series	1.50%	0.10%
	Series D	0.90%	0.10%
	Series F	0.75%	0.10%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.10%
Portfolio Sub-Advisor	RBC Asset Management UK Limited, London, England		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide total returns comprised of interest income and capital growth.

The fund invests primarily in government debt securities of emerging market countries. The fund may also invest in emerging market corporate bonds and government debt securities of developed countries.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in bonds issued by governments of emerging market countries and denominated in U.S. dollars such as, but not limited to, Brazil, Russia, Mexico, Turkey, Philippines, China, Indonesia, Malaysia, Venezuela, Colombia, South Africa, Poland, Panama, Lebanon and Peru. The fund may also invest in bonds of such countries denominated in another G7 currency or in the local currency of such countries;
- › emphasizes fundamental economic analysis of each country and its sensitivity to the shifting global environment;

- › focuses on countries demonstrating improving fiscal, balance of payments and business-friendly trends, coupled with positive public policy momentum;
- › may invest up to 20 per cent in government debt securities issued by developed countries;
- › may invest up to 30 per cent of the portfolio in emerging market corporate bonds;
- › employs a value-focused philosophy for emerging market corporate bonds, striving to invest in quality companies having stable to improving credit profiles which are undervalued given current market sentiment;
- › conducts detailed company credit and industry analysis to identify investment opportunities offering high probabilities of superior rates of return while simultaneously minimizing default prospects;
- › diversifies the portfolio so as not to be concentrated in any one issuer, industry, country or credit rating, with the goal of balancing volatility with portfolio return optimization;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the U.S. dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;

## RBC Emerging Markets Bond Fund

- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Global Corporate Bond Fund held approximately 42 per cent of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking a combination of current income and capital growth potential;
- › you want exposure to emerging markets debt securities to diversify the fixed-income portion of your overall portfolio; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk associated with lower-rated fixed-income securities (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. Distributions are automatically reinvested in additional units of the fund unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

Information regarding fund expenses indirectly borne by investors is not available because this fund was created on July 2, 2010.

## BlueBay Global Monthly Income Bond Fund

### Fund details

Type of fund	Global bond fund		
Date started	June 29, 2011		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.65%	0.20%
	Advisor Series	1.65%	0.20%
	Series D	1.05%	0.20%
	Series F	0.90%	0.20%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.20%
Portfolio Sub-Advisor	BlueBay Asset Management Ltd, London, England		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide a high regular monthly income.
- › To provide total returns comprised of interest income and modest capital appreciation.

The fund invests primarily in global high yield debt securities, emerging market government and corporate debt securities, and global convertible bonds either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › allocates the fund's assets across global high yield debt, emerging market debt, and global convertible bonds;
  - global high yield debt includes debt securities of companies rated below investment grade (BB+ or below by Standard & Poor's or an equivalent rating agency) domiciled or carrying out their business activities anywhere in the world;
  - emerging market debt includes bonds issued by emerging market issuers or entities domiciled in an emerging market country and which can be denominated in either U.S. dollars or another G7

currency, or in the local currency of such countries. Such investments may be rated below investment grade (BB+ or below by Standard & Poor's or an equivalent rating agency). These investments may include bonds issued by both sovereign nations and corporations;

- global convertible bonds includes securities, both rated and unrated, issued by entities domiciled or carrying out their business activities anywhere in the world;

- › targets investments that demonstrate an ability to provide regular sources of income;
- › conducts detailed company credit and industry analysis to identify investment opportunities offering high probabilities of superior rates of return while simultaneously minimizing the prospect of default;
- › diversifies the portfolio so as not to be concentrated in any one issuer, industry, country or credit rating, with the goal of balancing volatility with optimizing regular income and overall returns;
- › may invest up to 15 per cent of the fund's assets in common and preferred shares acquired either directly or as a result of restructuring or enhancement of a bond issue;
- › may invest up to 100 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the underlying fund's ability to help the fund meet its stated investment objectives;

## BlueBay Global Monthly Income Bond Fund

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described below; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › credit risk;
- › currency risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › foreign investment risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking regular monthly income from your investment;
- › you want exposure to a portfolio of global debt securities, with the potential for modest capital appreciation to diversify the fixed-income portion of your overall portfolio; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk associated with lower-rated fixed-income securities (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute a regular stream of income monthly and any net capital gains annually in December. The monthly distribution may be adjusted during the year, if required and without prior notification, as capital market conditions change. You can get information on the current monthly distribution amount from our website at [www.rbcgam.com](http://www.rbcgam.com).

If the regular monthly distributions are less than the fund's net income and net capital gains for the year, we will make an additional distribution of net income in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

If the regular monthly distributions exceed the fund's net income and net capital gains for the year, the excess distributions will be treated as a return of capital. This excess amount will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash rather than having them reinvested in new units, the amount of the reduction in your adjusted cost base per unit will be realized as a larger capital gain (or reduced capital loss) in the year in which you redeem your units.

### Fund expenses indirectly borne by investors

Information regarding fund expenses indirectly borne by investors is not available because this fund was created on June 29, 2011.

## RBC Managed Payout Solution

### Fund details

Type of fund	Canadian income fund
Date started	August 23, 2004
Securities offered	Trust units – Series A, Advisor Series and Series F units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series and Series F units	The management fee payable in respect of each series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i> ), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of the applicable series of the portfolio. The specified percentage will be 1.55% for Series A and Advisor Series and 0.70% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST. See <i>Fees and expenses</i> on page 175 for details.

## What does the fund invest in?

### Investment objectives

- › To provide a high regular monthly income with a potential for modest capital appreciation.
- › To provide relatively tax efficient distributions consisting primarily of interest income and, to a lesser degree, dividend income, realized capital gains and a return of capital.

The portfolio invests primarily in units of the other RBC Funds (called the *underlying funds*), emphasizing mutual funds whose investment objective is to generate income.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

### Investment strategies

To achieve the portfolio's objectives, the portfolio manager:

- › selects underlying funds managed by RBC GAM based on their ability to provide cash flow and complement other funds within the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings;
- › reviews the performance of the underlying funds to ensure they continue to support the portfolio's investment objectives; and
- › may hold a portion of its assets in cash or money market securities.

The portfolio may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives. The following table shows you the target weighting for each asset class. This is called the portfolio's asset mix.

Asset class	Target weighting
Fixed-income	75%
Equities	25%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for each asset class.

Information on the underlying funds in which the portfolio is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forwards contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

## What are the risks of investing in the fund?

Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.



## RBC Managed Payout Solution

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › capital erosion risk;
- › liquidity risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

The use of derivatives in the portfolio may also result in the portfolio taking on derivative risk directly.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want a managed investment solution combined with a managed payout solution;
- › you want tax-efficient monthly cash flow with the potential for capital growth;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment); or
- › you are willing to receive a return of capital.

The portfolio is designed primarily to be held in a non-registered account.

### Distribution policy

The portfolio intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the portfolio's payout rate (which is expected to remain at or about 5%), the net asset value per unit as of

the end of the previous calendar year, and the number of units of the portfolio you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for the portfolio. We automatically reinvest all monthly distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com). Any income or capital gains not distributed previously in the year will be distributed in December. These additional year-end distributions will be reinvested in units of the portfolio even if you have elected to take your monthly distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

The total amount of distributions by the portfolio for a year may exceed the income and capital gains earned by the portfolio in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	16.30	51.38	90.05	204.99
Advisor Series (\$)	16.30	51.38	90.05	204.99
Series F (\$)	7.38	23.27	40.78	92.82

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Managed Payout Solution – Enhanced

## Fund details

Type of fund	Canadian income fund
Date started	August 23, 2004
Securities offered	Trust units – Series A, Advisor Series and Series F units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series and Series F units	The management fee payable in respect of each series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i> ), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of the applicable series of the portfolio. The specified percentage will be 1.75% for Series A and Advisor Series and 0.75% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST. See <i>Fees and expenses</i> on page 175 for details.

## What does the fund invest in?

## Investment objectives

- › To provide a high regular monthly income with a potential for modest capital appreciation.
- › To provide relatively tax efficient distributions consisting of dividend income, interest income, realized capital gains, and a return of capital, without continuing significant erosion of the net asset value of the fund.

The portfolio invests primarily in units of the other RBC Funds (called the *underlying funds*), emphasizing mutual funds whose investment objective is to generate income.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

To achieve the portfolio's objectives, the portfolio manager:

- › selects underlying funds managed by RBC GAM based on their ability to provide cash flow and complement other funds within the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings;
- › reviews the performance of the underlying funds to ensure they continue to support the portfolio's investment objectives; and
- › may hold a portion of its assets in cash or money market securities.

The portfolio may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives. The following table shows you the target weighting for each asset class. This is called the portfolio's asset mix.

Asset class	Target weighting
Fixed-income	65%
Equities	35%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for each asset class.

Information on the funds in which the portfolio is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forwards contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

## What are the risks of investing in the fund?

Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

## RBC Managed Payout Solution – Enhanced

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › liquidity risk;
- › capital erosion risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

The use of derivatives in the portfolio may also result in the portfolio taking on derivative risk directly.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want a managed investment solution combined with a managed payout strategy;
- › you want tax-efficient monthly cash flow with the potential for modest capital growth;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment); or
- › you are willing to receive a return of capital.

The portfolio is designed primarily to be held in a non-registered account.

### Distribution policy

The portfolio intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the portfolio's payout rate (which is expected to remain at or about 6%), the net asset value per unit as of

the end of the previous calendar year, and the number of units of the portfolio you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for the portfolio. We automatically reinvest all monthly distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com). Any income or capital gains not distributed previously in the year will be distributed in December. These additional year-end distributions will be reinvested in units of the portfolio even if you have elected to take your monthly distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

The total amount of distributions by the portfolio for a year may exceed the income and capital gains earned by the portfolio in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	18.35	57.84	101.38	230.77
Advisor Series (\$)	18.45	58.16	101.95	232.06
Series F (\$)	7.89	24.88	43.61	99.27

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Managed Payout Solution – Enhanced Plus

### Fund details

Type of fund	Canadian balanced fund
Date started	April 15, 2002
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.70%	0.05%
Advisor Series	1.70%	0.05%
Series D	0.95%	0.05%
Series F	0.70%	0.05%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide as high a regular monthly distribution as possible, including dividends, realized capital gains, other income and a return of capital, without continuing significant erosion of the net asset value of the fund.

- › To provide a potential for modest capital growth.

The fund invests primarily in a balance of Canadian equities, bonds and short-term debt securities. The fund may also invest in foreign securities.

We will not change the fundamental investment objective of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests in common shares, income trust, fixed-income and short-term debt securities and similar high-yielding instruments;
- › employs a strategic asset allocation approach determining the appropriate asset mix within broad pre-established guidelines for each asset class;
- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;
- › may hold a portion of its assets in cash or money market securities;
- › may invest no more than 35 per cent of its assets in foreign securities;

The following table shows you the target weighting for each asset class. This is called the fund's asset mix.

Asset class	Target weighting
Fixed-income	45%
Equities	55%

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to effectively adjust the fund's asset mix in a timely manner or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

When choosing equity securities, the portfolio manager:

- › assesses the outlook for global markets to determine allocations to Canadian, U.S. and international equities;

## RBC Managed Payout Solution – Enhanced Plus

- › reviews economic, industry and company-specific information to assess the growth prospects for individual companies;
- › selects companies across industry sectors to ensure adequate diversification;
- › seeks companies that offer the best value relative to their growth prospects; and
- › reviews the financial statistics of companies to determine if the stock is attractively priced.

When choosing fixed-income securities, the portfolio manager:

- › selects securities based on fundamental economic analysis examining growth, inflation and fiscal and monetary policy in Canada and the United States;
- › selects investment terms based on the interest rate outlook; and
- › analyzes credit ratings of different issuers to determine the most suitable securities for the portfolio.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › interest rate risk;
- › capital erosion risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Managed Payout Solution – Enhanced and RBC Managed Payout Solution held approximately 18 and 10 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want a managed investment solution combined with a managed payout strategy;
- › you want a high level of tax-efficient monthly cash flow with limited potential for capital growth;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment); or
- › you are willing to receive a return of capital.

The fund is designed primarily to be held in a non-registered account.

### Distribution policy

The fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the fund's payout rate (which is expected to remain at or about 7%), the net asset value per unit as of the end of the previous calendar year, and the number of units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for the fund. We automatically reinvest all monthly distributions in additional units of the fund unless you tell your dealer that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com). Any income or capital gains not distributed previously in the year will be distributed in December. These additional year-end distributions will be reinvested in units of the fund even if you have elected to take your monthly distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

The total amount of distributions by the fund for a year may exceed the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized

## RBC Managed Payout Solution – Enhanced Plus

as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	19.27	60.75	106.48	242.38
Advisor Series (\$)	19.17	60.43	105.91	241.09
Series D (\$)	11.07	34.90	61.17	139.24
Series F (\$)	8.30	26.17	45.88	104.43
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Monthly Income Fund

Units of the RBC Monthly Income Fund are only available for purchase through non-registered accounts and are not available for purchase through registered plans. Registered plans with pre-authorized purchase plans established on or prior to December 9, 2005 may continue to purchase units of the RBC Monthly Income Fund.

### Fund details

Type of fund	Canadian balanced income fund		
Date started	June 23, 1997		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's. No longer available for investment through registered plans, except through pre-authorized purchase plans established on or prior to December 9, 2005.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.00%	0.09%
	Advisor Series	1.00%	0.05%
	Series D	0.75%	0.05%
	Series F	0.60%	0.05%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide as high a regular monthly income as possible.
- › To provide relatively tax efficient distributions consisting of dividend income, interest income and capital gains.
- › To provide the potential for modest capital growth.

The fund invests primarily in higher yielding Canadian fixed-income securities such as government and corporate bonds, debentures, notes and preferred shares. The fund may also invest in common shares, income trusts and similar high-yielding investments. The fund may also invest in comparable foreign securities.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

The monthly distribution is reviewed and established at the beginning of each calendar year based on the market outlook. The monthly distribution may be adjusted during the year if required, as capital market conditions change.

To achieve the fund's objectives, the portfolio manager:

- › invests in fixed-income, income trust and equity securities;

- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	60%
Equities	40%

- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;
- › may invest no more than 35 per cent of the fund's assets directly in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and



## RBC Monthly Income Fund

- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.

When choosing fixed-income securities, the portfolio manager:

- › seeks securities that offer an above average current income yield;
- › monitors general economic conditions, inflation and monetary policy and monitors the potential impacts on the portfolio;
- › analyzes the credit risk associated with corporate issuers; and
- › targets a duration similar to the DEX Universe Bond Index\* (typically has an average term of three to 10 years).

When choosing equity securities, the portfolio manager:

- › focuses primarily on stocks that offer an above average dividend yield;
- › reviews company financial results to determine if the company can maintain and grow the dividend stream;
- › seeks companies that offer the best relative value on a risk-reward basis; and
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › derivative risk;
- › multiple series risk;
- › trust investments risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

## Who should invest in this fund?

This fund may be right for you if:

- › you want an ongoing source of regular monthly income, in a relatively tax efficient form;
- › you want a diversified fund with potential for modest capital growth; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment).

## Distribution policy

This fund intends to distribute a regular stream of income monthly and any net capital gains annually in December. The monthly distribution may be adjusted during the year, if required and without prior notification, as capital market conditions change. You can get information on the current monthly distribution amount from our website at [www.rbcgam.com](http://www.rbcgam.com).

If the regular monthly distributions are less than the fund's net income and net capital gains for the year, we will make an additional distribution of net income in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

If the regular monthly distributions exceed the fund's net income and net capital gains for the year, the excess distributions will be treated as a return of capital. This excess amount will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units.

If you hold your units in a non-registered account and if you receive your distributions in cash rather than having them reinvested in new units, the amount of the reduction in your adjusted cost base per unit will be realized as a larger capital gain (or reduced capital loss) in the year in which you redeem your units.

\* The DEX Universe Bond Index is published by PC-Bond, a business unit of TSX Inc. PC-Bond has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.

## RBC Monthly Income Fund

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	11.99	37.81	66.27	150.84
Advisor Series (\$)	11.58	36.51	64.00	145.68
Series D (\$)	8.82	27.79	48.71	110.87
Series F (\$)	7.18	22.62	39.65	90.25
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC \$U.S. Income Fund

## Fund details

Type of fund	U.S. balanced income fund		
Date started	May 6, 2005		
Securities offered	Trust units – Series A, Advisor Series, Series D and Series F units denominated in U.S. dollars only.		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's. Not currently available through registered plans administered by RBC Royal Bank.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.50%	0.10%
	Advisor Series	1.50%	0.05%
	Series D	0.90%	0.05%
	Series F	0.75%	0.05%

## What does the fund invest in?

## Investment objectives

- › To provide a combination of regular U.S. dollar monthly income and modest capital growth.

The fund invests primarily in U.S. fixed-income securities such as government and corporate bonds, notes, asset-backed securities and preferred shares. The fund also invests in high-quality equity securities of U.S. companies. It may also invest in high-yield debt securities and emerging market sovereign and corporate bonds.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests primarily in U.S. fixed-income and U.S. equity securities;
- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	60%
Equities	40%

- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;

- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.

When choosing fixed-income securities, the portfolio manager:

- › seeks securities that offer an above-average current income yield in U.S. dollars;
- › uses a disciplined approach to assess opportunities within three risk categories:
  - overall direction of interest rates in the United States and other major economies,
  - expected changes in interest rate spreads between different segments of the bond market (for instance, between corporate bonds and government bonds or among different corporate bonds), and
  - anticipated changes in interest rate spreads associated with a change in individual credit ratings or quality perceptions;
- › invests in U.S. investment grade debt securities rated BBB(-) and above by Standard & Poor's (or equivalent rating agency);

## RBC \$U.S. Income Fund

- › monitors general economic conditions, inflation and monetary policy and monitors the potential impacts on the portfolio;
- › invests in U.S. securitized debt such as mortgage-backed, asset-backed and commercial mortgage-backed securities;
- › analyzes the credit risk associated with corporate issuers;
- › may invest in fixed-income securities issued and/or guaranteed by U.S. or Canadian governments denominated in U.S. dollars and fixed-income securities issued by a supranational agency such as the World Bank; and
- › may invest up to 10 per cent of the portfolio in global, non-investment grade corporate debt securities (high yield) rated below BBB(-) by Standard & Poor's (or equivalent rating agency) and emerging market sovereign bonds.

When choosing equity securities, the portfolio manager:

- › uses a multi-disciplined process based on fundamental, technical, and quantitative analysis to identify stocks with superior investment potential;
- › focuses primarily on stocks that offer an above average dividend yield, and can maintain and grow their dividend stream; and
- › seeks companies that offer the best relative value on a risk-reward basis.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › currency risk;
- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;

- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want a fund with diversified investments in U.S. fixed-income and equity markets with potential for modest capital growth;
- › you prefer to maintain a portion of your assets denominated and invested in U.S. dollars to avoid converting U.S. dollars to Canadian dollars and back again;
- › you want an ongoing source of monthly U.S. dollar income; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment) – in U.S. dollar terms.

You must pay for units of the fund in U.S. dollars. When you sell your units, we will pay you in U.S. dollars. All distributions are also paid in U.S. dollars. At the time of purchase, you must designate a U.S. dollar bank account to receive payments.

### Distribution policy

The fund intends to distribute a regular stream of income monthly and any net capital gains annually in December. The monthly distribution may be adjusted during the year, if required and without prior notification, as capital market conditions change. You can get information on the current monthly distribution amount from our website at [www.rbcgam.com](http://www.rbcgam.com).

If the monthly distributions are less than the fund's net income and net capital gains for the year, we will make an additional distribution of net income in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want to receive them in cash.

If the regular monthly distributions exceed the fund's net income and net capital gains for the year in Canadian dollar terms, the excess distributions will be treated as a return of capital. This excess amount will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base

## RBC \$U.S. Income Fund

per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash rather than having them reinvested in new units, the amount of the reduction in your adjusted cost base per unit will result in a larger capital gain (or reduced capital loss) being realized in the year in which you redeem your units.

Income earned by the fund must be reported in Canadian dollars for income tax purposes. When a holding within the fund is sold or matures, the fund may realize a gain or loss due to fluctuations in the foreign exchange rate between U.S. dollars and Canadian dollars. This foreign exchange gain or loss is treated as a capital gain or loss for income tax purposes. Such capital gains or losses will be included in the net capital gains distributed to unitholders annually, and the unitholders would be subject to tax on them accordingly.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	17.84	56.22	98.55	224.33
Advisor Series (\$)	17.43	54.93	96.28	219.17
Series D (\$)	10.66	33.61	58.90	134.08
Series F (\$)	8.92	28.11	49.27	112.16

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Balanced Fund

## Fund details

Type of fund	Canadian balanced fund		
Date started	September 17, 1987		
Securities offered	Trust units – Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O* units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFASs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	2.00%	0.14%
	Advisor Series	2.00%	0.10%
	Series T	2.00%	0.10%
	Series D	1.25%	0.10%
	Series F	1.00%	0.10%
	Series I	up to 1.00%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisors	RBC Asset Management UK Limited, London, England (for the European equity portion of the fund only)		
	RBC Investment Management (Asia) Limited, Hong Kong, China (for the Asian equity portion of the fund only)		

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide a combination of capital growth and modest income.

The fund invests primarily in a balance of Canadian equities, bonds and short-term debt securities. The fund may also invest in foreign securities.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests in equity, income trust, fixed-income and cash securities;
- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	45%
Canadian equities	35%
U.S. equities	10%
International equities	10%

- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;
- › may invest no more than 40 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged in respect of fixed-income assets and partially hedged in respect of foreign equity assets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently adjust the fund's asset mix in a timely manner;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and

## RBC Balanced Fund

- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.

When choosing equity securities, the portfolio manager:

- › assesses the outlook for global markets to determine allocations to Canadian, U.S. and international equities;
- › reviews economic, industry and company-specific information to assess the growth prospects for individual companies;
- › selects companies across industry sectors to ensure adequate diversification;
- › seeks companies that offer the best relative value on a risk-reward basis, with a focus on companies offering superior growth; and
- › reviews the financial statistics of companies to determine if the stock is attractively priced.

When choosing fixed-income securities, the portfolio manager:

- › selects securities based on fundamental economic analysis examining economic growth, inflation and fiscal and monetary policy in Canada, the United States and other major economies;
- › selects investment terms based on the interest rate outlook;
- › invests primarily in government bonds, although corporate bonds are also used; and
- › analyzes credit ratings of different issuers to determine the most suitable securities for the portfolio.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › capital erosion risk (Series T units only); and
- › securities lending, repurchase and reverse repurchase transaction risks.

## Who should invest in this fund?

This fund may be right for you if:

- › you want an actively managed mix of equity, fixed-income and cash securities in a single fund;
- › you want an investment that combines income and capital growth potential; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment).

## Distribution policy

For all series other than Series T units, this fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. For all series, we automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

For Series T units, the fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the payout rate for Series T units (which is expected to remain at or about 8 per cent), the net asset value per unit as of the end of the previous calendar year, and the number of Series T units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for Series T units. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com).

Any income or capital gains not distributed previously in the year will be distributed in December. For Series T units, these additional year-end distributions will be reinvested in additional units of the fund even if you have elected to take your monthly distributions in cash.



## RBC Balanced Fund

The total amount of distributions for Series T units for a year may exceed the Series T units' share of the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor. Series T units are designed primarily to be held in a non-registered account.

## Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	23.58	74.32	130.27	296.52
Advisor Series (\$)	23.06	72.70	127.43	290.08
Series T (\$)	22.96	72.38	126.87	288.79
Series D (\$)	14.86	46.85	82.12	186.94
Series F (\$)	12.20	38.45	67.40	153.42
Series I (\$)	4.10	12.93	22.66	51.57
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Global Balanced Fund

(formerly, RBC Balanced Growth Fund)

### Fund details

Type of fund	Global balanced fund		
Date started	March 3, 1998		
Securities offered	Trust units – Series A, Advisor Series, Series T, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	2.00%	0.15%
	Advisor Series	2.00%	0.10%
	Series T	2.00%	0.10%
	Series D	1.25%	0.10%
	Series F	1.00%	0.10%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	RBC Asset Management UK Limited, London, England (for the European equity portion of the fund only)		
	RBC Investment Management (Asia) Limited, Hong Kong, China (for the Asian equity portion of the fund only)		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide long-term capital growth, with a secondary focus on modest income.

The fund invests primarily in Canadian, U.S. and international equities and fixed-income securities.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › invests in equity and fixed-income securities;
- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	45%
Canadian equities	20%
U.S. equities	20%
International equities	15%

- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged in respect of fixed-income assets and partially hedged in respect of foreign equity assets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently adjust the fund's asset mix in a timely manner;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool;
- › may also invest in income trusts; and
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.

When choosing equity securities, the portfolio manager:

- › assesses the outlook for global markets to determine allocations to Canadian, U.S. and international equities;

## RBC Global Balanced Fund

- › reviews economic, industry and company-specific information to assess the growth prospects for individual companies;
- › selects companies across industry sectors to ensure adequate diversification;
- › seeks companies that offer the best value relative to their growth prospects; and
- › reviews the financial statistics of companies to determine if the stock is attractively priced.

When choosing fixed-income securities, the portfolio manager:

- › selects securities based on fundamental economic analysis, examining growth, inflation and fiscal and monetary policy in Canada, the United States and other major economies;
- › selects investment terms based on the interest rate outlook; and
- › analyzes credit ratings of different issuers to determine the most suitable securities for the portfolio.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › interest rate risk;
- › credit risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › capital erosion risk (Series T units only);
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › trust investments risk.

## Who should invest in this fund?

This fund may be right for you if:

- › you want an actively managed mix of equity, fixed-income and cash securities in a single fund;
- › you are seeking growth opportunities around the world; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment).

## Distribution policy

For all series other than Series T units, this fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. For all series, we automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

For Series T units, the fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the payout rate for Series T units (which is expected to remain at or about 8 per cent), the net asset value per unit as of the end of the previous calendar year, and the number of Series T units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for Series T units. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com).

Any income or capital gains not distributed previously in the year will be distributed in December. For Series T units, these additional year-end distributions will be reinvested in additional units of the fund even if you have elected to take your monthly distributions in cash.

The total amount of distributions for Series T units for a year may exceed the Series T units' share of the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive

## RBC Global Balanced Fund

your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor. Series T units are designed primarily to be held in a non-registered account.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	23.68	74.64	130.83	297.81
Advisor Series (\$)	23.06	72.70	127.43	290.08
Series T (\$)	23.17	73.03	128.00	291.37
Series D (\$)	14.86	46.85	82.12	186.94
Series F (\$)	12.10	38.13	66.83	152.13
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Jantzi Balanced Fund

## Fund details

Type of fund	Global balanced fund		
Date started	July 3, 2007		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series I units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	2.00%	0.15%
	Advisor Series	2.00%	0.10%
	Series D	1.25%	0.10%
	Series F	1.00%	0.10%
	Series I	0.80%	0.02%
Portfolio Sub-Advisors	RBC Asset Management UK Limited, London, England (for the European equity portion of the fund only)		
	RBC Investment Management (Asia) Limited, Hong Kong, China (for the Asian equity portion of the fund only)		

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth, with a secondary focus on modest income.

The fund invests primarily in Canadian, U.S. and international equities and fixed-income securities. The fund follows a socially responsible approach to investing.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

- › The fund's investment process begins by screening companies using socially responsible investment (SRI) criteria that determine the investable universe;
- › RBC GAM then applies its multi-disciplined investment process to select securities for the fund.

## SRI Criteria and Screening Process

- › Jantzi Research Inc. (*Jantzi-Sustainalytics*) provides independent and objective SRI criteria;
- › the Best-of-Sector™ methodology pioneered by Jantzi-Sustainalytics is designed to select companies with strong Environmental, Social and Governance (ESG) practices relative to their industry peers;

- › each company's ESG policies and practices are evaluated in the following areas:

- Community and Society,
- Customers,
- Employees,
- Corporate Governance,
- Environment, and
- Human Rights;

- › the screening process removes companies that have poor performance relative to their industry peers based on the above factors;

- › equally important, Jantzi-Sustainalytics periodically monitors the fund's holdings to ensure compliance with the SRI criteria and keeps us informed of changes in corporate behaviour that alter a company's eligibility.

To achieve the fund's objectives, the portfolio manager:

- › invests only in equity and fixed-income securities of companies that have been screened using SRI criteria established by Jantzi-Sustainalytics;

## RBC Jantzi Balanced Fund

- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	45%
Canadian equities	20%
U.S. equities	20%
International equities	15%

- › adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets. The fund's foreign currency exposure is typically fully hedged in respect of fixed-income assets and partially hedged in respect of foreign equity assets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently adjust the fund's asset mix in a timely manner;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool;
- › may also invest in income trusts; and
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.

When choosing equity securities, the portfolio manager:

- › assesses the outlook for global markets to determine allocations to Canadian, U.S. and international equities;
- › reviews economic, industry and company-specific information to assess the growth prospects for individual companies;
- › selects companies across industry sectors to ensure adequate diversification;
- › seeks companies that offer the best value relative to their growth prospects; and
- › reviews the financial statistics of companies to determine if the stock is attractively priced.

When choosing fixed-income securities, the portfolio manager:

- › selects securities based on fundamental economic analysis, examining growth, inflation and fiscal and monetary policy in Canada, the United States and other major economies;
- › selects investment terms based on the interest rate outlook; and
- › analyzes credit ratings of different issuers to determine the most suitable securities for the portfolio.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › interest rate risk;
- › credit risk;
- › specialization risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › trust investments risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

## Who should invest in this fund?

This fund may be right for you if:

- › you want a fund with a socially responsible approach to investing;
- › you want an actively managed mix of equity, fixed-income and cash securities in a single fund;
- › you are seeking growth opportunities around the world; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment).

## RBC Jantzi Balanced Fund

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	23.88	75.29	131.97	300.39
Advisor Series (\$)	23.47	74.00	129.70	295.23
Series D (\$)	15.17	47.82	83.82	190.81
Series F (\$)	12.40	39.10	68.53	156.00
Series I (\$)	8.82	27.79	48.71	110.87

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Phillips, Hager &amp; North Monthly Income Fund

## Fund details

Type of fund	Canadian balanced fund		
Date started	April 14, 2010		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee, administration fee, taxes, other fund costs and any fees and expenses of the underlying fund. See <i>Fees and expenses</i> on page 175 for details.		
	Series Series A	Management fee 1.65%	Administration fee 0.05%

## What does the fund invest in?

## Investment objectives

- › To provide a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth.

The fund invests its assets primarily in units of the Phillips, Hager & North Monthly Income Fund (called the *underlying fund*), which invests in a well-diversified balanced portfolio of income-producing equity securities, including but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed-income securities such as preferred shares, government and corporate bonds, debentures and notes.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

It is expected that the fund will invest up to 100 per cent of its net assets in units of the underlying fund, Phillips, Hager & North Monthly Income Fund.

The portfolio manager of the underlying fund:

- › invests primarily in income-producing equity securities such as dividend-paying Canadian common shares and income trusts and fixed-income securities such as preferred shares, government and corporate bonds, debentures and notes, asset-backed commercial paper, mortgage-backed securities and other income-generating securities. The underlying fund may also invest in convertible bonds and convertible preferred shares;
- › employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for each asset class as set out in the following table:

Asset class	Target weighting
Fixed-income	50%
Equities	50%

- › adjusts the percentage of the underlying fund invested in each asset class based on changes in the market outlook for each asset class and the potential to maximize income yield;
- › when selecting fixed-income securities, seeks securities that offer an above average current income yield;
- › when selecting equity securities, focuses on securities that offer an above average dividend yield;
- › as a way to generate additional income yield, may invest in non-investment-grade corporate debt (rated below BBB – or not rated);
- › may also invest a portion of the underlying fund's assets in non-Canadian securities where such an investment is consistent with the underlying fund's investment objectives. Although there is no specific limitation on the percentage of the assets of the underlying fund that may be invested in non-Canadian securities, as of the date of this simplified prospectus, the portfolio manager of the underlying fund does not expect to invest more than 35 per cent of the underlying fund's assets in non-Canadian securities;
- › may from time to time invest a portion of the underlying fund's net assets in other funds managed by RBC GAM or an affiliate;
- › may use derivatives, such as swaps, options, futures and forward contracts, as permitted by National Instrument 81-102 – Mutual Funds:
  - for hedging purposes, including to protect against losses or reduce volatility resulting from changes in interest rates and market indices; and
  - for non-hedging purposes, including as a substitute for direct investment, to generate income or extend or reduce the duration of fixed-income investments; and

## RBC Phillips, Hager & North Monthly Income Fund

- may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, as permitted by the Canadian securities regulatory authorities, to earn additional income for the underlying fund.

Information on the underlying fund is available at [www.rbcgam.com](http://www.rbcgam.com).

### What are the risks of investing in the fund?

The fund's ability to achieve its investment objectives is directly related to the ability of the underlying fund to achieve its objectives.

The risks of investing in this fund are similar to the risks of investing in the underlying fund it holds. It may also take on certain of these risks directly. The risks of the underlying fund include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › currency risk;
- › foreign investment risk;
- › derivative risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of the simplified prospectus.

### Who should invest in this fund?

This fund may be right for you if:

- › you want a source of consistent monthly income;
- › you want exposure to a diversified portfolio of investments with the potential for modest capital growth; or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

The fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the fund's payout rate (which is expected to remain at or about 5 per cent), the net asset value per

unit as of the end of the previous calendar year, and the number of units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for the fund. We automatically reinvest all monthly distributions in additional units of the fund unless you tell your dealer that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com). Any income or capital gains not distributed previously in the year will be distributed in December. These additional year-end distributions will be reinvested in units of the fund even if you have elected to take your monthly distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

The total amount of distributions by the fund for a year may exceed the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications, you should consult your tax advisor.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	19.68	62.04	108.74	247.53

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Very Conservative Portfolio

### Fund details

Type of fund	Strategic asset allocation fund
Date started	March 9, 2009
Securities offered	Trust units – Series A, Advisor Series, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series, Series F and Series O units	<p>The management fee payable in respect of Series A, Advisor Series and Series F of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A, Advisor Series and Series F, as applicable, of the portfolio. The specified percentage will be 1.60% for Series A and Advisor Series and 0.70% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST.</p> <p>For Series O units, the fixed administration fee is 0.02% and the management fee is negotiable and paid directly to RBC GAM<sup>1</sup>. See <i>Fees and expenses</i> on page 175 for details.</p>

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the portfolio in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing income and the potential for modest capital growth. It does this by investing primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), emphasizing mutual funds that invest in fixed-income securities, with some exposure to mutual funds that invest in equity securities. The portfolio invests in a mix of Canadian, U.S. and international funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

### Investment strategies

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents); and
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	80%
Canadian equities	10%
U.S. equities	5%
International equities	5%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

## RBC Select Very Conservative Portfolio

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

The portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › credit risk;
- › market risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › issuer-specific risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risk; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want a conservative investment with a focus on fixed-income securities that combines income and modest capital growth potential;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuation in the value of your investment); or
- › you prefer a lower level of involvement in investment decisions.

### Distribution policy

The portfolio distributes any net income and any net realized capital gains to unitholders to the extent necessary to ensure that the portfolio does not pay income tax. The portfolio intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer to inform us that you want them in cash.

Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	16.91	53.32	93.45	212.72
Advisor Series (\$)	16.91	53.32	93.45	212.72
Series F (\$)	7.48	23.59	41.35	94.11
Series O (\$)	—	—	—	—

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

<sup>2</sup> Information regarding fund expenses indirectly borne by investors for Series O units is not available because Series O units of this fund were not offered prior to December 31, 2010.

## RBC Select Conservative Portfolio

## Fund details

Type of fund	Strategic asset allocation fund
Date started	December 11, 1986
Securities offered	Trust units – Series A, Advisor Series, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series, Series F and Series O units	<p>The management fee payable in respect of Series A, Advisor Series and Series F of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A, Advisor Series and Series F, as applicable, of the portfolio. The specified percentage will be 1.75% for Series A and Advisor Series and 0.75% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST.</p> <p>For Series O units, the fixed administration fee is 0.02% and the management fee is negotiable and paid directly to RBC GAM<sup>1</sup>. See <i>Fees and expenses</i> on page 175 for details.</p>

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the portfolio in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing income and the potential for moderate capital growth. It does this by maintaining a balance of investments across several asset classes.

The portfolio invests primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), emphasizing mutual funds that invest in Canadian fixed-income securities and have the potential to generate income. It also invests in equity mutual funds, with an emphasis on Canadian equity funds and some exposure to U.S. and international equity funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents); and

- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	65%
Canadian equities	15%
U.S. equities	10%
International equities	10%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## RBC Select Conservative Portfolio

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

The portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › issuer-specific risk;
- › trust investments risk;
- › derivative risk;
- › liquidity risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want an investment that combines income and moderate capital growth potential;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment); or
- › you prefer a lower level of involvement in investment decisions.

### Distribution policy

This portfolio intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	18.35	57.84	101.38	230.77
Advisor Series (\$)	18.35	57.84	101.38	230.77
Series F (\$)	8.00	25.20	44.18	100.56
Series O (\$)	0.41	1.29	2.27	5.16

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Select Balanced Portfolio

## Fund details

Type of fund	Strategic asset allocation fund
Date started	December 11, 1986
Securities offered	Trust units – Series A, Advisor Series, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series, Series F and Series O units	<p>The management fee payable in respect of Series A, Advisor Series and Series F of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A, Advisor Series and Series F, as applicable, of the portfolio. The specified percentage will be 1.85% for Series A and Advisor Series and 0.85% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the <i>MER</i> will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST.</p> <p>For Series O units, the fixed administration fee is 0.02% and the management fee is negotiable and paid directly to RBC GAM<sup>1</sup>. See <i>Fees and expenses</i> on page 175 for details.</p>

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the portfolio in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth, with a secondary focus on modest income. It does this by maintaining a balance of investments across several asset classes.

The portfolio invests primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), investing in equity mutual funds for higher growth potential and fixed-income mutual funds for diversification and the potential to generate income. The fixed-income portion of the portfolio invests primarily in Canadian fixed-income funds. The equity portion of the portfolio invests in a diversified mix of Canadian, U.S. and international equity funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;

- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents); and
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	45%
Canadian equities	20%
U.S. equities	20%
International equities	15%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).



## RBC Select Balanced Portfolio

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

The portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › issuer-specific risk;
- › trust investments risk;
- › derivative risk;
- › liquidity risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want an investment that combines capital growth and modest income potential;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can accept some fluctuations in the value of your investment); or
- › you prefer a lower level of involvement in investment decisions.

### Distribution policy

This portfolio intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	19.37	61.07	107.05	243.67
Advisor Series (\$)	19.37	61.07	107.05	243.67
Series F (\$)	9.02	28.44	49.84	113.45
Series O (\$)	0.41	1.29	2.27	5.16

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Growth Portfolio

## Fund details

Type of fund	Strategic asset allocation fund
Date started	December 11, 1986
Securities offered	Trust units – Series A, Advisor Series, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses – Series A, Advisor Series, Series F and Series O units	<p>The management fee payable in respect of Series A, Advisor Series and Series F of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A, Advisor Series and Series F, as applicable, of the portfolio. The specified percentage will be 1.95% for Series A and Advisor Series and 0.95% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST.</p> <p>For Series O units, the fixed administration fee is 0.02% and the management fee is negotiable and paid directly to RBC GAM<sup>1</sup>. See <i>Fees and expenses</i> on page 175 for details.</p>

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the portfolio in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth. It does this by investing primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), emphasizing equity mutual funds for higher growth potential, with some exposure to fixed-income mutual funds for diversification. The portfolio invests in a diversified mix of Canadian, U.S. and international funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents); and
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings.

The decision to invest in each of the underlying funds is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to enable the portfolio to better meet its stated investment objectives.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	30%
Canadian equities	25%
U.S. equities	25%
International equities	20%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

## RBC Select Growth Portfolio

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

The portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › issuer-specific risk;
- › trust investments risk;
- › derivative risk;
- › liquidity risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want the potential for long-term capital growth and do not need income from your investment;
- › you are planning to hold your investment for the long term and can tolerate low to medium investment risk (i.e. you can accept fluctuations in the value of your investment); or
- › you prefer a lower level of involvement in investment decisions.

### Distribution policy

This portfolio intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.50	64.63	113.28	257.85
Advisor Series (\$)	20.50	64.63	113.28	257.85
Series F (\$)	10.05	31.67	55.50	126.34
Series O (\$)	0.41	1.29	2.27	5.16

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Aggressive Growth Portfolio

### Fund details

Type of fund	Strategic asset allocation fund
Date started	January 22, 2007
Securities offered	Trust units – Series A, Advisor Series, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A, Advisor Series, Series F and Series O units	<p>The management fee payable in respect of Series A, Advisor Series and Series F of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A, Advisor Series and Series F, as applicable, of the portfolio. The specified percentage will be 2.05% for Series A and Advisor Series and 1.05% for Series F, and includes, in each case, the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentages above, the MER will be higher than the specified percentages by a percentage which reflects the additional cost of the new HST.</p> <p>For Series O units, the fixed administration fee is 0.02% and the management fee is negotiable and paid directly to RBC GAM<sup>1</sup>. See <i>Fees and expenses</i> on page 175 for details.</p>

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the portfolio in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth. It does this by investing primarily in units of funds managed by RBC GAM or an affiliate of RBC GAM (called the *underlying funds*), emphasizing equity mutual funds for higher growth potential. The portfolio invests in a diversified mix of Canadian, U.S. and international funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

### Investment strategies

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for the portfolio (excluding cash and cash equivalents); and
- › rebalances the portfolio's assets among the underlying funds to ensure the portfolio always stays within its target weightings.

The decision to invest in each of the underlying funds is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to enable the portfolio to better meet its stated investment objectives.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Canadian equities	35%
U.S. equities	35%
International equities	30%

The percentages specified above are target weightings for each asset class. We will manage the allocation to an asset class so that it will not be more than 10 per cent above or below the target weighting.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

## RBC Select Aggressive Growth Portfolio

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

The portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › issuer-specific risk;
- › trust investments risk;
- › derivative risk;
- › liquidity risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want to maximize long term growth opportunities and do not need income from your investment;
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can tolerate considerable fluctuations in the value of your investment); or
- › you prefer a lower level of involvement in investment decisions.

### Distribution policy

This portfolio intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.53	67.86	118.94	270.74
Advisor Series (\$)	21.42	67.53	118.37	269.45
Series F (\$)	11.07	34.90	61.17	139.24
Series O (\$)	0.41	1.29	2.27	5.16

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Choices Conservative Portfolio

## Fund details

Type of fund	Strategic asset allocation fund
Date started	June 5, 2000
Securities offered	Trust units – Series A and Advisor Series units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A and Advisor Series units	The management fee payable in respect of Series A and Advisor Series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i> ), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A and Advisor Series, as applicable, of the portfolio. The specified percentage will be 1.85%, and includes the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage above, the <i>MER</i> will be higher than the specified percentage by a percentage which reflects the additional cost of the new HST.  See <i>Fees and expenses</i> on page 175 for details.

## What does the fund invest in?

## Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing income and the potential for moderate capital growth. It tries to do this by maintaining a balance of investments across several asset classes.

The portfolio invests primarily in other mutual funds, emphasizing mutual funds that invest in Canadian fixed-income securities and have the potential to generate income. It also invests in equity mutual funds with an emphasis on Canadian equity funds and some exposure to U.S. and international equity funds.

We will not change the fundamental investment objectives of the portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

Certain of the mutual funds in which the portfolio invests may be managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for this portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to make sure the portfolio always stays within its target weightings; and

- › monitors the underlying funds and reviews them in conjunction with RBC Mutual Fund Research.

The selection of underlying funds for the portfolio is based on a rigorous screening process that also uses the comprehensive research and analysis of RBC Mutual Fund Research.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

RBC Mutual Fund Research is an in-house team that provides objective research and advice to RBC Dominion Securities Inc. investment advisors. RBC Mutual Fund Research is made up of a team of mutual fund analysts who choose and monitor a select list of funds from more than 1,500 mutual funds offered by more than 70 different mutual fund companies in Canada.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	65%
Canadian equities	15%
U.S. equities	10%
International equities	10%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.



## RBC Select Choices Conservative Portfolio

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

Information on the other underlying funds may be obtained at [www.sedar.com](http://www.sedar.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

This portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;

- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want an investment that combines income and moderate capital growth potential;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can tolerate some fluctuations in the value of your investment); or
- › you want to diversify your investment portfolio by investment manager or by mutual fund company.

The portfolio may not be right for you if your primary goal is to achieve long-term capital growth and you have a high tolerance for risk.

### Distribution policy

This portfolio intends to distribute net income quarterly in March, June, September and December and net capital gains, if any, annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	19.48	61.39	107.61	244.95
Advisor Series (\$)	19.58	61.72	108.18	246.24

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Select Choices Balanced Portfolio

## Fund details

Type of fund	Strategic asset allocation fund
Date started	June 5, 2000
Securities offered	Trust units – Series A and Advisor Series units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses – Series A and Advisor Series units	The management fee payable in respect of Series A and Advisor Series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i> ), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A and Advisor Series, as applicable, of the portfolio. The specified percentage will be 2.05%, and includes the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage above, the <i>MER</i> will be higher than the specified percentage by a percentage which reflects the additional cost of the new HST.  See <i>Fees and expenses</i> on page 175 for details.

## What does the fund invest in?

## Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth, with a secondary focus on modest income. It tries to do this by maintaining a balance of investments across several asset classes.

The portfolio invests primarily in other mutual funds investing in equity mutual funds for higher growth potential and fixed-income mutual funds for diversification and the potential to generate income. The fixed-income portion of the portfolio invests primarily in Canadian fixed-income funds. The equity portion of the portfolio invests in a diversified mix of Canadian, U.S. and international equity funds.

We will not change the fundamental investment objectives of a portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

## Investment strategies

Certain of the mutual funds in which the portfolio invests may be managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for this portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to make sure the portfolio always stays within its target weightings; and

- › monitors the underlying funds and reviews them in conjunction with RBC Mutual Fund Research.

The selection of underlying funds for the portfolio is based on a rigorous screening process that also uses the comprehensive research and analysis of RBC Mutual Fund Research.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

RBC Mutual Fund Research is an in-house team that provides objective research and advice to RBC Dominion Securities Inc. investment advisors. RBC Mutual Fund Research is made up of a team of mutual fund analysts who choose and monitor a select list of funds from more than 1,500 mutual funds offered by more than 70 different mutual fund companies in Canada.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	45%
Canadian equities	20%
U.S. equities	20%
International equities	15%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

## RBC Select Choices Balanced Portfolio

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

Information on the other underlying funds may be obtained at [www.sedar.com](http://www.sedar.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

This portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;

- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want an investment that combines capital growth and modest income potential;
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can tolerate some fluctuations in the value of your investment); or
- › you want to diversify your investment portfolio by investment manager or by mutual fund company.

This portfolio may not be appropriate for an investor with a short-term investment horizon or a lower tolerance for risk.

### Distribution policy

This portfolio intends to distribute net income quarterly in March, June, September and December and net capital gains, if any, annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.53	67.86	118.94	270.74
Advisor Series (\$)	21.42	67.53	118.37	269.45

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Choices Growth Portfolio

### Fund details

Type of fund	Strategic asset allocation fund
Date started	June 5, 2000
Securities offered	Trust units – Series A and Advisor Series units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses – Series A and Advisor Series units	The management fee payable in respect of Series A and Advisor Series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i> ), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A and Advisor Series, as applicable, of the portfolio. The specified percentage will be 2.25%, and includes the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage above, the <i>MER</i> will be higher than the specified percentage by a percentage which reflects the additional cost of the new HST.  See <i>Fees and expenses</i> on page 175 for details.

## What does the fund invest in?

### Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth. It tries to do this by investing primarily in equity mutual funds for higher growth potential, with some exposure to fixed-income mutual funds for diversification. The portfolio invests in a diversified mix of Canadian, U.S. and international funds.

We will not change the fundamental investment objectives of a portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

### Investment strategies

Certain of the mutual funds in which the portfolio invests may be managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for this portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to make sure the portfolio always stays within its target weightings; and
- › monitors the underlying funds and reviews them in conjunction with RBC Mutual Fund Research.

The selection of underlying funds for the portfolio is based on a rigorous screening process that also uses the comprehensive research and analysis of RBC Mutual Fund Research.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

RBC Mutual Fund Research is an in-house team that provides objective research and advice to RBC Dominion Securities Inc. investment advisors. RBC Mutual Fund Research is made up of a team of mutual fund analysts who choose and monitor a select list of funds from more than 1,500 mutual funds offered by more than 70 different mutual fund companies in Canada.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Fixed-income	30%
Canadian equities	25%
U.S. equities	25%
International equities	20%

The percentages specified above are target weightings for each asset class. We will manage the allocation so that it will not be more than 15 per cent above or below the target weighting for the fixed-income asset class, and no more than 10 per cent above or below the target weighting for the Canadian equities, U.S. equities and International equities asset classes.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## RBC Select Choices Growth Portfolio

Information on the other underlying funds may be obtained at [www.sedar.com](http://www.sedar.com).

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

This portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want the potential for long-term growth and do not need income from your investment;
- › you are planning to hold your investment for the long term and can tolerate low to medium investment risk (i.e. you can tolerate fluctuations in the value of your investment); or
- › you want to diversify your investment portfolio by investment manager or by mutual fund company.

This portfolio may not be right for you if your primary goal is to achieve income or you have a low tolerance for risk.

### Distribution policy

This portfolio intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	23.68	74.64	130.83	297.81
Advisor Series (\$)	23.78	74.97	131.40	299.10

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Select Choices Aggressive Growth Portfolio

### Fund details

Type of fund	Strategic asset allocation fund
Date started	June 5, 2000
Securities offered	Trust units – Series A and Advisor Series units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses – Series A and Advisor Series units	<p>The management fee payable in respect of Series A and Advisor Series of the portfolio is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to a specified percentage of the average net asset value of Series A and Advisor Series, as applicable, of the portfolio. The specified percentage will be 2.45%, and includes the portfolio's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage above, the <i>MER</i> will be higher than the specified percentage by a percentage which reflects the additional cost of the new HST.</p> <p>See <i>Fees and expenses</i> on page 175 for details.</p>

## What does the fund invest in?

### Investment objectives

This portfolio is a strategic asset allocation fund. It focuses on providing long-term capital growth. It tries to do this by investing in equity mutual funds for higher growth potential. The portfolio invests primarily in a diversified mix of Canadian, U.S. and international equity funds.

We will not change the fundamental investment objectives of a portfolio unless we have the consent of a majority of the voting unitholders of the portfolio to do so.

### Investment strategies

Certain of the mutual funds in which the portfolio invests may be managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy. The portfolio manager:

- › selects the underlying funds for inclusion in the portfolio;
- › allocates assets among the underlying funds within the target weightings set for this portfolio (excluding cash and cash equivalents);
- › rebalances the portfolio's assets among the underlying funds to make sure the portfolio always stays within its target weightings; and
- › monitors the underlying funds and reviews them in conjunction with RBC Mutual Fund Research.

The selection of underlying funds for the portfolio is based on a rigorous screening process that also uses the comprehensive research and analysis of RBC Mutual Fund Research.

The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives.

RBC Mutual Fund Research is an in-house team that provides objective research and advice to RBC Dominion Securities Inc. investment advisors. RBC Mutual Fund Research is made up of a team of mutual fund analysts who choose and monitor a select list of funds from more than 1,500 mutual funds offered by more than 70 different mutual fund companies in Canada.

The following table shows you the target weighting for each asset class.

Asset class	Target weighting
Canadian equities	35%
U.S. equities	35%
International equities	30%

The percentages specified above are target weightings for each asset class. We will manage the allocation to an asset class so that it will not be more than 10 per cent above or below the target weighting.

A listing of the underlying funds in which the portfolio is currently invested, including their current allocation, as well as information on the underlying funds managed by RBC GAM, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

Information on the other underlying funds may be obtained at [www.sedar.com](http://www.sedar.com).

## RBC Select Choices Aggressive Growth Portfolio

In order to adjust the portfolio's asset mix in a more timely manner, the portfolio manager may use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment in a particular market, on a short-term basis, until the portfolio's assets can be reallocated among the underlying funds.

The portfolio manager may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

### What are the risks of investing in the fund?

This portfolio uses an asset allocation strategy. Investing in a mix of different funds helps to reduce volatility, but it also means that the portfolio's performance depends directly on the performance of the underlying funds in which it invests.

The portfolio's ability to achieve its investment objectives is directly related to the ability of the underlying funds to achieve their objectives.

The risks of investing in this portfolio are similar to the risks of investing in the underlying funds it holds. The portfolio generally takes on the risks of the underlying fund in proportion to its investment in that fund. It may also take on certain of these risks directly. The risks of the underlying funds include:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

### Who should invest in this fund?

This portfolio may be right for you if:

- › you want to maximize long-term growth opportunities and do not need income from your investment;
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can tolerate considerable fluctuations in the value of your investment); or
- › you want to diversify your investment portfolio by investment manager or by mutual fund company.

This portfolio may not be right for you if your primary goal is to achieve income or you have a low tolerance for risk.

### Distribution policy

This portfolio intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the portfolio unless you tell your dealer you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this portfolio with the cost of investing in other mutual funds or in another series of this portfolio, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the portfolio that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	25.73	81.11	142.16	323.60
Advisor Series (\$)	25.42	80.14	140.46	319.73

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Target 2015 Education Fund

## Fund details

Type of fund	Asset allocation fund				
Date started	August 23, 2004				
Securities offered	Trust units – Series A units				
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.				
Fees and expenses – Series A units	<p>The management fee payable in respect of the fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to 1.55% (the <i>specified percentage</i>) of the average net asset value of the fund. The specified percentage includes the fund's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage, the MER will be higher than the specified percentage by a percentage that reflects the additional cost of the new HST. See <i>Fees and expenses</i> on page 175 for details. As the fund approaches its target date, the specified percentage will be reduced on the effective date as follows:</p> <table> <tr> <th>Effective date</th><th>Specified percentage</th></tr> <tr> <td>January 1, 2013</td><td>1.00%</td></tr> </table>	Effective date	Specified percentage	January 1, 2013	1.00%
Effective date	Specified percentage				
January 1, 2013	1.00%				

## What does the fund invest in?

## Investment objectives

This fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding a post-secondary education that commences around 2015. The fund gradually shifts its asset mix from an emphasis on equity funds, in its early years, to an emphasis on money market funds as its “target” date (2015) approaches. Over the life of the fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that will preserve capital.

At all times, the fund will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2015).

The fund invests its assets primarily in units of other RBC Funds (called the *underlying funds*).

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The underlying funds are managed by RBC GAM. The portfolio manager uses an asset allocation strategy as the principal investment strategy (see *About the asset allocation strategy*). The portfolio manager:

- › determines the target weightings for each asset class;

- › allocates assets among the underlying funds within the target weightings determined by the asset allocation strategy for the fund (excluding cash and cash equivalents);
- › rebalances the fund's assets among the underlying funds to ensure the fund always stays within its target weightings as set by the asset allocation strategy;
- › may hold a portion of its assets in cash or cash equivalent securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates; and
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

## About the asset allocation strategy

The fund is designed primarily for investors who are saving money for the purpose of funding a post-secondary education.

The portfolio manager establishes the target weightings for each asset class according to an asset allocation strategy that becomes increasingly conservative over time. At the fund's target date, the fund will have a 100 per cent weighting in the money market funds asset class.

The fund will invest in underlying funds in each asset class in the weightings set out in the chart below. The percentages will vary day to day based on changes in the market, the portfolio manager's



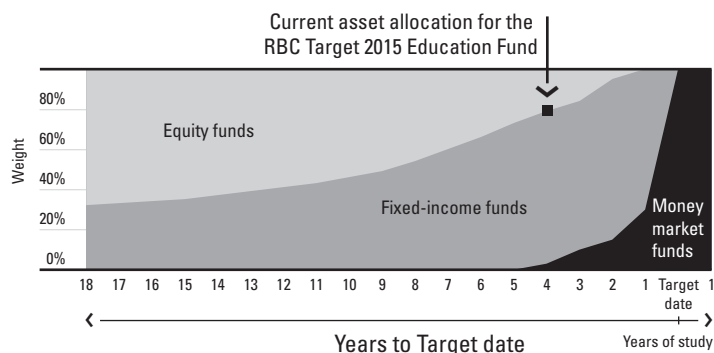
## RBC Target 2015 Education Fund

assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives. We will manage the allocation to an asset class so that it will not be more than 10 per cent above or below the weightings indicated in the following table and chart.

	2011	2013	2015 and after
Money market funds (%)	3	15	100
Fixed-income funds (%)	76	80	0
Equity funds (%)	21	5	0
Canadian equity funds* (%)	8	2	0
U.S. equity funds (%)	8	2	0
International equity funds (%)	5	1	0

\* The funds in the "Canadian equity funds" category may be Canadian equity and/or North American equity funds.

The following chart illustrates the fund's approximate allocation among equity, fixed-income and money market funds and how the asset class weightings will change over time as the fund approaches its target date.



In the year the target date of the fund is reached, we intend to merge the fund into the RBC Canadian Money Market Fund or its successor (subject to any required approvals).

The fund may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the fund meet its stated investment objectives.

Information on the underlying funds in which the fund is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## What are the risks of investing in the fund?

The risks of investing in this fund are similar to the risks of investing in the underlying funds it holds. The fund takes on the risk of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

## Who should invest in this fund?

This fund may be right for you if:

- › you are saving for post-secondary education that begins around the year 2015;
- › you want a fund that will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2015); or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can tolerate some fluctuations in the value of your investment).

## RBC Target 2015 Education Fund

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	16.30	51.38	90.05	204.99

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Target 2020 Education Fund

## Fund details

Type of fund	Asset allocation fund						
Date started	August 23, 2004						
Securities offered	Trust units – Series A units						
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.						
Fees and expenses – Series A units	<p>The management fee payable in respect of the fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to 1.75% (the <i>specified percentage</i>) of the average net asset value of the fund. The specified percentage includes the fund's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage, the MER will be higher than the specified percentage by a percentage that reflects the additional cost of the new HST. See <i>Fees and expenses</i> on page 175 for details. As the fund approaches its target date, the specified percentage will be reduced on each effective date as follows:</p> <table> <tr> <th>Effective date</th><th>Specified percentage</th></tr> <tr> <td>January 1, 2015</td><td>1.55%</td></tr> <tr> <td>January 1, 2018</td><td>1.00%</td></tr> </table>	Effective date	Specified percentage	January 1, 2015	1.55%	January 1, 2018	1.00%
Effective date	Specified percentage						
January 1, 2015	1.55%						
January 1, 2018	1.00%						

## What does the fund invest in?

## Investment objectives

This fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding a post-secondary education that commences around 2020. The fund gradually shifts its asset mix from an emphasis on equity funds, in its early years, to an emphasis on money market funds as its “target” date (2020) approaches. Over the life of the fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that will preserve capital.

At all times, the fund will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2020).

The fund invests its assets primarily in units of other RBC Funds (called the *underlying funds*).

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The underlying funds are managed by RBC GAM. The portfolio manager uses an asset allocation strategy as the principal investment strategy (see *About the asset allocation strategy*). The portfolio manager:

- › determines the target weightings for each asset class;

- › allocates assets among the underlying funds within the target weightings determined by the asset allocation strategy for the fund (excluding cash and cash equivalents);
- › rebalances the fund's assets among the underlying funds to ensure the fund always stays within its target weightings as set by the asset allocation strategy;
- › may hold a portion of its assets in cash or cash equivalent securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates; and
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

## About the asset allocation strategy

The fund is designed primarily for investors who are saving money for the purpose of funding a post-secondary education.

The portfolio manager establishes the target weightings for each asset class according to an asset allocation strategy that becomes increasingly conservative over time. At the fund's target date, the fund will have a 100 per cent weighting in the money market funds asset class.

The fund will invest in underlying funds in each asset class in the weightings set out in the chart below. The percentages will vary day to day based on changes in the market, the portfolio manager's

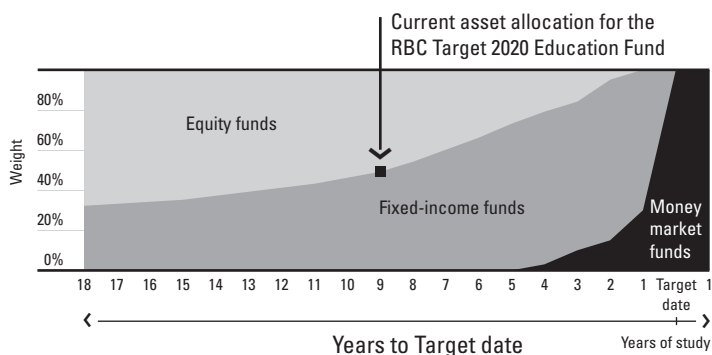
## RBC Target 2020 Education Fund

assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives. We will manage the allocation to an asset class so that it will not be more than 10 per cent above or below the weightings indicated in the following table and chart.

	2011	2012	2014	2016	2018	2020 and after
Money market funds (%)	0	0	0	3	15	100
Fixed-income funds (%)	49	54	66	76	80	0
Equity funds (%)	51	46	34	21	5	0
Canadian equity funds* (%)	20	19	14	8	2	0
U.S. equity funds (%)	20	19	14	8	2	0
International equity funds (%)	11	8	6	5	1	0

\* The funds in the "Canadian equity funds" category may be Canadian equity and/or North American equity funds.

The following chart illustrates the fund's approximate allocation among equity, fixed-income and money market funds and how the asset class weightings will change over time as the fund approaches its target date.



In the year the target date of the fund is reached, we intend to merge the fund into the RBC Canadian Money Market Fund or its successor (subject to any required approvals).

The fund may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the fund meet its stated investment objectives.

Information on the underlying funds in which the fund is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## What are the risks of investing in the fund?

The risks of investing in this fund are similar to the risks of investing in the underlying funds it holds. The fund takes on the risk of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

## Who should invest in this fund?

This fund may be right for you if:

- › you are saving for post-secondary education that begins around the year 2020;
- › you want a fund that will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2020); or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can tolerate fluctuations in the value of your investment).

## RBC Target 2020 Education Fund

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	18.45	58.16	101.95	232.06

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Target 2025 Education Fund

## Fund details

Type of fund	Asset allocation fund								
Date started	July 3, 2007								
Securities offered	Trust units – Series A units								
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.								
Fees and expenses – Series A units	<p>The management fee payable in respect of the fund is a variable fee and is determined on a basis such that all fees and expenses that comprise the management expense ratio (the <i>MER</i>), other than the additional cost of the HST, will be equal to 1.85% (the <i>specified percentage</i>) of the average net asset value of the fund. The specified percentage includes the fund's management fee, administration fee of 0.05%, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage, the MER will be higher than the specified percentage by a percentage that reflects the additional cost of the new HST. See <i>Fees and expenses</i> on page 175 for details. As the fund approaches its target date, the specified percentage will be reduced on each effective date as follows:</p> <table> <tr> <th>Effective date</th><th>Specified percentage</th></tr> <tr> <td>January 1, 2015</td><td>1.75%</td></tr> <tr> <td>January 1, 2020</td><td>1.55%</td></tr> <tr> <td>January 1, 2023</td><td>1.00%</td></tr> </table>	Effective date	Specified percentage	January 1, 2015	1.75%	January 1, 2020	1.55%	January 1, 2023	1.00%
Effective date	Specified percentage								
January 1, 2015	1.75%								
January 1, 2020	1.55%								
January 1, 2023	1.00%								

## What does the fund invest in?

## Investment objectives

This fund is an asset allocation fund specifically designed to meet the changing needs of investors who are saving money for the purpose of funding a post-secondary education that commences around 2025. The fund gradually shifts its asset mix from an emphasis on equity funds, in its early years, to an emphasis on money market funds as its “target” date (2025) approaches. Over the life of the fund, its portfolio will shift from a focus on funds with growth potential to a focus on funds that will preserve capital.

At all times, the fund will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2025).

The fund invests its assets primarily in units of other RBC Funds (called the *underlying funds*).

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The underlying funds are managed by RBC GAM. The portfolio manager uses an asset allocation strategy as the principal investment strategy (see *About the asset allocation strategy*). The portfolio manager:

- › determines the target weightings for each asset class;
- › allocates assets among the underlying funds within the target weightings determined by the asset allocation strategy for the fund (excluding cash and cash equivalents);
- › rebalances the fund's assets among the underlying funds to ensure the fund always stays within its target weightings as set by the asset allocation strategy;
- › may hold a portion of its assets in cash or cash equivalent securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates; and
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.

## About the asset allocation strategy

The fund is designed primarily for investors who are saving money for the purpose of funding a post-secondary education.

The portfolio manager establishes the target weightings for each asset class according to an asset allocation strategy that becomes increasingly conservative over time. At the fund's target date, the fund will have a 100 per cent weighting in the money market funds asset class.

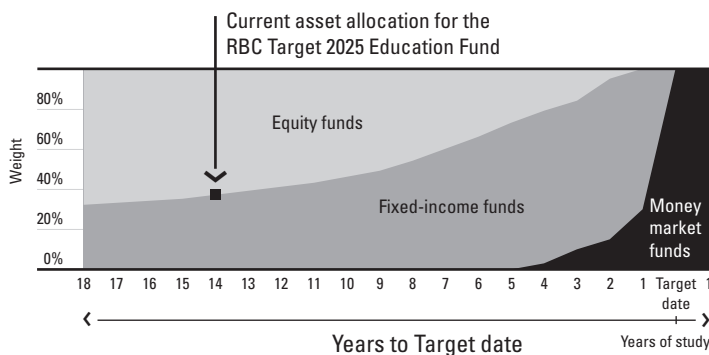
## RBC Target 2025 Education Fund

The fund will invest in underlying funds in each asset class in the weightings set out in the chart below. The percentages will vary day to day based on changes in the market, the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the portfolio meet its stated investment objectives. We will manage the allocation to an asset class so that it will not be more than 10 per cent above or below the weightings indicated in the following table and chart.

	2011	2013	2016	2019	2022	2025 and after
Money market funds (%)	0	0	0	0	10	100
Fixed-income funds (%)	37	41	49	66	74	0
Equity funds (%)	63	59	51	34	16	0
Canadian equity funds* (%)	25	24	20	14	6	0
U.S. equity funds (%)	25	24	20	14	6	0
International equity funds (%)	13	11	11	6	4	0

\* The funds in the "Canadian equity funds" category may be Canadian equity and/or North American equity funds.

The following chart illustrates the fund's approximate allocation among equity, fixed-income and money market funds and how the asset class weightings will change over time as the fund approaches its target date.



In the year the target date of the fund is reached, we intend to merge the fund into the RBC Canadian Money Market Fund or its successor (subject to any required approvals).

The fund may invest in any fund that is part of the RBC Funds family. The decision to invest in an underlying fund is based on the portfolio manager's assessment of the market outlook and the underlying fund's ability to help the fund meet its stated investment objectives.

Information on the underlying funds in which the fund is currently invested, including their current allocation, is available on our website at [www.rbcgam.com](http://www.rbcgam.com).

## What are the risks of investing in the fund?

The risks of investing in this fund are similar to the risks of investing in the underlying funds it holds. The fund takes on the risk of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- › interest rate risk;
- › market risk;
- › credit risk;
- › foreign investment risk;
- › currency risk;
- › specialization risk;
- › small cap risk;
- › derivative risk;
- › liquidity risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

These risks are described in more detail beginning on page 3 of this simplified prospectus.

## Who should invest in this fund?

This fund may be right for you if:

- › you are saving for post-secondary education that begins around the year 2025;
- › you want a fund that will maintain a diversified asset mix appropriate for the fund's time horizon, which is defined as the number of years left until the fund's target date (2025); or
- › you are planning to hold your investment for the medium-to-long term and can tolerate low to medium investment risk (i.e. you can tolerate fluctuations in the value of your investment).



## RBC Target 2025 Education Fund

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	19.48	61.39	107.61	244.95

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Dividend Fund

## Fund details

Type of fund	Canadian dividend fund
Date started	January 6, 1993
Securities offered	Trust units – Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O* units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.50%	0.12%
Advisor Series	1.50%	0.10%
Series T	1.50%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series I	0.44%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

To achieve long-term total returns consisting of:

- › regular dividend income, which benefits from the preferential tax treatment given to dividend income; and
- › modest long-term capital growth.

The fund invests primarily in common and preferred shares of major Canadian companies with above average dividend yields.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › selects companies with long-term prospects of growing their dividends or with potential for such special events as stock buybacks, takeovers and special dividends;

- › tends to focus on interest-sensitive securities to achieve dividend income, investing primarily in the Financials, Utilities and Telecommunications Services sectors;
- › may invest in fixed-income securities such as government bonds, corporate bonds and treasury bills;
- › selects fixed-income investments with a relatively high coupon based on expectations for long-term interest rate trends. The income earned on the bond portion of the fund is also used to pay for fund expenses in order to reduce taxable income for unitholders;
- › may also invest in income trusts;
- › monitors and reviews investments on an ongoing basis to ensure that the best relative values are identified;
- › may invest no more than 25 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and

## RBC Canadian Dividend Fund

- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › interest rate risk;
- › credit risk;
- › multiple series risk;
- › foreign investment risk;
- › derivative risk;
- › capital erosion risk (Series T units only);
- › trust investments risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want relatively tax efficient income in your non-registered plan;
- › you want potential for modest long-term growth from your investment;
- › you want a Canadian equity fund that invests in a broad range of established companies; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

For all series other than Series T units, this fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. For all series, we automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

For Series T units, the fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the payout rate for Series T units (which is expected to remain at or about 8 per cent), the net asset value per unit as of the end of the previous calendar year, and the number of Series T units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for Series T units. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com).

Any income or capital gains not distributed previously in the year will be distributed in December. For Series T units, these additional year-end distributions will be reinvested in additional units of the fund even if you have elected to take your monthly distributions in cash.

The total amount of distributions for Series T units for a year may exceed the Series T units' share of the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor. Series T units are designed primarily to be held in a non-registered account.

## RBC Canadian Dividend Fund

## Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	17.84	56.22	98.55	224.33
Advisor Series (\$)	17.73	55.90	97.98	223.04
Series T (\$)	17.43	54.93	96.28	219.17
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.43	29.73	52.11	118.61
Series I (\$)	5.13	16.16	28.32	64.46
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Equity Fund

## Fund details

Type of fund	Canadian equity fund
Date started	December 5, 1966
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.12%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series I	0.60%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of major Canadian companies in order to provide broad exposure to economic growth opportunities in Canada. It may also invest in securities of comparable foreign companies.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › seeks companies that offer the best relative value on a risk-reward basis, with a focus on companies offering superior growth;
- › invests primarily in large-cap Canadian equities or income trusts, although the manager may take advantage of attractive opportunities in mid-cap and small-cap companies;

- › diversifies the fund across industry groups of the S&P/TSX Composite Index, setting minimum and maximum exposures for each sub-index. Any sub-index comprising less than five per cent of the S&P/TSX Composite Index may be periodically omitted if conditions warrant;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may invest no more than 25 per cent of its assets in foreign securities;
- › may invest up to 20 per cent of its assets in cash to protect value in certain market conditions;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently change the level of exposure to Canadian or foreign markets;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and

## RBC Canadian Equity Fund

- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk, to the extent the fund invests in foreign securities;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio, RBC Select Conservative Portfolio and RBC Select Growth Portfolio held approximately 14, 11 and 10 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are looking for a core Canadian equity investment for your portfolio;
- › you want a broadly diversified, high-quality Canadian equity fund; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.60	64.95	113.84	259.14
Advisor Series (\$)	20.40	64.30	112.71	256.56
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.43	29.73	52.11	118.61
Series I (\$)	2.46	7.76	13.59	30.94
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Jantzi Canadian Equity Fund

## Fund details

Type of fund	Canadian equity fund		
Date started	July 3, 2007		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series I units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.75%	0.15%
	Advisor Series	1.75%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series I	0.60%	0.02%

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of Canadian companies and follows a socially responsible approach to investing. The fund may also invest in securities of comparable foreign companies.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

- › The fund's investment process begins by screening companies using socially responsible investment (*SRI*) criteria that determine the investable universe;
- › RBC GAM then applies a multi-disciplined investment process to select securities for the fund.

## SRI Criteria and Screening Process

- › Jantzi Research Inc. (*Jantzi-Sustainalytics*) provides independent and objective SRI criteria;
- › the Best-of-Sector™ methodology pioneered by Jantzi-Sustainalytics is designed to select companies with strong Environmental, Social and Governance (*ESG*) practices relative to their industry peers;
- › each company's ESG policies and practices are evaluated in the following areas:
  - Community and Society,
  - Customers,

- Employees,
- Corporate Governance,
- Environment, and
- Human Rights;
- › the screening process removes companies that have poor performance relative to their industry peers based on the above factors;
- › equally important, Jantzi-Sustainalytics periodically monitors the fund's holdings to ensure compliance with the SRI criteria and keeps us informed of changes in corporate behaviour that alter a company's eligibility.

To achieve the fund's objectives, the portfolio manager:

- › invests only in companies that have been screened using the SRI criteria established by Jantzi-Sustainalytics;
- › seeks companies that offer the best relative value on a risk-reward basis, with a focus on companies offering superior growth;
- › diversifies the fund across industry groups of the S&P/TSX Composite Index;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may invest no more than 25 per cent of its assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;



## RBC Jantzi Canadian Equity Fund

- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently change the level of exposure to Canadian or foreign markets;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk, to the extent the fund invests in foreign securities;
- › specialization risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want a fund with a socially responsible approach to investing;
- › you want potential for long-term growth from your investment;
- › you are looking for a core Canadian equity investment for your portfolio;
- › you want a diversified, high-quality Canadian equity fund; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.12	66.57	116.67	265.58
Advisor Series (\$)	20.81	65.60	114.97	261.71
Series D (\$)	12.30	38.78	67.97	154.71
Series F (\$)	9.53	30.05	52.67	119.90
Series I (\$)	6.66	21.00	36.81	83.80

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Index Fund

## Fund details

Type of fund	Canadian equity index fund		
Date started	August 25, 1998		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIFFs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series Series A	Management fee 0.50%	Administration fee 0.15%
Portfolio Sub-Advisor	State Street Global Advisors, Ltd., Montreal, Quebec		

## What does the fund invest in?

## Investment objectives

- › To track the performance of a generally recognized index of Canadian equity market performance, currently being the S&P/TSX Composite Total Return Index\* (*S&P/TSX Composite Index*), or any successor thereto, before fees and expenses are deducted.

- › To provide long-term capital growth.

The fund invests primarily in equity securities in substantially the same proportion as its benchmark index.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

This fund offers investors the ability to participate in the growth opportunities of the Canadian economy. To achieve the fund's objectives, the portfolio manager:

- › employs a passive investment strategy, meaning it focuses on diversification and tracking the overall characteristics of the S&P/TSX Composite Index;
- › uses a replication strategy to track, as closely as possible, the securities and their weightings in the S&P/TSX Composite Index;
- › invests directly in the securities that make up the index;
- › adjusts the composition of the fund to reflect changes in the composition of the underlying benchmark index;

- › does not seek to outperform the market, but should also not significantly underperform the market, thereby providing greater consistency of returns (relative to the benchmark) from year to year;
- › does not currently intend to invest in foreign securities;
- › may use index participation units and derivatives, such as futures, for non-hedging purposes as a substitute for direct investment in order to track the performance of the benchmark index;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund will invest its assets in an issuer in accordance with the index weighting of that issuer even if that weighting exceeds 10 per cent of the index.

## What are the risks of investing in the fund?

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market.

Investing in the fund may also result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › tracking risk;
- › issuer-specific risk;

\* The S&P/TSX Composite Total Return Index is published by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. Standard & Poor's has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.

## RBC Canadian Index Fund

- › derivative risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › trust investments risk.

As the index weighting of an individual company increases, any increase or decrease in its value will have a greater impact on the fund's unit value and total return. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking long-term capital growth potential;
- › you want to diversify your portfolio by investment management approach;
- › you want to minimize taxes inside a non-registered portfolio;
- › you are prepared to fully participate in both market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	7.18	22.62	39.65	90.25

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy Canadian Equity Fund

## Fund details

Type of fund	Canadian equity fund		
Date started	September 23, 1997		
Securities offered	Trust units – Series A, Advisor Series, Series D and Series F units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.25%	0.15%
	Advisor Series	1.25%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

## What does the fund invest in?

## Investment objectives

- › To provide a long-term total return, consisting of capital growth and current income.

The fund invests primarily in equity securities of Canadian and U.S. companies based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (ADRs), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security (stocks and income trusts) selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and
- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below:

## The Canadian Value Strategy:

- › selects securities with the most attractive valuations based on a variety of measures, including but not limited to a company's market capitalization ratios and financial statement metrics such as price to sales and price to earnings. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

## The Canadian Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security;
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds; and
- › invests up to a total of 30 per cent of the fund's assets in securities selected through the U.S. Value Strategy and the U.S. Growth Strategy.

## The U.S. Value Strategy:

- › selects securities with the highest shareholder yield, which measures dividend yield and share repurchases by a company. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

Shareholder yield is the sum of dividend yield and buyback yield. "Buyback yield" is equal to the percentage reduction in shares outstanding. If a company starts out a year with 100 shares and ends with 98, the company has reduced the shares outstanding by

## RBC O'Shaughnessy Canadian Equity Fund

two per cent. If, to continue this example, this company's dividend yield were three per cent, its shareholder yield would be five per cent (three per cent plus two per cent).

Shareholder yield is modelled after dividend yield. Both focus on the amount of cash a company is sending to investors. But, whereas dividend yield only counts this cash if it comes in the form of dividends, shareholder yield also includes amounts a company spends on repurchasing its shares in the open market.

### The U.S. Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security;
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;

- › a branch of the government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent.

The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › liquidity risk;
- › small cap risk;
- › foreign investments risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

The fund intends to adhere to its investment strategy despite any adverse developments concerning an issuer, an industry, the economy or the stock market generally. This could result in substantial losses to the fund as negative conditions can develop that affect a stock's price and those conditions can get worse during the year.

## Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment, with some current income; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

## RBC O'Shaughnessy Canadian Equity Fund

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	15.38	48.47	84.96	193.39
Advisor Series (\$)	14.97	47.18	82.69	188.23
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.33	29.40	51.54	117.32

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy All-Canadian Equity Fund

## Fund details

Type of fund	Canadian equity fund		
Date started	January 22, 2007		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.50%	0.15%
	Advisor Series	1.50%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide a long-term total return, consisting of capital growth and current income.

The fund invests primarily in equity securities of Canadian companies based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security (stocks and income trusts) selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and
- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below:

## The All-Canadian Value Strategy:

- › selects securities with the most attractive valuations based on a variety of measures, including but not limited to a company's market capitalization ratios and financial statement metrics such as price to sales and price to earnings. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

## The All-Canadian Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security;
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds;
- › does not currently intend to invest in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment Strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and



## RBC O'Shaughnessy All-Canadian Equity Fund

› buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › small cap risk;
- › liquidity risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

The fund intends to adhere to its investment strategy despite any adverse developments concerning an issuer, an industry, the economy or the stock market generally. This could result in substantial losses to the fund as negative conditions can develop that affect a stock's price and those conditions can get worse during the year.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment, with some current income; or
- › you are planning to hold your investment for the long term and can tolerate medium to high investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	18.25	57.52	100.82	229.48
Advisor Series (\$)	17.73	55.90	97.98	223.04
Series D (\$)	12.20	38.45	67.40	153.42
Series F (\$)	9.53	30.05	52.67	119.90
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Canadian Equity Income Fund

## Fund details

Type of fund	Canadian equity fund
Date started	July 4, 2006
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide a high level of monthly cash flow.
- › To provide relatively tax efficient distributions consisting primarily of returns of capital, dividend income, capital gains and interest income.
- › To provide the potential for modest capital growth.

The fund invests primarily in a diversified portfolio of Canadian securities, including, but not limited to, common and preferred shares of Canadian companies that pay dividends, real estate investment trusts, and income trusts. The fund may also invest in fixed-income securities, such as government and corporate bonds, debentures and notes.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Security selection decisions are ultimately based on an understanding of the entity, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › invests in a diversified portfolio of income producing Canadian securities, including common and preferred shares that pay dividends, real estate investment trusts, and income trusts;

- › when selecting common or preferred shares, seeks companies with above average dividend yields or with long-term prospects of initiating or growing their dividends;
- › when choosing income trust securities, seeks strong businesses with the ability to maintain and grow distributions while maintaining sufficient cash flow for organic growth opportunities;
- › may also invest in fixed-income securities, including up to 10 per cent in non-investment grade corporate debt (high yield) rated below BBB(-) by Standard & Poor's (or equivalent rating agency);
- › may invest no more than 25 per cent of the fund's assets in foreign securities;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC Canadian Equity Income Fund

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › interest rate risk;
- › credit risk;
- › foreign investment risk;
- › currency risk, to the extent the fund invests in foreign securities;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want an ongoing source of regular monthly cash flow, in a relatively tax efficient form;
- › you want a diversified fund with potential for modest capital growth; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute a regular stream of income monthly and any net capital gains annually in December. The monthly distribution may be adjusted, if required and without prior notification, as capital market conditions change. You can get information on the current monthly distribution amount from our website at [www.rbcgam.com](http://www.rbcgam.com).

If the regular monthly distributions are less than the fund's net income and net capital gains for the year, we will make an additional distribution of net income in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

If the regular monthly distributions exceed the fund's net income and net capital gains for the year, the excess distributions will be treated as a return of capital. This excess amount will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash rather than having them reinvested in new units, the amount of the reduction in your adjusted cost base per unit will be realized as a larger capital gain (or reduced capital loss) in the year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base per unit will have no impact on the amount that is subject to tax when a withdrawal from the registered account occurs.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.12	66.57	116.67	265.58
Advisor Series (\$)	20.60	64.95	113.84	259.14
Series D (\$)	12.20	38.45	67.40	153.42
Series F (\$)	9.64	30.37	53.24	121.19
Series O (\$)	—	—	—	—

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

<sup>2</sup> Information regarding fund expenses indirectly borne by investors for Series O is not available because no Series O units of this fund had been issued as of December 31, 2010.

## RBC North American Dividend Fund

## Fund details

Type of fund	North American equity fund		
Date started	October 15, 2001		
Securities offered	Trust units – Series A, Advisor Series, Series T, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.75%	0.15%
	Advisor Series	1.75%	0.10%
	Series T	1.75%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

› To achieve long-term capital growth and regular dividend income.

The fund invests primarily in common and preferred shares of major Canadian and/or U.S. companies with above average dividend yields.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › selects companies with long-term prospects of growing their dividends or with potential for such special events as stock buybacks, takeovers and special dividends;
- › may invest in fixed-income securities such as government bonds, corporate bonds and treasury bills;
- › monitors and reviews investments on an ongoing basis to ensure that the best relative values are identified;
- › may also invest in income trusts;

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment or to generate income;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC North American Dividend Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › interest rate;
- › credit risk;
- › multiple series risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › capital erosion risk (Series T units only);
- › trust investments risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for modest long-term growth from your investment;
- › you want exposure to major North American companies with above average dividend yields;
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

For all series other than Series T units, this fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. For all series, we automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

For Series T units, the fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the payout rate for Series T units (which is expected to remain at or about 8 per cent),

the net asset value per unit as of the end of the previous calendar year, and the number of Series T units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for Series T units. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com).

Any income or capital gains not distributed previously in the year will be distributed in December. For Series T units, these additional year-end distributions will be reinvested in additional units of the fund even if you have elected to take your monthly distributions in cash.

The total amount of distributions for Series T units for a year may exceed the Series T units' share of the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor. Series T units are designed primarily to be held in a non-registered account.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.91	65.92	115.54	263.00
Advisor Series (\$)	20.40	64.30	112.71	256.56
Series T (\$)	20.50	64.63	113.28	257.85
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.43	29.73	52.11	118.61
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC North American Value Fund

## Fund details

Type of fund	North American equity fund
Date started	March 3, 1998
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of Canadian and/or U.S. companies priced below their true value and offering long-term opportunities for growth.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › applies a bottom-up stock selection process to identify quality companies that are undervalued based on criteria such as assets, earnings and cash flow;
- › reviews the financial statistics of each company to determine if the stock is priced below its fundamental value or relative to similar companies;
- › uses a value investment approach which focuses on buying undervalued securities and therefore should provide a lower level of volatility than a portfolio of growth oriented stocks;

- › reviews economic, industry and company-specific information to assess the prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may invest in fixed-income securities or cash to protect value in certain market conditions;
- › may also invest in income trusts;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC North American Value Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › specialization risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are looking for a value component for the equity portion of your portfolio; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.01	66.24	116.11	264.29
Advisor Series (\$)	20.81	65.60	114.97	261.71
Series D (\$)	12.20	38.45	67.40	153.42
Series F (\$)	9.53	30.05	52.67	119.90
Series O (\$)	—	—	—	—

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

2 Information regarding fund expenses indirectly borne by investors for Series O is not available because no Series O units of this fund had been issued as of December 31, 2010.



## RBC North American Growth Fund

## Fund details

Type of fund	North American equity fund
Date started	January 6, 1993
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series I	up to 0.75%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of Canadian and/or U.S. companies that offer above average prospects for growth.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › focuses on innovative, growth-oriented industries and businesses;
- › focuses on companies with a history of high growth in sales and earnings, with above average prospects for continued growth that display superior fundamental, technical and quantitative characteristics;
- › selects companies with strong management, focused business models and a competitive advantage;

- › reviews economic, industry and company-specific information to assess the growth prospects for each company;
- › diversifies the fund across industry groups and may invest in large-, mid- and small-capitalization companies;
- › may also invest in income trusts;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC North American Growth Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › specialization risk;
- › small cap risk;
- › liquidity risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

At certain times during the 12 months preceding the date of this simplified prospectus, more than 10 per cent of the net assets of this fund, on a market value basis, were invested in notes of the Bank of Montreal. The maximum percentage of the net assets of the fund, on a market value basis, invested in the Bank of Montreal did not at any time exceed 11.5 per cent. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are looking for a growth component for the equity portion of your portfolio;
- › you are seeking opportunities to participate in the higher growth potential areas of the North American economy; or
- › you are planning to hold your investment for the long term and can tolerate medium to high investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.91	65.92	115.54	263.00
Advisor Series (\$)	20.50	64.63	113.28	257.85
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.43	29.73	52.11	118.61
Series I (\$)	—	—	—	—
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

<sup>2</sup> Information regarding fund expenses indirectly borne by investors for Series I is not available because no Series I units of this fund had been issued as of December 31, 2010.

## RBC U.S. Equity Fund

## Fund details

Type of fund	U.S. equity fund		
Date started	July 29, 1966		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.75%	0.15%
	Advisor Series	1.75%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series I	0.60%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of U.S. companies in order to provide broad exposure to economic growth opportunities in the U.S. market.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › diversifies the fund across industries within the U.S. market;
- › selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;

- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC U.S. Equity Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio, RBC Select Conservative Portfolio, and RBC Select Growth Portfolio held approximately 32, 24 and 17 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are looking for a core U.S. equity investment for your portfolio;
- › you want potential for long-term growth from your investment;
- › you want a broadly diversified, high-quality U.S. equity fund; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.91	65.92	115.54	263.00
Advisor Series (\$)	20.19	63.66	111.58	253.98
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.33	29.40	51.54	117.32
Series I (\$)	6.77	21.33	37.38	85.09
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC U.S. Equity Currency Neutral Fund

## Fund details

Type of fund	U.S. equity fund
Date started	January 12, 2006
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth by investing primarily in U.S. equity investments and common stock equivalents, while minimizing the exposure to currency fluctuations between the U.S. and Canadian dollars.

The fund invests primarily in equity securities of U.S. companies in order to provide broad exposure to economic growth opportunities in the U.S. market. The fund will also use derivatives to hedge against the fluctuations in the value of the U.S. dollar relative to the Canadian dollar.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The fund employs investment strategies similar to those of the RBC U.S. Equity Fund, but also employs strategies to minimize the effect on the fund of currency fluctuations between the U.S. and Canadian dollars.

To achieve the fund's objectives, the portfolio manager:

- › diversifies the fund across industries within the U.S. market;

- › selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC U.S. Equity Currency Neutral Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

Although this fund will hedge the risk of changes in the exchange rate between the U.S. dollar and the Canadian dollar, there may be times when the fund may not be able to fully protect its underlying assets against losses from exposure to the U.S. dollar.

The use of strategies to protect the fund against a rise in the value of the Canadian dollar relative to the U.S. dollar will not eliminate the fluctuations in the price of securities held by the fund nor prevent losses, should the prices of securities held by the fund decline. These strategies will also limit the opportunity for gain as a result of an increase in the value of the U.S. dollar relative to the Canadian dollar.

### Who should invest in this fund?

This fund may be right for you if:

- › you are looking for a core U.S. equity investment for your portfolio;
- › you want potential for long-term growth from your investment;
- › you want to minimize your U.S. dollar currency exposure;
- › you want a broadly diversified, high-quality U.S. equity fund; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.01	66.24	116.11	264.29
Advisor Series (\$)	20.81	65.60	114.97	261.71
Series D (\$)	12.20	38.45	67.40	153.42
Series F (\$)	9.43	29.73	52.11	118.61
Series O (\$)	0.31	0.97	1.70	3.87

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC U.S. Index Fund

## Fund details

Type of fund	U.S. equity index fund		
Date started	August 25, 1998		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESP's, DPSP's, RDSP's and GRSP's and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	0.50%	0.15%
Portfolio Sub-Advisor	State Street Global Advisors, Ltd., Montreal, Quebec		

## What does the fund invest in?

## Investment objectives

- › To track the performance of a generally recognized index of U.S. equity market performance currently being the Standard & Poor's 500 Total Return Index (CDN\$)\* (*S&P 500 Index*), or any successor thereto, before fees and expenses are deducted.
- › To provide long-term capital growth.

The fund invests primarily in equity securities in substantially the same proportion as its benchmark index.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

This fund offers investors the ability to participate in growth opportunities in the United States, the world's largest and broadest equity market. To achieve the fund's objectives, the portfolio manager:

- › employs a passive investment strategy, meaning it focuses on diversification and tracking the overall characteristics of the S&P 500 Index (CDN\$);
- › uses a replication strategy to track, as closely as possible, the stocks and their weightings in the S&P 500 Index;
- › invests directly in the securities that make up the index. The U.S. securities are purchased in U.S. dollars, resulting in currency exposure for investors. The fund's return is a combination of the U.S. market return and the currency return (performance of the U.S. dollar relative to the Canadian dollar);

- › adjusts the composition of the fund to reflect changes in the composition of the underlying benchmark index;
- › does not seek to outperform the market, but should also not significantly underperform the market, thereby providing greater consistency of returns (relative to the benchmark) from year to year;
- › may use index participation units and derivatives, such as futures, for non-hedging purposes as a substitute for direct investment in order to track the performance of the benchmark index;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund will invest its assets in a company in accordance with the index weighting of that company even if that weighting exceeds 10 per cent of the index.

## What are the risks of investing in the fund?

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. Therefore, investors must be prepared to participate in periodic equity market downturns.

Investing in the fund may also result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › tracking risk;

\* The Standard & Poor's 500 Total Return Index (CDN\$) is published by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. Standard & Poor's has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.



## RBC U.S. Index Fund

- › foreign investment risk;
- › issuer-specific risk;
- › derivative risk;
- › currency risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking long-term capital growth potential;
- › you want to diversify your portfolio by investment management approach;
- › you want to minimize taxes inside a non-registered portfolio;
- › you are prepared to fully participate in both market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	7.28	22.94	40.21	91.54

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC U.S. Index Currency Neutral Fund

## Fund details

Type of fund	U.S. equity index fund		
Date started	August 25, 1998		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESP's, DPSP's, RDSP's and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	0.50%	0.15%
Portfolio Sub-Advisor	State Street Global Advisors, Ltd., Montreal, Quebec		

## What does the fund invest in?

## Investment objectives

- › To track the performance of a generally recognized index of U.S. equity market performance currently being the Standard & Poor's 500 Total Return Index (US\$)\* (*S&P 500 Index*), or any successor thereto, before fees and expenses are deducted.
- › To provide long-term capital growth.

The fund invests primarily in Government of Canada treasury bills and other high-quality Canadian money market securities and derivatives, such as options, futures and forward contracts, based on its benchmark index.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

This fund offers investors the ability to participate in growth opportunities in the United States, the world's largest and broadest equity market. To achieve the fund's objectives, the portfolio manager:

- › invests most of the fund's assets in Canadian money market securities;
- › uses derivatives such as futures (for non-hedging purposes) based on the S&P 500 Index to achieve U.S. market exposure;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;

- › holds enough Canadian money market securities to cover any losses arising from the options, futures and forward contracts;
- › may also, but does not generally, invest in stocks of companies included in the S&P 500 Index or index participation units that approximate the return of the index; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

By investing primarily in Canadian money market securities, the fund is generally not exposed to currency fluctuations between the Canadian dollar and foreign currencies. The fund's return is based on the U.S. market return.

The fund will invest its assets to gain exposure to a company in accordance with the index weighting of that company even if that weighting exceeds 10 per cent of the index.

## What are the risks of investing in the fund?

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. Therefore, investors must be prepared to participate in periodic equity market downturns.

Investing in the fund may also result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › tracking risk;
- › foreign investment risk;

\* The Standard & Poor's 500 Total Return Index (US\$) is published by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. Standard & Poor's has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund.

## RBC U.S. Index Currency Neutral Fund

- › issuer-specific risk;
- › derivative risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

At certain times during the 12 months preceding the date of this simplified prospectus, more than 10 per cent of the net assets of this fund, on a market value basis, were invested in notes of the Bank of Nova Scotia, Bank of Montreal, National Bank of Canada and Canadian Imperial Bank of Commerce. The maximum percentage of the net assets of the fund, on a market value basis, invested in the Bank of Nova Scotia, Bank of Montreal, National Bank of Canada and Canadian Imperial Bank of Commerce did not at any time exceed 10.2, 10.2, 10.2 and 10.1 per cent, respectively. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking long-term capital growth potential;
- › you want to diversify your portfolio by investment management approach;
- › you do not want foreign currency exposure;
- › you are prepared to fully participate in both market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

Distributions of net gains arising from investments in derivatives such as futures contracts will generally be taxed as ordinary income and not as capital gains. Since ordinary income receives less favourable tax treatment than capital gains, this fund is therefore designed primarily for registered tax deferred plans.

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	7.18	22.62	39.65	90.25

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy U.S. Value Fund

## Fund details

Type of fund	U.S. equity fund		
Date started	September 23, 1997		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.25%	0.15%
	Advisor Series	1.25%	0.10%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series I	0.60%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide a long-term total return, consisting of capital growth and current income.

The fund invests primarily in equity securities of U.S. companies based on Strategy Indexing<sup>®</sup>, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (ADRs), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and
- › through ongoing quantitative research, may modify the criteria with the goal of better achieving the strategy's objective as described below;

## The U.S. Value Strategy:

- › selects securities with the highest shareholder yield, which measures dividend yield and share repurchases by a company. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

Shareholder yield is the sum of dividend yield and buyback yield. "Buyback yield" is equal to the percentage reduction in shares outstanding. If a company starts out a year with 100 shares and ends with 98, the company has reduced the shares outstanding by two per cent. If, to continue this example, this company's dividend yield were three per cent, its shareholder yield would be five per cent (three per cent plus two per cent).

Shareholder yield is modelled after dividend yield. Both focus on the amount of cash a company is sending to investors. But, whereas dividend yield only counts this cash if it comes in the form of dividends, shareholder yield also includes amounts a company spends on repurchasing its shares in the open market.

- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;

## RBC O'Shaughnessy U.S. Value Fund

- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › specialization risk;

- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment, with some current income;
- › you do not want foreign currency exposure; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income quarterly in March, June, September and December and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	15.38	48.47	84.96	193.39
Advisor Series (\$)	14.86	46.85	82.12	186.94
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.43	29.73	52.11	118.61
Series I (\$)	6.87	21.65	37.95	86.38
Series O (\$)	0.21	0.65	1.13	2.58

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC U.S. Mid-Cap Equity Fund

### Fund details

Type of fund	U.S. mid-cap equity fund
Date started	March 2, 1992
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series I	0.60%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide long-term capital growth through investment primarily in U.S. mid-capitalized equity investments and common stock equivalents.

The fund invests primarily in equity securities of mid-cap companies in order to provide broad exposure to economic growth opportunities in the equity markets.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › diversifies the fund across industries within the U.S. market;
- › selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow;

- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment to efficiently adjust the fund's asset mix in a timely manner;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC U.S. Mid-Cap Equity Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio and RBC Select Growth Portfolio held approximately 48 and 25 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you are looking for exposure to growth opportunities in the U.S. market;
- › you want potential for long-term growth from your investment; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	20.91	65.92	115.54	263.00
Advisor Series (\$)	20.19	63.66	111.58	253.98
Series D (\$)	12.20	38.45	67.40	153.42
Series F (\$)	9.53	30.05	52.67	119.90
Series I (\$)	6.66	21.00	36.81	83.80
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC U.S. Mid-Cap Equity Currency Neutral Fund

## Fund details

Type of fund	U.S. mid-cap equity fund
Date started	January 12, 2006
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.75%	0.15%
Advisor Series	1.75%	0.10%
Series D	1.00%	0.10%
Series F	0.75%	0.10%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth by investing primarily in U.S. mid-capitalized equity investments and common stock equivalents while minimizing the exposure to currency fluctuations between the U.S. and Canadian dollars.

The fund invests primarily in equity securities of mid-cap companies in order to provide broad exposure to economic growth opportunities in the U.S. market. The fund will also use derivatives to hedge against fluctuations in the value of the U.S. dollar relative to the Canadian dollar.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The fund employs investment strategies similar to those of the RBC U.S. Mid-Cap Equity Fund, but also employs strategies to minimize the effect on the fund of currency fluctuations between the U.S. and Canadian dollars.

To achieve the fund's objectives, the portfolio manager:

- › diversifies the fund across industries within the U.S. market;
- › selects companies based on strong management, focused business models and the potential for future growth in earnings and cash flow;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;
- › may use derivatives to protect against losses from changes in interest rates or market indices;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC U.S. Mid-Cap Equity Currency Neutral Fund

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

Although this fund will hedge the risk of changes in the exchange rate between the U.S. dollar and the Canadian dollar, there may be times when the fund may not be able to fully protect its underlying assets against losses from exposure to the U.S. dollar.

The use of strategies to protect the fund against a rise in the value of the Canadian dollar relative to the U.S. dollar will not eliminate the fluctuations in the price of securities held by the fund nor prevent losses, should the prices of securities held by the fund decline. These strategies will also limit the opportunity for gain as a result of an increase in the value of the U.S. dollar relative to the Canadian dollar.

### Who should invest in this fund?

This fund may be right for you if:

- › you are looking for exposure to growth opportunities in the U.S. market;
- › you want potential for long-term growth from your investment;
- › you want to minimize your U.S. dollar currency exposure; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.42	67.53	118.37	269.45
Advisor Series (\$)	21.01	66.24	116.11	264.29
Series D (\$)	12.81	40.39	70.80	161.15
Series F (\$)	10.05	31.67	55.50	126.34
Series O (\$)	—	—	—	—

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

<sup>2</sup> Information regarding fund expenses indirectly borne by investors for Series O is not available because no Series O units of this fund had been issued as of December 31, 2010.

## RBC O'Shaughnessy U.S. Growth Fund

## Fund details

Type of fund	U.S. equity fund		
Date started	September 23, 1997		
Securities offered	Trust units – Series A, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.25%	0.15%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of U.S. companies based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (ADRs), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and
- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below;

## The U.S. Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security;
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

## RBC O'Shaughnessy U.S. Growth Fund

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the federal or provincial government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › small cap risk;
- › liquidity risk;
- › foreign investment risk;
- › specialization risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you do not want foreign currency exposure; or
- › you are planning to hold your investment for the long term and can tolerate medium to high investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	15.38	48.47	84.96	193.39
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.33	29.40	51.54	117.32
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy U.S. Growth Fund II

## Fund details

Type of fund	U.S. equity fund		
Date started	January 14, 2008		
Securities offered	Trust units – Series A, Advisor Series, Series D and Series F units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.15%
	Advisor Series	1.85%	0.10%
	Series D	1.10%	0.10%
	Series F	0.85%	0.10%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of U.S. companies based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (ADRs), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and
- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below:

## The U.S. Growth Strategy II:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security;
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates. The fund hedges against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

## RBC O'Shaughnessy U.S. Growth Fund II

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › small cap risk;
- › liquidity risk;
- › foreign investment risk;
- › specialization risk;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you do not want foreign currency exposure; or
- › you are planning to hold your investment for the long term and can tolerate medium to high investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.14	69.80	122.34	278.47
Advisor Series (\$)	21.53	67.86	118.94	270.74
Series D (\$)	13.33	42.01	73.63	167.60
Series F (\$)	10.46	32.96	57.77	131.50

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Life Science and Technology Fund

### Fund details

Type of fund	Science and technology fund		
Date started	June 30, 1995		
Securities offered	Trust units – Series A, Series D and Series F units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.15%
	Series D	1.00%	0.10%
	Series F	0.75%	0.10%

### What does the fund invest in?

#### Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of U.S. companies whose businesses relate to life sciences and technology and are expected to benefit from scientific and technological advances.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

#### Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

Life science investments include biotechnology, medical devices and services, pharmaceuticals and medical instruments. Technology investments include computers, electronic components and systems, internet infrastructure, telecommunications, data processing and software. The fund may also invest in securities of comparable non-U.S. companies.

To achieve the fund's objectives, the portfolio manager:

- › uses a bottom-up investment style, selecting companies based on strong management, focused business models and a competitive advantage;

- › seeks to identify leading edge technologies with defensible intellectual property;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › diversifies across several industries to reduce risk;
- › adjusts the percentages of the fund's assets invested in the technology and life sciences segments based on changes in the outlook for each segment;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.



## RBC Life Science and Technology Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › specialization risk, although this risk is reduced by diversifying between technology and life sciences industries;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are looking for the high growth potential of science and technology stocks;
- › you want to diversify your portfolio with a sector-specific fund; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.04	69.47	121.77	277.19
Series D (\$)	12.10	38.13	66.83	152.13
Series F (\$)	9.53	30.05	52.67	119.90

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC International Equity Fund

## Fund details

Type of fund	International equity fund		
Date started	January 6, 1993		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIFs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisors	RBC Asset Management UK Limited, London, England (for the European equity portion of the fund only)		
	RBC Investment Management (Asia) Limited, Hong Kong, China (for the Asian equity portion of the fund only)		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies outside of North America. The fund provides exposure to economies that offer different business cycles and growth opportunities than North American markets.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › assesses the economic outlook for regions outside of North America, including expected growth, market valuations and economic trends;
- › focuses on outlook for sectors and themes as they relate to EAFE (Europe, Australasia and Far East) regions;

- › diversifies the fund by sector within the regions to help reduce risk;
- › employs a number of valuation methods to determine share price;
- › selects individual stocks based on the intrinsic value of each company, liquidity considerations and overall portfolio risk;
- › has regular contact with companies in order to understand the competitive environment in which each operates;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC International Equity Fund

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

At certain times during the 12 months preceding the date of this simplified prospectus, more than 10 per cent of the net assets of this fund, on a market value basis, were invested in notes of National Bank of Canada. The maximum percentage of the net assets of the fund, on a market value basis, invested in National Bank of Canada did not at any time exceed 10.2 per cent. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking economic, geographic and currency diversification outside of North America; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.55	71.09	124.60	283.63
Advisor Series (\$)	22.14	69.80	122.34	278.47
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	10.05	31.67	55.50	126.34
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC International Index Currency Neutral Fund

### Fund details

Type of fund	International equity index fund		
Date started	August 25, 1998		
Securities offered	Trust units – Series A units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	0.50%	0.14%
Portfolio Sub-Advisor	State Street Global Advisors, Ltd., Montreal, Quebec		

## What does the fund invest in?

### Investment objectives

- › To track the performance of a generally recognized index of international equity market performance currently being the Morgan Stanley Capital International – Europe, Australasia and Far East Index (in local currencies)\* (*MSCI EAFE Index*), or any successor thereto, before fees and expenses are deducted.
- › To provide long-term capital growth.

The fund invests primarily in Government of Canada treasury bills and other high-quality Canadian money market securities and derivatives, such as options, futures and forward contracts, based on the markets and securities included in its benchmark index.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

This fund offers investors the ability to participate in the growth opportunities of world equity markets outside of North America. To achieve the fund's objectives, the portfolio manager:

- › invests most of the fund's assets in Canadian money market securities;
- › uses derivatives such as futures (for non-hedging purposes) based on the markets and securities included in the MSCI EAFE Index to achieve international market exposure;

- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11;
- › holds enough Canadian money market securities to cover any losses arising from the options, futures and forward contracts;
- › may also, but does not generally, invest in stocks of companies included in the MSCI EAFE Index or index participation units that approximate the return of the index; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

By investing primarily in Canadian money market securities, the fund is generally not exposed to currency fluctuations between the Canadian dollar and foreign currencies. The fund's return is based on the international markets' return, in local currencies.

The fund will invest its assets to gain exposure to a company in accordance with the index weighting of that company even if that weighting exceeds 10 per cent of the index.

## What are the risks of investing in the fund?

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. Therefore, investors must be prepared to participate in periodic equity market downturns.

\* Morgan Stanley Capital International – Europe, Australasia and Far East Index is published by Morgan Stanley Capital International Inc. Morgan Stanley Capital International Inc. has no connection to RBC or to the RBC Funds and has not passed on the merits of investing in the fund. MSCI, Morgan Stanley Capital International and EAFE are trademarks of Morgan Stanley Capital International Inc. or its affiliates.

## RBC International Index Currency Neutral Fund

Investing in the fund may also result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › tracking risk;
- › foreign investment risk;
- › issuer-specific risk;
- › derivative risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

At certain times during the 12 months preceding the date of this simplified prospectus, more than 10 per cent of the net assets of this fund, on a market value basis, were invested in notes of the Bank of Montreal, Bank of Nova Scotia, National Bank of Canada and Canadian Imperial Bank of Commerce. The maximum percentage of the net assets of the fund, on a market value basis, invested in the Bank of Montreal, Bank of Nova Scotia, National Bank of Canada and Canadian Imperial Bank of Commerce did not at any time exceed 10.6, 10.6, 10.5 and 10.1 per cent, respectively. This may result in issuer-specific risk described in more detail on page 6.

### Who should invest in this fund?

This fund may be right for you if:

- › you are seeking long-term capital growth potential;
- › you want to diversify your portfolio by investment management approach;
- › you do not want foreign currency exposure;
- › you are prepared to fully participate in both market upturns and downturns, as the fund is generally fully invested; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

Distributions of net gains arising from investments in derivatives such as futures contracts will generally be taxed as ordinary income and not as capital gains. Since ordinary income receives less favourable tax treatment than capital gains, this fund is therefore designed primarily for registered tax deferred plans.

### Distribution policy

This fund intends to distribute any net income and any net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	7.07	22.30	39.08	88.96

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy International Equity Fund

## Fund details

Type of fund	International equity fund		
Date started	January 17, 2005		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O* units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESP's, DPSP's, RDSP's and GRSP's and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.10%	0.15%
	Series F	0.85%	0.15%
	Series I	0.75%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › The objective of the fund is to provide a long-term total return, consisting of capital growth and current income.

The fund invests primarily in equity securities of companies outside of North America based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (*ADRs*), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and

- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below:

## The International Value Strategy:

- › selects high dividend-yielding securities. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

Dividend yield is the total amount of dividends a company pays out (per share) over the course of a year, divided by the security price. For example, if a company pays out \$2 in dividends and its security price is \$40, then it has a dividend yield of five per cent.

## The International Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

## RBC O'Shaughnessy International Equity Fund

### The International Core Strategy:

- › selects securities with the most attractive momentum and valuation. Momentum is based on a variety of measures, including but not limited to six-month total return and nine-month total return. Valuation is based on a variety of measures, including but not limited to a company's market capitalization ratios and financial statement metrics, such as price to sales and price to earnings. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

Country and sector exposure is the result of stock selection. As a result, the fund may be significantly underweight or overweight in countries or sectors relative to appropriate world indices.

- › may invest in ADRs in order to reduce the complexity of cross-border transactions;
- › in order to limit transaction costs, the fund may use index participation units and derivatives, such as futures, for non-hedging purposes to equitize cash positions for short periods of time;
- › will not hedge foreign currency exposure back to Canadian dollars;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the government lays allegations of widespread fraud against the company; or

- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › liquidity risk;
- › small cap risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk.

The fund intends to adhere to its investment strategy despite any adverse developments concerning an issuer, an industry, the economy or the stock market generally. This could result in substantial losses to the fund as negative conditions can develop that affect a stock's price and those conditions can get worse during the year.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment, with some current income;
- › you are seeking economic, geographic and currency diversification outside of North America; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).



## RBC O'Shaughnessy International Equity Fund

### Distribution policy

The fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.55	71.09	124.60	283.63
Advisor Series (\$)	22.04	69.47	121.77	277.19
Series D (\$)	13.74	43.30	75.89	172.76
Series F (\$)	10.97	34.58	60.60	137.95
Series I (\$)	8.51	26.82	47.01	107.01
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC European Equity Fund

## Fund details

Type of fund	European equity fund		
Date started	July 7, 1987		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	RBC Asset Management UK Limited, London, England		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of European companies. The fund provides exposure to growth opportunities in the European economy and diversification benefits beyond North America. The fund may also invest in high-quality debt securities issued or guaranteed by European governments and other countries or international agencies.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › assesses the economic outlook for the European region, including expected growth, market valuations and economic trends;
- › focuses on the outlook for European sectors and themes;

- › diversifies the fund by sector within the region to help reduce risk;
- › employs a number of valuation methods to determine share price;
- › selects individual stocks based on the intrinsic value of each company, liquidity considerations and overall portfolio risk;
- › has regular contact with companies in order to understand the competitive environment in which each operates;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC European Equity Fund

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Conservative Portfolio, RBC Select Balanced Portfolio and RBC Select Growth Portfolio held approximately 32, 29 and 15 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking to diversify your portfolio to include growth opportunities in Europe; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept considerable fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.55	71.09	124.60	283.63
Advisor Series (\$)	22.04	69.47	121.77	277.19
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	9.94	31.34	54.94	125.06
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Asian Equity Fund

## Fund details

Type of fund	Asian equity fund		
Date started*	July 12, 1993		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	RBC Investment Management (Asia) Limited, Hong Kong, China		

\* The fund changed its investment objectives and merged with the Royal Japanese Stock Fund on June 28, 2002. Since this was a significant change, the fund in its current form started at that time.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies located or having a principal business interest in Asian markets such as Japan, Hong Kong, South Korea, China, Taiwan, Australia, New Zealand, Singapore, India, Malaysia, Thailand, the Philippines and Indonesia.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › assesses the economic outlook for the Asian region, including expected growth, market valuations and economic trends;
- › focuses on the outlook for Asian sectors and themes;
- › diversifies the fund by sector with the region to help reduce risk;

- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › has regular contact with companies in order to understand the competitive environment in which each operates;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC Asian Equity Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › specialization risk;
- › currency risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio, RBC Select Conservative Portfolio and RBC Select Growth Portfolio held approximately 31, 29 and 20 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking economic, geographic and currency diversification outside of North America; or
- › you are planning to hold your investment for the long term and can tolerate medium to high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.55	71.09	124.60	283.63
Advisor Series (\$)	22.04	69.47	121.77	277.19
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	9.94	31.34	54.94	125.06
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Emerging Markets Equity Fund

(formerly, RBC Emerging Markets Fund)

### Fund details

Type of fund	Emerging markets equity fund		
Date started	December 17, 2009		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.85%	0.35%
	Advisor Series	1.85%	0.35%
	Series D	1.00%	0.35%
	Series F	0.75%	0.35%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.25%
Portfolio Sub-Advisor	RBC Asset Management UK Limited, London, England		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

› To provide long-term capital growth.

The fund invests primarily in equity securities of companies located or active in emerging markets.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › primarily selects equity securities of companies located or active in emerging market countries, including, but not limited to, China, Brazil, South Korea, Taiwan, India, South Africa, Russia, Mexico, Israel, Malaysia, Indonesia, Turkey, Chile, Thailand and Poland;
- › assesses the economic outlook for each emerging market region, including expected growth, market valuations and economic trends;
- › diversifies the fund by sector and emerging market country to help reduce risk;

- › employs a number of valuation methods to determine share price;
- › selects individual stocks based on the intrinsic value of each company, liquidity considerations and overall portfolio risk;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

## RBC Emerging Markets Equity Fund

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › liquidity risk;
- › small cap risk;
- › derivative risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Balanced Fund, RBC Select Balanced Portfolio and RBC Select Growth Portfolio held approximately 28, 25 and 15 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you are seeking to diversify your portfolio to include growth opportunities in emerging markets; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	24.50	77.23	135.36	308.13
Advisor Series (\$)	24.91	78.52	137.63	313.28
Series D (\$)	15.38	48.47	84.96	193.39
Series F (\$)	12.51	39.42	69.10	157.29
Series O (\$)	2.77	8.72	15.29	34.81

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.



## RBC Global Dividend Growth Fund

## Fund details

Type of fund	Global equity fund
Date started	December 20, 2000
Securities offered	Trust units – Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O* units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.85%	0.20%
Advisor Series	1.85%	0.15%
Series T	1.85%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series I	0.60%	0.02%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

\* Prior to July 3, 2007, Series O units of the fund were offered on a private placement basis.

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of a diversified mix of companies operating in various countries around the world across a range of sectors.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The portfolio advisor is supported by its Global Sector Team, which comprises a team of portfolio managers and research analysts focusing on the global investment environment. The team analyzes factors unique to companies in each sector, providing global research capabilities to support the stock selection process.

- › The fund seeks to invest in the best investment ideas from across a range of sectors.

- › Stock selection is driven by a disciplined process of qualitative business appraisal and quantitative modelling.
- › Companies are selected based on key attributes, including:
  - long-term prospects of initiating or growing their dividends;
  - established player with a leading market position or defensible niche;
  - excess long-term growth due to their strong competitive position;
  - high and sustainable profitability;
  - sound financial position;
  - strong management and continuity; and
  - attractive relative value.
- › The fund invests in a focused list of companies, but will diversify across sectors.
- › The fund will focus on mid- to large-cap stocks, but may also invest in smaller companies.
- › Overall portfolio risk is managed by assessing the expected performance and volatility of each investment held by the fund relative to other securities held by the fund.
- › The fund may also hold cash and fixed-income securities to protect value in certain market conditions.

## RBC Global Dividend Growth Fund

- › The fund may invest in American Depositary Receipts (*ADRs*) in order to efficiently add global exposure and reduce the complexity of cross-border transactions. *ADRs* do not eliminate the currency risk or foreign investment risk associated with an investment in a foreign company.
- › The fund may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate.
- › The fund may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets.
- › The fund may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment.
- › The fund may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.
- › The fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › currency risk;
- › foreign investment risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › capital erosion risk (Series T units only);
- › small cap risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › underlying fund risk. (As at June 3, 2011, RBC Select Balanced Portfolio and RBC Select Growth Portfolio held approximately 38 and 28 per cent, respectively, of the outstanding units of the fund.)

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you want a core global equity investment for your portfolio with exposure to the best-performing companies globally across a range of sectors; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

For all series other than Series T units, this fund intends to distribute any net income and any net capital gains annually in December. For all series, we automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. You should ensure that your dealer informs us if you want your distributions in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

For Series T units, the fund intends to make regular monthly distributions. The dollar amount of your monthly distribution is reset at the beginning of each calendar year. It is a factor of the payout rate for Series T units (which is expected to remain at or about 8 per cent), the net asset value per unit as of the end of the previous calendar year, and the number of Series T units of the fund you own at the time of the distribution. Although not expected, we may also adjust the monthly distribution during the year, without prior notification, if capital market conditions have significantly affected the ability to maintain the payout rate for Series T units. You can get information on the current monthly distribution amount per unit from our website at [www.rbcgam.com](http://www.rbcgam.com).

Any income or capital gains not distributed previously in the year will be distributed in December. For Series T units, these additional year-end distributions will be reinvested in additional units of the fund even if you have elected to take your monthly distributions in cash.

## RBC Global Dividend Growth Fund

The total amount of distributions for Series T units for a year may exceed the Series T units' share of the income and capital gains earned by the fund in that year. This excess amount will be treated as a return of capital to the unitholder and will not be taxable to you in the year of receipt. The part of the distribution that is a return of capital will reduce the adjusted cost base per unit of your units. If you hold your units in a non-registered account and if you receive your distributions in cash, the amount of the reduction in your adjusted cost base of your units will be realized as a larger capital gain (or reduced capital loss) in any year in which you redeem your units. If you hold your units in a registered account, the amount of the reduction in your adjusted cost base of your units will have no impact on the amount that is subject to tax when withdrawal from the registered account occurs. For further information on the tax implications you should consult your tax advisor. Series T units are designed primarily to be held in a non-registered account.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.55	71.09	124.60	283.63
Advisor Series (\$)	21.94	69.15	121.20	275.90
Series T (\$)	21.94	69.15	121.20	275.90
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	9.94	31.34	54.94	125.06
Series I (\$)	5.54	17.45	30.58	69.62
Series O (\$)	0.21	0.65	1.13	2.58

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Jantzi Global Equity Fund

### Fund details

Type of fund	Global equity fund		
Date started	July 3, 2007		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series I units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series I	0.60%	0.02%
Portfolio Sub-Advisors	RBC Asset Management UK Limited, London, England (for the European equity portion of the fund only)		
	RBC Investment Management (Asia) Limited, Hong Kong, China (for the Asian equity portion of the fund only)		

## What does the fund invest in?

### Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies throughout the world and follows a socially responsible approach to investing.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

- › The fund's investment process begins by screening companies using socially responsible investment (*SRI*) criteria that determine the investable universe;
- › RBC GAM then applies its multi-disciplined investment process to select securities for the fund.

### SRI Criteria and Screening Process

- › Jantzi Research Inc. (*Jantzi-Sustainalytics*) provides independent and objective SRI criteria;
- › the Best-of-Sector™ methodology pioneered by Jantzi-Sustainalytics is designed to select companies with strong Environmental, Social and Governance (*ESG*) practices relative to their industry peers;

- › each company's ESG policies and practices are evaluated in the following areas:

- Community and Society,
- Customers,
- Employees,
- Corporate Governance,
- Environment, and
- Human Rights;

- › the screening process removes companies that have poor performance relative to their industry peers based on the above factors;

- › equally important, Jantzi-Sustainalytics periodically monitors the fund's holdings to ensure compliance with the SRI criteria and keeps us informed of changes in corporate behaviour that alter a company's eligibility.

To achieve the fund's objectives, the portfolio manager:

- › invests only in companies that have been screened using the SRI criteria established by Jantzi-Sustainalytics;
- › invests in a diversified mix of companies operating in countries around the world, across a range of sectors;
- › seeks companies that offer the best relative value on a risk-reward basis, with a focus on companies offering superior growth;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;

## RBC Jantzi Global Equity Fund

- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;
- › assesses the economic outlook for regions throughout the world, including expected growth, market valuations and economic trends;
- › manages the overall portfolio risk by assessing the expected performance and volatility of each investment held by the fund relative to other securities held by the fund;
- › may invest in American Depositary Receipts (*ADRs*) in order to reduce the complexity of cross-border transactions;
- › may invest up to 10 per cent of the fund's assets in units of other mutual funds managed by RBC GAM or an affiliate;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › currency risk;
- › foreign investment risk;
- › derivative risk;
- › specialization risk;
- › multiple series risk;
- › small cap risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want a fund with a socially responsible approach to investing;
- › you want potential for long-term growth from your investment;
- › you want a core global equity investment for your portfolio; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	23.06	72.70	127.43	290.08
Advisor Series (\$)	22.65	71.41	125.17	284.92
Series D (\$)	13.12	41.36	72.50	165.02
Series F (\$)	10.46	32.96	57.77	131.50
Series I (\$)	6.66	21.00	36.81	83.80

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC O'Shaughnessy Global Equity Fund

### Fund details

Type of fund	Global equity fund		
Date started	January 22, 2007		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRI's, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.10%	0.15%
	Series F	0.85%	0.15%
	Series I	0.75%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%
Portfolio Sub-Advisor	O'Shaughnessy Asset Management, L.L.C., Stamford, Connecticut		

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide a long-term total return, consisting of capital growth and current income.

The fund invests primarily in equity securities of companies throughout the world based on Strategy Indexing®, an investment portfolio management model developed in 1995 by Jim O'Shaughnessy. Strategy Indexing is a rigorous and disciplined approach to stock selection based on characteristics associated with above average returns over long periods of time. Stocks, including American Depositary Receipts (ADRs), are bought and held over the course of each year, with no attempt to "time the markets."

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

To achieve the fund's objectives, the portfolio manager:

- › employs a proprietary quantitative approach to security selection based on research and analysis of historical data;
- › screens securities using a factor-based model for attractive value, growth and quality characteristics; and

- › through ongoing quantitative research, may modify the criteria with the goal of better achieving each strategy's objective as described below:

#### The Global Value Strategy:

- › selects securities with the most attractive valuations based on a variety of measures, including but not limited to a company's market capitalization ratios and financial statement metrics such as price to sales and price to earnings. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

#### The Global Growth Strategy:

- › selects securities with the most attractive momentum based on a variety of measures, including but not limited to six-month total return and nine-month total return. Other criteria may also be used in determining the attractiveness of a security; and
- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

#### The Global Core Strategy:

- › selects securities with the most attractive momentum and valuation. Momentum is based on a variety of measures, including but not limited to six-month total return and nine-month total return. Valuation is based on a variety of measures, including but not limited to a company's market capitalization ratios and financial statement metrics such as

## RBC O'Shaughnessy Global Equity Fund

price to sales and price to earnings. Other criteria may also be used in determining the attractiveness of a security; and

- › selects securities in the portfolio that generally meet certain market capitalization and liquidity thresholds.

Country and sector exposure is the result of stock selection. As a result, the fund may be significantly underweight or overweight in countries or sectors relative to appropriate world indices. The fund invests across regions such as North America, Europe, Australasia and the Far East.

- › may invest up to 20 per cent of the fund's assets in emerging markets with no more than six per cent in any one emerging market country;
- › may invest in ADRs in order to reduce the complexity of cross-border transactions;
- › in order to limit transaction costs, the fund may use index participation units and derivatives, such as futures, for non-hedging purposes to equitize cash positions for short periods of time;
- › will not hedge foreign currency exposure back to Canadian dollars;
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool; and
- › buys and sells securities throughout the year based on sales and redemptions by investors.

Securities may be sold upon periodic rebalancing of the fund's portfolio. The portfolio manager considers the same factors as it would when evaluating a security for purchase and generally sells securities when they no longer meet the criteria.

During the course of the year, a security may be replaced with another security that meets the selection criteria, if it is determined that one or more of the following conditions apply to that security. These conditions include but are not limited to the following:

- › the company restates its financial figures such that it would not have qualified for selection;
- › the company is acquired by or merges with a company that does not meet the criteria for inclusion in the fund;
- › the company fails to certify its financial statements to a securities regulator;
- › a branch of the government lays allegations of widespread fraud against the company; or
- › the security price drops by more than 50 per cent, after adjusting for splits and dividends, and is in the bottom 10 per cent based on price performance within the stock universe.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › foreign investment risk;
- › currency risk;
- › liquidity risk;
- › small cap risk;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

The fund intends to adhere to its investment strategy despite any adverse developments concerning an issuer, an industry, the economy or the stock market generally. This could result in substantial losses to the fund as negative conditions can develop that affect a stock's price and those conditions can get worse during the year.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment, with some current income;
- › you are seeking economic, geographic and currency diversification on a global basis; or
- › you are planning to hold your investment for the long term and can tolerate medium investment risk (i.e. you can accept fluctuations in the value of your investment).



## RBC O'Shaughnessy Global Equity Fund

### Distribution policy

The fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.65	71.41	125.17	284.92
Advisor Series (\$)	22.04	69.47	121.77	277.19
Series D (\$)	13.84	43.62	76.46	174.05
Series F (\$)	11.07	34.90	61.17	139.24
Series I (\$)	8.30	26.17	45.88	104.43
Series O (\$)	0.31	0.97	1.70	3.87

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## RBC Global Energy Fund

### Fund details

Type of fund	Global natural resource fund		
Date started	September 30, 1980		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.75%	0.20%
	Advisor Series	1.75%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies throughout the world involved directly or indirectly in the exploration, development, production or distribution of energy and energy-related products, or in activities in the Energy sector.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › selects oil and gas stocks based on proven management, a strong balance sheet, low-cost operations, high-quality proven reserves and consistent growth in annual production of crude oil and natural gas;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;

- › forecasts both crude oil and natural gas prices in assessing the outlook for the sector;
- › diversifies between senior, intermediate and junior oil and gas producers, as well as services providers such as drilling companies;
- › may invest in cash to protect value in certain market conditions;
- › may also invest in income trusts;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC Global Energy Fund

### What are the risks of investing in the fund?

The unit price of the fund will be affected by changes in the prices of crude oil, natural gas and other resource commodities. Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › liquidity risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › trust investments risk;
- › multiple series risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › specialization risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you want exposure to the high growth potential of energy stocks;
- › you want to diversify the equity portion of your portfolio with a sector-specific fund; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSA's offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.42	67.53	118.37	269.45
Advisor Series (\$)	21.01	66.24	116.11	264.29
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	9.94	31.34	54.94	125.06
Series O (\$)	—	—	—	—

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

<sup>2</sup> Information regarding fund expenses indirectly borne by investors for Series O units is not available because Series O units of this fund were not offered prior to June 29, 2011.

## RBC Global Precious Metals Fund

## Fund details

Type of fund	Precious metals fund		
Date started	October 25, 1988		
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F, Series I and Series O units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	<b>Series</b>	<b>Management fee</b>	<b>Administration fee</b>
	Series A	1.75%	0.19%
	Advisor Series	1.75%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%
	Series I	up to 0.75%	0.02%
	Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time.

No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

## Investment objectives

- › To provide long-term capital growth.

The fund invests primarily in equity securities of companies throughout the world involved directly or indirectly in the exploration, mining and production of precious metals (gold, silver and platinum) and in bullion, coins, receipts and certificates. The fund may invest up to 20 per cent of its assets in silver and platinum.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

To achieve the fund's objectives, the portfolio manager:

- › selects companies with experienced management, strong balance sheets, proven ore bodies or excellent geological potential;
- › reviews economic, industry and company-specific information to assess the growth prospects for the company;
- › monitors and reviews companies on an ongoing basis to ensure that the best relative values are identified;

- › diversifies between senior and junior producers and pure exploration companies;
- › may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates;
- › may also use derivatives such as options, futures, forward contracts and swaps as a substitute for direct investment;
- › may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11; and
- › may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

## RBC Global Precious Metals Fund

### What are the risks of investing in the fund?

The unit price of the fund will be affected by changes in the prices of precious metals. Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › specialization risk;
- › liquidity risk;
- › foreign investment risk;
- › currency risk;
- › derivative risk;
- › multiple series risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you want exposure to the high growth potential of precious metals;
- › you want to diversify the equity portion of your portfolio with a sector-specific fund; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. Gains made by the fund on investments in precious metals are treated as income rather than as capital gains. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	21.42	67.53	118.37	269.45
Advisor Series (\$)	20.91	65.92	115.54	263.00
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	10.05	31.67	55.50	126.34
Series I (\$)	—	—	—	—
Series O (\$)	—	—	—	—

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

2 Information regarding fund expenses indirectly borne by investors for Series I is not available because no Series I units of this fund had been issued as of December 31, 2010.

3 Information regarding fund expenses indirectly borne by investors for Series O units is not available because Series O units of this fund were not offered prior to June 29, 2011.

## RBC Global Resources Fund

### Fund details

Type of fund	Global sector equity fund
Date started	December 20, 2000
Securities offered	Trust units – Series A, Advisor Series, Series D, Series F and Series O units
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIAs, RESPs, DPSPs, RDSPs and GRSPs and TFSAs.
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.

Series	Management fee	Administration fee
Series A	1.85%	0.20%
Advisor Series	1.85%	0.15%
Series D	1.00%	0.15%
Series F	0.75%	0.15%
Series O	negotiable and paid directly to RBC GAM <sup>1</sup>	0.02%

<sup>1</sup> Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM. See *Purchases, switches and redemptions – How to buy, redeem and switch – Series O units*.

## What does the fund invest in?

### Investment objectives

- › To provide long-term capital growth by investing in equity securities of companies around the world in any or all of the Energy, Materials, Industrials, and Utilities sectors.

The fund will invest in companies that are involved directly or indirectly in the exploration, development, production or distribution of natural or other resources. This includes companies that provide services to use, or may benefit from, developments in the natural resources sector or companies that develop, design or provide products and services significant to a country's or region's infrastructure and its future evolution.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

### Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The portfolio advisor is supported by its Global Sector Team, which comprises a team of portfolio managers and research analysts focusing on the global investment environment. The team analyzes

factors unique to companies in each sector, providing global research capabilities to support the stock selection process.

- › Stocks are selected based on key attributes, including:
  - established player with a leading market position or defensible niche;
  - predictable growth;
  - high and sustainable profitability;
  - sound financial position;
  - strong management and continuity; and
  - attractive relative value.
- › The fund will focus on mid- to large-cap stocks, but may also invest in smaller companies.
- › Overall portfolio risk is managed by assessing the expected performance and volatility of each investment held by the fund relative to other securities held by the fund.
- › The fund may also hold cash and fixed-income securities to protect value in certain market conditions.
- › The fund may also invest in income trusts.
- › The fund may invest in American Depositary Receipts (ADRs) in order to efficiently add global exposure and reduce the complexity of cross-border transactions. ADRs do not eliminate the currency risk or foreign investment risk associated with an investment in a foreign company.

## RBC Global Resources Fund

- › The fund may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets.
- › The fund may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment.
- › The fund may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.
- › The fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › specialization risk;
- › currency risk;
- › foreign investment risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › small cap risk;
- › securities lending, repurchase and reverse repurchase transaction risks; and
- › trust investments risk.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you want exposure to the global Energy, Materials, Utilities and Industrials sectors; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.65	71.41	125.17	284.92
Advisor Series (\$)	22.14	69.80	122.34	278.47
Series D (\$)	12.71	40.07	70.23	159.87
Series F (\$)	10.05	31.67	55.50	126.34
Series O (\$)	—	—	—	—

1 Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

2 Information regarding fund expenses indirectly borne by investors for Series O units is not available because Series O units of this fund were not offered prior to June 29, 2011.



## RBC Global Technology Fund

## Fund details

Type of fund	Global sector equity fund		
Date started*	May 4, 2000		
Securities offered	Trust units – Series A, Advisor Series, Series D and Series F units		
Registered plan eligibility	Eligible for registered plans such as RRSPs, RRIIs, RESPs, DPSPs, RDSPs and GRSPs and TFSA's.		
Fees and expenses	Fees and expenses consist of the fund's management fee and administration fee, taxes and other fund costs. See <i>Fees and expenses</i> on page 175 for details.		
	Series	Management fee	Administration fee
	Series A	1.85%	0.20%
	Advisor Series	1.85%	0.15%
	Series D	1.00%	0.15%
	Series F	0.75%	0.15%

\* On June 28, 2002, the Royal Global Technology Sector Fund merged into Royal e-Commerce Fund. The Royal e-Commerce Fund then changed its name to Royal Global Technology Sector Fund. Since this was a significant change, the fund in its current form started at that time.

## What does the fund invest in?

## Investment objectives

› To provide long-term capital growth by investing in equity securities of companies around the world in the Information Technology and/or Telecommunications Services sectors.

The fund will invest in companies developing or marketing technology and telecommunications products and services. This includes companies that provide services to technology or telecommunications firms or those that may benefit from developments in the Technology and Telecommunication sectors and their evolution.

We will not change the fundamental investment objectives of the fund unless we have the consent of a majority of the voting unitholders of the fund to do so.

## Investment strategies

The fund's investment process is primarily based on fundamental research, although the portfolio manager will also consider quantitative and technical factors. Stock selection decisions are ultimately based on an understanding of the company, its business and its outlook.

The portfolio advisor is supported by its Global Sector Team, which comprises a team of portfolio managers and research analysts focusing on the global investment environment. The team analyzes factors unique to companies in each sector, providing global research capabilities to support the stock selection process.

- › Stocks are selected based on key attributes, including:
  - established player with a leading market position or defensible niche;
  - predictable growth;
  - high and sustainable profitability;
  - sound financial position;
  - strong management and continuity; and
  - attractive relative value.
- › The fund will focus on mid- to large-cap stocks, but may also invest in smaller companies.
- › Overall portfolio risk is managed by assessing the expected performance and volatility of each investment held by the fund relative to other securities held by the fund.
- › The fund may hold cash and fixed-income securities to protect value in certain market conditions.
- › The fund may invest in American Depositary Receipts (ADRs) in order to efficiently add global exposure and reduce the complexity of cross-border transactions. ADRs do not eliminate the currency risk or foreign investment risk associated with an investment in a foreign company.
- › The fund may use derivatives for hedging purposes to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates and to reduce the fund's exposure to changes in the value of foreign currencies relative to the Canadian dollar. The portfolio manager will determine the level of currency exposure based on its current view of currency markets.

## RBC Global Technology Fund

- › The fund may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment.
- › The fund may use derivatives in accordance with relief obtained from applicable securities legislation as described under *Specific information about each of the mutual funds described in this document – Investment strategies* on page 11.
- › The fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The fund's portfolio turnover rate may be greater than 70 per cent. The higher a fund's portfolio turnover rate, the greater the chance that a taxable investor may receive a distribution that must be included in income for tax purposes and the higher the trading costs for the fund.

### What are the risks of investing in the fund?

Investing in the fund may result in the following risks which are described in more detail beginning on page 3 of this simplified prospectus:

- › market risk;
- › specialization risk;
- › currency risk;
- › foreign investment risk;
- › liquidity risk;
- › derivative risk;
- › multiple series risk;
- › small cap risk; and
- › securities lending, repurchase and reverse repurchase transaction risks.

### Who should invest in this fund?

This fund may be right for you if:

- › you want potential for long-term growth from your investment;
- › you want exposure to the global Information Technology and Telecommunications Services sectors; or
- › you are planning to hold your investment for the long term and can tolerate high investment risk (i.e. you can accept significant fluctuations in the value of your investment).

### Distribution policy

This fund intends to distribute any net income and net capital gains annually in December. We automatically reinvest all distributions in additional units of the fund unless you tell your dealer to inform us that you want them in cash. Distributions on units held in registered plans and TFSAs offered through RBC Royal Bank are always reinvested.

### Fund expenses indirectly borne by investors

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another series of this fund, if applicable. See *Purchases, switches and redemptions – How to buy, redeem and switch* on page 168 for a description of each series and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See *Fees and expenses* on page 175 for more information.

	1 year	3 years	5 years	10 years
Series A (\$)	22.86	72.06	126.30	287.50
Advisor Series (\$)	22.45	70.77	124.04	282.34
Series D (\$)	12.92	40.71	71.36	162.44
Series F (\$)	10.35	32.64	57.20	130.21

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

## Purchases, switches and redemptions

### How the units are valued

Each fund's units are divided into several series. Each series is divided into units of equal value. When you invest in a fund, you are actually purchasing units of a specific series of the fund.

All transactions are based on the series net asset value per unit (*unit value*). We usually calculate the unit value for each fund on each business day after the Toronto Stock Exchange (TSX) closes, but in some circumstances, we may calculate it at another time. A business day is any day when RBC GAM's office in Toronto is open for business. The unit values can change daily. A separate unit value is calculated for each series of units.

The unit value is the price used for all purchases and redemptions of units of that series (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable unit value determined after the receipt of the purchase or redemption order.

Here is how we calculate the unit value of each series of a fund:

- › We take the fair value of all the investments and other assets allocated to the series.
- › We then subtract the liabilities allocated to that series. This gives us the net asset value for the series.
- › We divide this amount by the total number of units of the series that investors in the fund are holding. That gives us the unit value for the series.

To determine what your investment in a fund is worth, simply multiply the unit value of the series of units you own by the number of units you own.

Although the purchases and redemptions of units are recorded on a series basis, the assets attributable to all of the series of a fund are pooled to create one fund for investment purposes. Each series pays its proportionate share of fund costs in addition to its management fee and administration fee. The difference in fund costs, management fees and administration fees between each series means that each series has a different net asset value per unit.

Unit values of the respective series of each fund are available on the RBC Funds website at [www.rbcgam.com](http://www.rbcgam.com) or through our interactive voice response system by calling our toll-free Customer Service line at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French).

### How to buy, redeem and switch

It is up to you or your investment professional, if applicable, to determine which series is appropriate for you. Different funds or series may have different minimum investment levels and may require you to pay different fees.

#### Series A units

Series A units are available:

- (i) through RMFI by:
  - › visiting an RBC Royal Bank\* branch,
  - › calling 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French) to speak to an RMFI licensed representative, or
  - › using RBC Royal Bank's Online Banking service at [www.rbcroyalbank.com](http://www.rbcroyalbank.com); or
- (ii) through other authorized dealers, including RBC DS and RBC DI.

#### Advisor Series units

Advisor Series units are available through authorized dealers, including RBC DS and RBC DI.

#### Series T units

Series T units are available through authorized dealers, including RBC DS and RBC DI.

#### Series F units

Series F units are available to investors who have accounts with dealers who have signed a fee-based agreement with us. These investors pay their dealer a fee directly for investment advice or other services. We do not pay any commission to dealers who sell Series F units, which means that we can charge a lower management fee.

#### Minimum balance

For Series A, Advisor Series, Series T and Series F units, you must invest and maintain a minimum balance for each fund. The table below outlines these minimums along with the minimum requirements for additional investments, pre-authorized purchase plans and redemptions. See *Optional services* on page 174 for more information regarding pre-authorized purchase plans.

\* RBC Royal Bank is the brand name for personal and commercial banking in Canada, serving small and medium-sized business and mid-market commercial clients in Canada.

RBC Funds	Minimum balance	Minimum additional investments/ Pre-authorized purchase plans/ Redemptions <sup>1,2</sup>
RBC Premium Money Market Fund	\$100,000	\$100
RBC Premium \$U.S. Money Market Fund <sup>3,4</sup>	US\$100,000	US\$100
RBC \$U.S. Money Market Fund <sup>3,4</sup> and RBC \$U.S. Income Fund <sup>3,4</sup>	US\$500	US\$25
RBC Canadian Government Bond Index Fund, RBC Canadian Index Fund, RBC U.S. Index Fund, RBC U.S. Index Currency Neutral Fund and RBC International Index Currency Neutral Fund	\$1,000	\$25
RBC Advisor Canadian Bond Fund	\$10,000	\$25
All other funds	\$500	\$25

<sup>1</sup> Investors purchasing through dealers may be subject to higher minimum initial or additional investment/redemption amounts.

<sup>2</sup> Minimums are per transaction.

<sup>3</sup> Units of the fund may not be purchased for registered plans administered by RBC Royal Bank, including purchases using pre-authorized purchase plans.

<sup>4</sup> You must pay for units in the fund in U.S. dollars. When you sell units of the fund, we will pay you in U.S. dollars.

### Series D units

Series D units are available to investors who have accounts with RBC Direct Investing, where you must invest and maintain a minimum balance of \$10,000 for each fund and any additional investments must be at least \$25. We pay a reduced trailing commission to RBC DI in respect of Series D units, which means we can charge a lower management fee. RBC DI does not provide investment recommendations or advice to its clients. If you wish to transfer your holdings of units of a fund to an RBC DI account you must contact RBC DI. **If you hold units of a fund, other than Series D units, in an RBC DI account and become eligible to hold Series D units, you may instruct RBC DI to reclassify your units but it will not be done automatically.**

Series D units may also be available to investors who have accounts with Phillips, Hager & North Investment Funds Ltd. (*PHN IF*), where the account minimums established by PHN IF from time to time are satisfied.

### Series I units

Series I units are only available to investors who invest and maintain the required minimum balance and who have accounts with dealers who have signed a fee-based agreement with us. These investors pay their dealer a fee directly for investment advice or other services. We do not pay any commission to dealers who sell Series I units, which means that we can charge a lower management fee.

For the RBC Premium Money Market Fund and the RBC Premium \$U.S. Money Market Fund, the minimum balance for Series I units is \$5,000,000 and US\$5,000,000, respectively. The minimum balance for Series I units for all other funds is \$500,000. The minimum additional investment for all funds is \$5,000.

### Series O units

Series O units are only available to institutional investors who make the required minimum investment and minimum subsequent investment, as determined by RBC GAM from time to time. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly to RBC GAM.

### All series

If your balance falls below the minimum required balance for a particular fund or series, or you otherwise become ineligible to hold a particular fund or series, we may redeem or reclassify your units, as applicable. If your balance for RBC Premium Money Market Fund or RBC Premium \$U.S. Money Market Fund falls below the minimum required balance, we may switch your units to the same series of units of the RBC Canadian Money Market Fund or RBC \$U.S. Money Market Fund, as applicable, or we may redeem your units. Where a unitholder is or becomes a citizen or resident of the United States or a resident of any other foreign country, we may require such unitholder to redeem their units if their participation has the potential to cause adverse regulatory or tax consequences for a fund or other unitholders of a fund. If we redeem, or reclassify or switch your units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you, and for redemptions in registered plans, we may transfer the proceeds to a registered savings deposit within the plan. We will not give you or your dealer notice prior to taking any action.

For us to act on an order to buy, redeem, reclassify or switch units, the branch, telephone salesperson or dealer must send the order to us on the same day it is received and assume all associated costs.

If we receive your order before 4:00 p.m. Eastern time, your order will be processed using that day's unit value. A separate unit value is calculated for each series of units. If we receive your order after 4:00 p.m. Eastern time, your order will be processed using the next business day's unit value. If the trustee determines that the unit value will be calculated at a time other than after the usual closing time of the TSX, the unit value paid or received will be determined relative to that time. All orders are processed within three business days. You will find more information about buying, redeeming and switching units of the funds in the annual information form of the funds. If you are placing your order through a dealer other than RMFI, the dealer may establish earlier cut-off times. Check with your dealer for details.

RBC Royal Bank customers with RMFI non-registered accounts are able to view, buy, redeem and switch units of the funds using RBC Royal Bank's Online Banking service at [www.rbcroyalbank.com](http://www.rbcroyalbank.com). Customers with RBC Royal Bank RRSP accounts are able to view, buy or switch funds within these accounts online. For Online Banking transactions, if RMFI receives your order before 3:00 p.m. Eastern time, you will pay or receive that day's unit price, unless a different cut-off time is established by the trustee. If RMFI receives your order after 3:00 p.m. Eastern time, you will pay or receive the unit value on the next business day.

#### **Restrictions on purchases of units of certain funds**

Units of the RBC Monthly Income Fund are not available for purchase through registered plans or TFSAs, except through pre-authorized purchase plans established with RBC GAM on or prior to December 9, 2005.

The RBC \$U.S. Money Market Fund, the RBC Premium \$U.S. Money Market Fund and the RBC \$U.S. Income Fund are not available for purchase in registered plans or TFSAs administered by RBC Royal Bank.

You have to pay for your units when you buy them. If we do not receive payment in full, we will cancel your order and redeem the units, including any units you bought through a switch. If we redeem the units for more than the value for which they were issued, the difference will go to the fund. If we redeem the units for less than the value for which they were issued, we will pay the difference to the fund and collect this amount, plus the cost of doing so, from your dealer. Your dealer may require you to reimburse the amount paid if it suffers a loss as a result.

**We have the right to refuse any order to buy or switch units. We must do so within one business day from the time we receive the order. If we refuse your order to buy or switch, we will immediately return any monies we received with your order.**

#### **Excessive trading**

Most mutual funds are considered long-term investments, so we discourage investors from buying, redeeming or switching units frequently.

Some investors may seek to trade fund units frequently in an effort to benefit from differences between the value of a fund's units and the value of the underlying securities (*market timing*). These activities, if undertaken by unitholders, can negatively impact the value of the fund to the detriment of other unitholders. Excessive short-term trading can also reduce a fund's return because the fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings, thereby incurring additional trading costs.

Depending on the fund and the particular circumstances, RBC GAM will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in RBC Funds, including:

- › fair value pricing of securities held by a fund;
- › imposition of short-term trading fees; and
- › monitoring of trading activity and refusal of trades.

#### **Fair value pricing**

The TSX closes at 4:00 p.m. Eastern time. We use the market value for securities as of 4:00 p.m. Eastern time to price the North American securities held in the funds' portfolios. However, the trading hours for most foreign (i.e. non-North American) securities end prior to the 4:00 p.m. Eastern time close of the TSX. For example, the most recent closing price for a security which trades primarily in Asian markets may be as much as 15 hours old at 4:00 p.m. Eastern time. Therefore, we have procedures in place to fair value foreign securities traded in countries outside North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. Accordingly, the value calculated on fair valued securities for purposes of calculating a fund's net asset value may differ from that security's most recent closing market price. As a means of evaluating our fair value process, we will routinely compare closing market prices, the next day's opening prices in the same markets, and adjusted fair value prices. These procedures are designed to minimize the potential for market timing strategies, which are largely focused on funds with significant holdings of foreign securities. They may also be used in respect of foreign securities held by an underlying fund in which a fund may invest, indirectly affecting the net asset value of the fund.

See *Valuation of securities held by a fund* in the funds' annual information form for information about other circumstances in which we may fair value securities held by a fund.

### Short-term trading fees

A fee of two per cent of the amount redeemed or switched will be charged if you invest in units of a fund (excluding money market funds) for a seven-day period or less. A one per cent fee may apply for amounts redeemed or switched if you invest in units of a fund (excluding money market funds and the RBC Canadian Short-Term Income Fund) for more than seven days but less than or equal to 30 days.

Fees charged will be paid directly to the fund, and are designed to deter excessive trading and offset its associated costs. For the purposes of determining whether the fee applies, we will consider the units that were held the longest to be the units which are redeemed first. The fee will not apply in certain circumstances, including:

- › pre-authorized, auto switch, or systematic withdrawal plans;
- › redemptions of units purchased by the reinvestment of distributions;
- › reclassification of units from one series to another series of the same fund; or
- › redemptions initiated by RBC GAM, another RBC Fund or a mutual fund where redemption notice requirements have been established by RBC GAM.

### Monitoring of trading activity

We regularly monitor transactions in all of the funds. We have established criteria for each fund that we apply fairly and consistently in an effort to eliminate trading activity that we deem potentially detrimental to long-term unitholders. We have the right to restrict or reject any purchase or switch order without any prior notice, including transactions accepted by your dealer.

Generally speaking, your trading may be considered excessive if you sell or switch your units of a fund within 90 days of buying them on more than one occasion.

We have the right to consider trading activity in multiple accounts under common ownership, control or influence as trading in a single account when exercising our right to reject a purchase or switch.

**Whether your trading is considered excessive will be determined by RBC GAM in its sole discretion.**

### Purchases

Series A, Series T, Series D, Series F, Series I, and Series O units are no load, which means you can buy, redeem or switch Series A, Series T, Series D, Series F, Series I, and Series O units of a fund through certain dealers without paying a commission. See *Fees and expenses* and *Dealer compensation* for more information.

We may limit or "cap" the size of a fund by restricting new purchases, including units bought through switches. We will continue redemptions and the calculation of the fund's unit value for each series. We may subsequently decide to start accepting new purchases or switches to that fund at any time.

Restrictions apply to purchases of units of certain funds. Please see *Restrictions on purchases of units of certain funds* on page 170.

### About sales charges: Advisor Series units

There are no sales charges when you purchase Series A, Series T, Series D, Series F, Series I, or Series O units of the funds.

When you invest in Advisor Series units of a fund you may choose the initial sales charge, deferred sales charge or low-load sales charge option. Your dealer can help you decide which option is right for you. The sales charge compensates your dealer for the advice and service your dealer provides to you.



Advisor Series units of the funds are available under one or more sales charge options, as follows:

	Initial sales charge option	Deferred sales charge option	Low-load sales charge option
RBC Advisor Canadian Bond Fund	Yes	No	No
RBC Global Bond Fund	Yes	No	Yes
RBC Monthly Income Fund			
RBC \$U.S. Income Fund			
RBC Canadian Dividend Fund			
RBC O'Shaughnessy Canadian Equity Fund			
RBC O'Shaughnessy All-Canadian Equity Fund			
RBC O'Shaughnessy U.S. Value Fund			
RBC O'Shaughnessy U.S. Growth Fund II			
RBC O'Shaughnessy International Equity Fund			
RBC O'Shaughnessy Global Equity Fund			
All other funds offering Advisor Series units	Yes	Yes	Yes

#### Initial sales charge (Paying when you buy your Advisor Series units)

If you choose the initial sales charge option, you pay a sales commission when you buy Advisor Series units of a fund. The commission is a percentage of the amount you invest and is paid to your dealer. See *Dealer compensation* on page 179 for details. You negotiate the actual commission with your dealer. We deduct the percentage from the amount you invest and pay it to your dealer. See *Fees and expenses* on page 175 for the sales charge schedule.

#### Deferred sales charge (Paying when you redeem your Advisor Series units)

If you choose the deferred sales charge option, you do not pay a commission when you invest in the Advisor Series units of a fund. The entire amount of your purchase goes towards your investment and we pay your dealer a commission directly. See *Dealer compensation* on page 179 for details.

If you sell your Advisor Series units within six years of buying them, we deduct from your redemption proceeds the sales charge, which is a percentage of the cost of your Advisor Series units at the time you purchased them.

However, you will not pay a deferred sales charge on:

- › units you hold for six years or more;
- › units switched from one fund to another fund, provided that you remain within the same series and purchase option;
- › units that qualify for the 10 per cent free redemption amount, which we explain below;
- › cash distributions; and
- › units received from reinvested distributions.

See *Fees and expenses* on page 175 for details of the deferred sales charge schedule.

#### Low-load sales charge (Paying when you redeem your Advisor Series units)

If you choose the low-load sales charge option, you do not pay a commission when you invest in the Advisor Series units of a fund. The entire amount of your purchase goes toward your investment and we pay your dealer a commission directly. See *Dealer compensation* on page 179 for details.

If you sell your Advisor Series units within two years of buying them, we deduct from your redemption proceeds the sales charge, which is a percentage of the cost of your Advisor Series units at the time you purchased them.

However, you will not pay a low-load sales charge on:

- › units you hold for two years or more;
- › units switched from one fund to another fund, provided that you remain within the same series and purchase option;
- › units that qualify for the 10 per cent free redemption amount, which we explain below;
- › cash distributions; and
- › units received from reinvested distributions.

See *Fees and expenses* on page 175 for details of the low-load sales charge schedule.



## Free redemption amount

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Every calendar year, you can redeem up to 10 per cent of your Advisor Series units that would otherwise be subject to the deferred sales charge or low-load sales charge, at no charge. We call this the 10 per cent free redemption amount. The 10 per cent free redemption amount is calculated as 10 per cent of:

- › the number of units you owned as of December 31st of the preceding year, plus
- › the number of units you purchased this calendar year other than units received from reinvested distributions.

You can use up your 10 per cent free redemption amount in one sale or spread it out over several sales, whichever you prefer. You cannot carry forward any unused portion to the next year.

If you switch from units of one fund to another fund, we will transfer the 10 per cent free redemption amount on those units from the first fund to the second fund.

## What else you need to know

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If you purchase some Advisor Series units of a fund through the initial sales charge option and other Advisor Series units of the same fund through the deferred sales charge or low-load sales charge option, your dealer can tell us which units you wish to redeem. If your dealer does not tell us, we will redeem any units you bought with an initial sales charge before we redeem units you hold under the deferred sales charge or low-load sales charge option to minimize your sales charges.

We will not accept orders to buy units during a period when we have suspended the right of unitholders to redeem units. See *When you may not be allowed to redeem your units* on page 174 for details.

You can buy units of the RBC U.S. Equity Fund and RBC U.S. Mid-Cap Equity Fund in Canadian or U.S. dollars.

## Switches

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You can switch units from one fund to another RBC Fund as long as you:

- › maintain the relevant minimum balance in each fund; and
- › switch for units purchased under the same sales charge option.

You can only switch between units of RBC Funds denominated in the same currency.

Once we receive your order to switch, we will redeem your units in the fund from which you are switching and use the proceeds to buy units of the other RBC Fund to which you are switching.

Switching to or from a mutual fund trust is considered a disposition and may result in a capital gain or loss for tax purposes in a non-registered account. **You are responsible for tracking and reporting to the Canada Revenue Agency (CRA) any capital gain or loss that you realize.**

Restrictions on purchases of units of certain funds also apply in respect of switches into units of those funds. See *Restrictions on purchases of units of certain funds* on page 170.

## Reclassifications

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You can reclassify from one series of units of a fund to another series of units of the same fund, as long as you are eligible to hold that series of units. This is called a reclassification.

You may have to pay a fee to your dealer to effect such a reclassification. You negotiate the fee with your investment professional. See *Fees and expenses* on page 175 for details.

If you reclassify units to Advisor Series units purchased under a deferred sales charge option or low-load sales charge option, the reclassified Advisor Series units will be subject to a sales charge upon redemption if the units are redeemed within the period of time that a deferred sales charge or low-load sales charge would apply. See *Fees and expenses* on page 175 for details of the deferred and low-load sales charge schedule.

The value of your investment, less any fees, will be the same immediately after the reclassification. You may, however, own a different number of units because each series may have a different unit value. Reclassifying units from one series to another series of the same fund is not a disposition for tax purposes.

## Redemptions

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You can instruct your dealer to sell some or all of your units at any time. This is called a redemption. Redemptions will only be permitted in certain minimum amounts. See *How to buy, redeem and switch* on page 168 for details. Your dealer must send your redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for a fund are processed in the order in which they are received. We will not process redemption requests specifying a forward date or specific price.

Your redemption or switch transaction will not be processed until your dealer has received all documentation. Your dealer will inform you of the documentation it requires. Your dealer must provide all required documents within 10 business days of the date your redemption order is processed. If not, we will repurchase the units for your account. If the cost of repurchasing the units is less than the redemption proceeds, the fund will keep the difference. If the cost of repurchasing the units is more than the redemption proceeds, your dealer must pay the difference and any related costs. Your dealer may require you to reimburse the amount paid if the dealer suffers a loss.

If you redeem units of a fund, you can tell us to mail you a cheque or transfer the proceeds to your bank account with any financial institution. **For non-registered accounts, you are responsible for tracking and reporting to the CRA any capital gains or losses that you realize from redeeming or switching units of a fund.** If you hold your funds in a registered plan, withholding tax may apply if you withdraw money from the plan.

When you redeem units of the RBC \$U.S. Money Market Fund, RBC Premium \$U.S. Money Market Fund or the RBC \$U.S. Income Fund, we will pay you in U.S. dollars. Unitholders will be paid in U.S. dollars when they redeem units of the RBC U.S. Equity Fund and RBC U.S. Mid-Cap Equity Fund if held in U.S. dollars. You must designate a U.S. dollar bank account to receive payments.

### **When you may not be allowed to redeem your units**

Under extraordinary circumstances, you may not be allowed to redeem your units. We may suspend your right to redeem if:

- › normal trading is suspended on any stock exchange or market where more than 50 per cent of the assets of a fund are listed or traded; or
- › we get permission from the CSA to allow us to temporarily suspend the redemption of units.

## **Optional services**

This section tells you about the optional services we offer to investors.

### **Pre-authorized purchase plan**

If you want to invest in a fund on a regular basis, you can use our pre-authorized purchase plan.

Here is how the plan works:

- › See *Purchases, switches and redemptions – How to buy, redeem and switch* for the minimum initial investment and the minimum additional investments required for each fund or series.

- › If you do not invest the minimum balance amount, you must build up to the minimum balance within one year (for Series D, Series I and Series O units and units of the RBC Premium Money Market Fund and the RBC Premium \$U.S. Money Market Fund, the minimum investment must be made up front).
- › You can invest weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer.
- › We will automatically transfer money from your bank account with any financial institution to purchase units in the fund you choose.
- › We will cancel your plan if your payment is returned because there are not sufficient funds in your bank account.

### **Auto switch investment plan**

If you want to switch from one fund to other RBC Funds on a regular basis, you can use our auto switch investment plan.

Here is how the plan works:

- › You can switch from one fund to another RBC Fund or you can switch from one fund to multiple RBC Funds.
- › You must meet the minimum balance requirements of the fund or funds into which you are switching. See *Purchases, switches and redemptions – How to buy, redeem and switch* for the minimum balance requirements for each fund.
- › You can switch weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer.

Remember, switching to or from a mutual fund trust is considered a disposition and may result in a capital gain or loss for tax purposes in a non-registered account. You are responsible for tracking and reporting to the CRA any capital gain or loss that you realize.

### **Automatic reinvestment of distributions**

If you hold units of a fund in a registered plan or TFSA offered through RBC Royal Bank, distributions will automatically be reinvested in additional units of the fund.

For non-registered accounts held with RMFI, all distributions will be reinvested in additional units of the fund unless you tell RMFI that you want to receive them in cash.

If you hold your account with another dealer, please contact your dealer to find out how the reinvestment of distributions is managed.

## Systematic withdrawal plan

If you would like to make regular withdrawals from your non-registered investment in a fund, you can open a systematic withdrawal plan. Here is how the plan works:

- › You must have at least \$10,000 in your non-registered account to set up a systematic withdrawal plan (\$100,000 for the RBC Premium Money Market Fund, US\$100,000 for the RBC Premium U.S. Money Market Fund and US\$10,000 for any other fund held in U.S. dollars).
- › You can choose to withdraw a minimum of \$100 weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your dealer. (The minimum amount is US\$100 for any fund held in U.S. dollars.)
- › We will deposit the money directly to your bank account.
- › If you decide to discontinue your systematic withdrawal plan and your investment is below the minimum balance for a fund, we may ask you to increase your investment to the minimum amount or to redeem your remaining investment in the fund.

It is important to remember that if you withdraw more than your investment is earning, you will reduce and eventually use up your original investment. Remember, a systematic withdrawal plan is like a redemption. You are responsible for tracking and reporting to the CRA any capital gains or losses you realize on units disposed of.

## Fees and expenses

This section outlines the fees and expenses you may pay directly or indirectly when you invest in the funds. The funds pay some fees and expenses which you pay indirectly because they reduce the value of your investment.

### FEES AND EXPENSES PAYABLE BY THE FUNDS

#### Management fees

RBC GAM, as manager of the funds, is entitled to a management fee payable by each fund. The management fee varies for each series of units of a fund. See the *Fees and expenses* information at the start of each individual fund's section of this simplified prospectus.

#### Management fee distributions

We may reduce the management fee borne by institutional investors who hold Series I units of a fund and who have signed agreements with us. We do this by having the fund pay out the amount of the reduction in the form of a management fee distribution directly to eligible institutional investors.

The decision to pay management fee distributions is in our complete discretion and depends on a number of factors, including the size of the investment and a negotiated fee agreement between the institutional investor and RBC GAM.

## Registered plans and tax-free savings accounts

The entire family of RBC Funds (with the exceptions noted in *Restrictions on purchases of units of certain funds* on page 170) may be purchased within all registered plans and TFSAs. See *Income tax considerations for investors – For fund units held in a registered plan or TFSA* on page 181.

Registered plans include Registered Retirement Savings Plans (*RRSPs*), Group Registered Retirement Savings Plans (*GRSPs*), Registered Retirement Income Funds (*RRIFs*), Registered Education Savings Plans (*RESPs*), Registered Disability Savings Plans (*RDSPs*) and Deferred Profit Sharing Plans (*DPSPs*).

Registered plans receive special treatment under the *Income Tax Act* (Canada). A key benefit is that you do not pay tax on the money you earn in these plans until you withdraw it. TFSAs receive generally similar treatment under the *Income Tax Act* (Canada); however, withdrawals from a TFSA are not taxable. In addition, contributions to an RRSP are deductible from your taxable earnings up to your allowable limit. You should consult your tax advisor for more information about the tax implications of registered plans and TFSAs.

	<p><b>Management expense ratio (MER) for the portfolios and the RBC Target Funds</b></p> <p>The management fee payable in respect of each series of the portfolios and the RBC Target Funds (other than Series O) is a variable fee and is determined on a basis such that all fees and expenses that comprise the MER, other than the additional cost of the harmonized sales tax (HST), will be equal to a specified percentage of the average net asset value of the applicable series of the portfolio or RBC Target Fund. The specified percentage includes the management fee, administration fee, taxes (other than the additional cost of the HST), other fund costs and any fees and expenses of the underlying funds. Since the additional cost of the HST is not included in the specified percentage effective July 1, 2010, the MER will be higher than the specified percentage by a percentage which reflects the additional cost of the HST. See <i>Operating expenses – Effect of HST on MERs</i> below.</p> <p>No management fees or incentive fees are payable by an RBC Fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that RBC Fund for the same service. In addition, the RBC Fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of any underlying fund which is an RBC Fund or a fund managed by an affiliate. In respect of underlying funds which are not RBC Funds, the RBC Fund will not pay any sales fees or redemption fees to the underlying fund which, to a reasonable person, would duplicate a fee payable by an investor in the RBC Fund.</p>
<p><b>Operating expenses</b></p>	<p>RBC GAM pays certain operating expenses of the funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, the costs of preparing and distributing annual and semi-annual reports, prospectuses, fund facts and statements and investor communications. In return, each fund pays a fixed administration fee to RBC GAM. The administration fee may vary by series of units and by fund. See the <i>Fees and expenses</i> information in the <i>Fund details</i> table for each fund in this simplified prospectus.</p> <p>Each fund also pays certain operating expenses directly, including the costs and expenses related to the Board of Governors of the RBC Funds, the cost of any new government or regulatory requirements and any borrowing costs (collectively, <i>other fund costs</i>), and taxes (including, but not limited to, GST or HST, as applicable). Other fund costs will be allocated among funds and among each series of units of a fund in a fair and equitable manner in accordance with the services used.</p> <p>RBC GAM may, in some years and in certain cases, pay a portion of a series' administration fee or other fund costs. The decision to absorb the administration fee or other fund costs is reviewed annually and determined at the discretion of RBC GAM, without notice to unitholders.</p> <p>The administration fee and other fund costs are included in the MER of a fund.</p> <p><b>Effect of HST on MERs</b></p> <p>Effective July 1, 2010, the provinces of Ontario and British Columbia harmonized provincial sales tax with the federal goods and services tax (GST), resulting in an HST. HST has been applicable in Nova Scotia, New Brunswick, and Newfoundland and Labrador since 1997. A fund is generally required to pay HST of up to 15 per cent on management fees (which</p>

	<p>are variable for the portfolios and the RBC Target Funds) and administration fees charged to the fund. In general, the HST rate depends on the residence of a fund's unitholders. If all of a fund's unitholders were resident in Ontario, it is expected that the rate of HST levied would be 13 per cent. Changes in existing HST rates, the adoption of HST by additional provinces and changes in the breakdown of the residence of the fund's unitholders may therefore have an impact on the MER of a fund, including the MER of the portfolios and the RBC Target Funds, year over year.</p> <p><b>Board of Governors</b></p> <p>The Board of Governors acts as the independent review committee of the funds. Each member of the Board of Governors is entitled to receive an annual fee of \$25,000 (\$35,000 for the Chair) and \$2,000 per meeting of the Board of Governors. Each member that sits on a sub-committee of the Board of Governors is entitled to receive an additional meeting fee with respect to these committee meetings. For the Governance Committee, each member is entitled to receive a meeting fee of \$2,500 and the Chair of this committee is also entitled to receive an annual fee of \$3,000. For the Financial Advisory Committee, each member is entitled to receive a meeting fee of \$3,000 and the Chair of this committee is also entitled to receive an annual fee of \$4,000. Each member of the Investment Conflicts Committee is entitled to receive a meeting fee of \$3,500 and the Chair of this committee is also entitled to receive an annual fee of \$5,000. Each member of the Board of Governors will also be reimbursed for expenses in connection with performing his or her duties in this regard. These fees and expenses are allocated among the funds managed by RBC GAM in a manner that is fair and reasonable.</p>
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## FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

<p><b>Sales charges</b></p> <p>Initial sales charge option</p>	<p>The Series A, Series T, Series D, Series F, Series I and Series O units of the funds are no load, which means you can buy, redeem or switch units of these series through certain dealers without paying a commission.</p> <p>You may have to pay a sales charge if you choose to buy Advisor Series units under the initial sales charge option. You and your dealer negotiate the amount you pay. The charge may range from zero per cent to five per cent of the purchase order. We deduct the sales charge from the amount you invest and pay it to your dealer as a commission.</p>
<p><b>Fees for switches and reclassifications</b></p>	<p>There is no fee payable to RBC GAM for reclassifying your units from one series to another series of the same fund. You may have to pay your dealer a fee of up to two per cent of the value of the units you acquire when you switch Advisor Series units between funds. This fee is not paid to the fund. You negotiate the fee and pay it directly to your dealer. The RBC Funds may charge a short-term trading fee if you switch your units within 30 days of buying them. Please see <i>Short-term trading fees</i> on page 171 of this simplified prospectus.</p>

**Redemption fees**

Deferred sales charge and  
low-load sales charge options

You pay no sales charge when you redeem Series A, Series T, Series D, Series F, Series I or Series O units of a fund. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

You will pay a sales charge if you choose to buy Advisor Series units under the deferred sales charge or low-load sales charge option and you redeem your units within six years of buying them (under the deferred sales charge option) or within two years of buying them (under the low-load sales charge option). The charge is based on the original cost of your units and how long you held them. We deduct the charge from the value of the units you redeem.

The table below shows the deferred sales charge and low-load sales charge schedules:

	Deferred sales charge option	Low-load sales charge option
If you redeem	you pay	you pay
During the first year	6.0%	2.0%
During the second year	5.5%	2.0%
During the third year	5.0%	Nil
During the fourth year	4.5%	Nil
During the fifth year	3.5%	Nil
During the sixth year	2.0%	Nil
Thereafter	Nil	Nil

The RBC Funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**Short-term trading fees**

Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**Registered tax plan fees**

Fees may be payable to your dealer if you transfer an investment within a registered plan to another financial institution.

None of these fees is paid to RBC GAM.

**Other fees and expenses**

You may have to reimburse your dealer if it suffers a loss as a result of our having to redeem your units for insufficient payment. See *How to buy, redeem and switch* on page 168 of this simplified prospectus.

## Impact of sales charges

The following table shows the fees that you would pay if:

- › you invested \$1,000 in Series A, Advisor Series, Series T, Series D, Series F, Series I or Series O units of the fund;
- › you held that investment for one, three, five or 10 years and you redeemed the entire investment immediately before the end of that period;
- › for Advisor Series units, the sales charge under the initial sales charge option is five per cent;
- › for Advisor Series units, the sales charge under the deferred sales charge option is only payable if you sell your units within six years of buying them. See *Fees and expenses* on page 175 of this simplified prospectus for the redemption fee schedule;
- › for Advisor Series units, the sales charge under the low-load sales charge option is only payable if you sell your units within two years of buying them. See *Fees and expenses* on page 175 of this simplified prospectus for the redemption fee schedule; and
- › for Advisor Series units, you have not used your 10 per cent free redemption amount under the deferred sales charge or low-load sales charge options.

	Fee at time of purchase	Redemption fee before end of:			
		1 year	3 years	5 years	10 years
RBC Fund – Series A	Nil	Nil	Nil	Nil	Nil
RBC Fund – Advisor Series					
Initial Sales Charge Option	\$50	Nil	Nil	Nil	Nil
Deferred Sales Charge Option	Nil	\$60	\$50	\$35	Nil
Low-Load Sales Charge Option	Nil	\$20	Nil	Nil	Nil
RBC Fund – Series T	Nil	Nil	Nil	Nil	Nil
RBC Fund – Series D	Nil	Nil	Nil	Nil	Nil
RBC Fund – Series F	Nil	Nil	Nil	Nil	Nil
RBC Fund – Series I	Nil	Nil	Nil	Nil	Nil
RBC Fund – Series O	Nil	Nil	Nil	Nil	Nil

You do not pay a sales charge or commission when you buy, redeem, switch or reclassify Series A, Series T, Series D, Series F, Series I or Series O units.

## Dealer compensation

### How your investment professional and dealer are paid

Your investment professional usually is the person through whom you purchase the funds. Your investment professional could be a broker, financial planner or advisor who is registered to sell mutual funds. Your dealer is the firm for which your investment professional works.

#### For Series A units

Series A units are no load. That means you pay no sales charges if you buy, redeem or switch your units. The RBC Funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

#### For Advisor Series units

For Advisor Series units, the commission your investment professional receives depends on how you invest in the funds. The RBC Funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

#### Initial sales charge option

When you choose the initial sales charge option for Advisor Series units, you and your investment professional decide on the percentage you will be charged. The percentage ranges from zero per cent to five per cent of the amount you invest. We deduct the sales charge from the amount you invest and pay it to your dealer.

#### Deferred sales charge option

When you choose the deferred sales charge option for Advisor Series units, we pay your dealer a commission of five per cent of the amount you invest. You will not pay a charge unless you redeem your units within six years of buying them.

#### Low-load sales charge option

When you choose the low-load sales charge option for Advisor Series units, we pay your dealer a commission of one per cent of the amount you invest. You will not pay a charge unless you redeem your units within two years of buying them.

#### Switch fee

When you switch Advisor Series units from one RBC Fund to another, you may have to pay your dealer a switch fee of up to two per cent. You negotiate the fee with your investment professional.



**For Series T units**

Series T units are no load. That means you pay no sales charges if you buy, redeem or switch your units. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**For Series D units**

Series D units are no load. That means you pay no sales charges if you buy, redeem or switch your units. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**For Series F units**

You do not pay sales charges on Series F units, nor do we pay commissions to your dealer in respect of Series F units. Your advisor or dealer negotiates a fee directly with you for the services they provide. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**For Series I units**

You do not pay sales charges on Series I units, nor do we pay commissions to your dealer in respect of Series I units. Your advisor or dealer negotiates a fee directly with you for the services they provide. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**For Series O units**

You do not pay sales charges on Series O units. The RBC Funds may charge a short-term trading fee if you redeem your units within 30 days of buying them. Please see *Short-term trading fees* on page 171 of this simplified prospectus.

**Trailing commissions**

We pay dealers an ongoing annual service fee, known as a “trailing commission,” as long as you hold your investment, based on the total value of Series A, Advisor Series, Series T or Series D units their clients hold in the funds according to the following table.

RBC Funds	Annual trailing commission for Series A units	Annual trailing commission for Advisor Series units			Annual trailing commission for Series T units	Annual trailing commission for Series D units
		Initial sales charge option	Deferred sales charge option	Low-load sales charge option		
Money Market Funds	Up to 0.25%	Up to 0.25%	Up to 0.10%	Up to 0.25%	–	Up to 0.10%
Fixed-Income Funds	Up to 0.80%	Up to 0.80%	Up to 0.25%	Up to 0.80%	–	Up to 0.15%
Managed Payout Solutions	Up to 1.00%	Up to 1.00%	Up to 0.50%	Up to 1.00%	–	Up to 0.25%
Balanced Funds and Portfolio Solutions	Up to 1.00%	Up to 1.00%	Up to 0.50%	Up to 1.00%	Up to 1.00%	Up to 0.25%
Equity Funds	Up to 1.15%	Up to 1.15%	Up to 0.50%	Up to 1.15%	Up to 1.15%	Up to 0.25%

We do not pay trailing commissions on Series F, Series I or Series O units.

These service fees paid to your dealer depend on the fund and the sales charge option you choose. If your dealer initiates a switch of your units from the deferred sales charge option to the initial sales charge option after the deferred sales charge schedule matures, it will result in an increase in the annual trailing commissions payable to your dealer. This will not result in any additional cost to you. Your dealer is required to observe the rules of any self-regulatory organization to which it belongs when initiating such switches, including any requirement to obtain your consent prior to initiating such switches. We may change the terms of the service fee paid to your dealer without informing you. Dealers typically pay a portion of the service fee they receive to their investment professionals for the services they provide to their clients.

### Other forms of dealer support

We may participate in co-operative advertising programs with dealers to help them market the funds. We may use part of the management fee to pay up to 50 per cent of the cost of these advertising programs in accordance with rules set out in National Instrument 81-105 – Mutual Fund Sales Practices.

Royal Bank owns, directly or indirectly, 100 per cent of RMFI, RBC DS, RBC DI and PHN IF, which are principal distributors and/or participating dealers in respect of certain series of units of the funds.

### Dealer compensation from management fees

Approximately 55.29 per cent of the total management fees paid by the RBC Funds in respect of all the series of the funds was used to pay for dealer commissions or other promotional activities of the RBC Funds in the financial year ended December 31, 2010.

### Income tax considerations for investors

This section describes how your investment in a fund will be subject to Canadian income tax. This description assumes that:

- › you are a Canadian resident individual; and
- › you hold your units as capital property.

Everyone's tax situation is different. You should consult your tax advisor about your individual situation.

A fund generally pays no income tax as long as it distributes its net investment income and net realized capital gains, if any, to its unitholders every year. Each series of the funds (other than the RBC \$U.S. Money Market Fund and the RBC Premium \$U.S. Money Market Fund – please see *Distribution policy* for each fund on pages 21 and 23 for more details) intends to distribute sufficient income and capital gains each year so they will not have to pay income tax and may also make an additional distribution in December of each year to achieve this result. The funds can make other distributions, including distributions out of capital.

Under certain rules in the *Income Tax Act* (Canada) relating to specified investment flow-through (*SIFT*) trusts and partnerships (the *SIFT rules*), certain publicly traded vehicles, including income trusts, are liable to pay a tax on distributions to unitholders out of certain types of income. Where an income trust pays such tax with respect to a distribution, the distribution will be treated in the hands of the investor as if it were a dividend from a taxable Canadian corporation. The *SIFT* rules have the potential to reduce the tax

effectiveness of holding units of income trusts. In addition, as a result of the application of the *SIFT* rules, some income trusts are expected to undertake reorganization transactions to convert to corporate form, the costs of which may affect the return earned on an investment in such an income trust.

### How you can earn money from your investment

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Your investment in a fund can earn money from:

- › distributions of any income the fund earns or capital gains it realizes; and
- › any capital gains you realize when you redeem or switch your units of the fund.

Income includes dividends and interest the fund earns from its investments as well as gains from its investments in certain derivatives. Income distributions may vary as a result of the timing of recognition of gains and losses from investments in derivatives. The fund may realize capital gains or losses when it sells its investments. Where applicable, a fund can earn income through distributions on units from underlying funds and can receive capital gains through distributions of capital gains from underlying funds. A fund can also realize capital gains or losses when it sells units of underlying funds, or other investments it holds directly.

### How your investment is taxed

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The tax you pay on your investment depends on whether or not you hold your units in a registered plan, such as an RRSP, RRIF, DPSP, RDSP and RESP, or TFSA.

### For fund units held in a registered plan or TFSA

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#### Eligibility

Units of each of the funds will at all relevant times be qualified investments for trusts governed by registered plans and TFSAs.

The entire family of RBC Funds (with the exceptions noted in *Restrictions on purchases of units of certain funds* on page 170) may be purchased within all registered plans or TFSAs.

In the case of a TFSA, and if changes to the *Income Tax Act* (Canada) proposed in the Federal Budget on March 22, 2011 are enacted, effective March 23, 2011, in the case of an RRSP and a RRIF, provided that you do not hold a significant interest in a fund or in any person or partnership that does not deal at arm's length with the fund for purposes of the *Income Tax Act* (Canada), and provided that you deal at arm's length with the fund for purposes of the *Income Tax Act* (Canada), the units of the fund will not be a prohibited

investment for your TFSA, RRSP or RRIF. Generally you will not be considered to have a significant interest in a fund unless you own 10 per cent or more of the value of the fund's outstanding units, either alone or together with persons and partnerships with which you do not deal at arm's length.

### Distributions and capital gains

If you hold your units of a fund through a registered plan or TFSA, you will not pay tax on distributions or gains so long as they remain within the plan. However, any withdrawals or distributions from your registered plan may be subject to tax (other than a return of contributions from an RESP or certain withdrawals from an RDSP). Withdrawals from a TFSA are not taxable.

### About RESPs

RESPs are designed to help families save for their children's education. Contributions to an RESP are not tax deductible, but any income and capital gains earned in the RESP are tax-free until payments are made from the plan. The beneficiary must pay tax on amounts he or she receives from the RESP. The original contributions can be withdrawn by the contributor tax-free at any time.

Contributions are limited to a lifetime limit of \$50,000 for each beneficiary. This limit includes all contributions made by all contributors to RESPs for a particular beneficiary. You will have to pay a penalty tax of one per cent a month on any contributions above this limit.

Contributions to an RESP may qualify for Canada Education Savings Grants. These grants are payable directly to the RESP, within certain limits. They must be repaid in some circumstances, for example, when contributions are withdrawn in certain circumstances. In addition, beneficiaries may also be eligible for the Canada Learning Bond.

Under certain circumstances, including if the beneficiary of the RESP does not pursue a higher education by age 21 and the RESP has been established for at least 10 years, a contributor can transfer up to \$50,000 of the RESP's accumulated income and capital gains to the contributor's RRSP or spousal RRSP without having to include the transferred amount in the contributor's personal income. This assumes the contributor has enough unused RRSP contribution room. The contributor can also receive all or part of the payout of the RESP's accumulated income and capital gains as personal income. A 20 per cent penalty tax applies to these payments in addition to any regular income tax payable.

### For fund units held in a non-registered account

#### Distributions

- › If you hold your units of a fund outside a registered plan, in calculating your income each year you must take into account the amount of any distributions (including any management fee distributions) paid or payable by the fund, whether you receive the distributions in cash or you reinvest them in units of the fund. Any amount reinvested in additional units of a fund will be added to the adjusted cost base of your units.
- › Distributions from a fund are treated as ordinary income, capital gains, foreign income, dividends (including eligible dividends) from Canadian companies or non-taxable amounts (including a return of capital). Each type of distribution is taxed differently, with distributions that are treated as dividend income, capital gains or a return of capital being treated more favourably than other distributions.
- › You will be informed each year of the type of distributions paid to you and what amounts are treated as taxable capital gains, taxable dividends (including eligible dividends) on shares of Canadian companies and foreign income and non-taxable amounts (including a return of capital), and the amount of any foreign taxes paid by the fund for which you may be able to claim a credit for tax purposes to the extent permitted by the *Income Tax Act* (Canada), where those items are applicable.
- › The net asset value of the units may include income and/or capital gains that have been earned but not yet distributed. If you buy units of a fund just before it makes a distribution, such as just before a year-end distribution, you will be taxed on that distribution payment even though it may have been reflected in the price you paid for your units.
- › For funds other than money market funds, if you redeem your units part way through a distribution period, you will not receive a distribution for those units as entitlement to distributions depends on holding units at the time of the distribution. However, a portion or all of the distribution amount will be reflected in the price you received for selling your units. For money market funds, where we intend to maintain a fixed unit value, distribution amounts are not reflected in their unit value. For money market funds, distributions are accrued daily and you will receive the accrued distribution if you redeem your units part way through a month.
- › Distributions reduce a fund's unit value, except for money market funds where we intend to maintain a unit value of \$10 (US\$10 in the case of RBC \$U.S. Money Market Fund and RBC Premium \$U.S. Money Market Fund).

- › Distributions made by the RBC Global Precious Metals Fund from the sale of precious metals are considered ordinary income, not capital gains. You should talk to your financial advisor about the tax implications of investing in this fund.
- › Distributions made by the RBC \$U.S. Money Market Fund, the RBC Premium \$U.S. Money Market Fund and the RBC \$U.S. Income Fund will be paid in U.S. dollars but must be reported in Canadian dollars for Canadian tax purposes.
- › Distributions made by a fund from gains on certain derivatives are considered ordinary income, not capital gains.

#### Calculating your capital gains or losses when you redeem your units

You are responsible for tracking and reporting to the CRA in Canadian dollars any capital gains or losses that you realize in respect of a non-registered account. Your capital gain or loss for tax purposes on a redemption or switch of units is the difference between the amount you receive for the redemption or switch (less any costs of a disposition such as fees) and the adjusted cost base of those units. For units denominated in U.S. dollars, your capital gain or loss for tax purposes on a redemption or switch of units is the difference between the amount you receive for the redemption or switch (less any costs of a disposition such as fees) converted into Canadian dollars using the applicable rate of exchange on the date of disposition and the adjusted cost base of those units converted into Canadian dollars using the applicable rate of exchange on the date of acquisition, notwithstanding that your initial purchase and proceeds will be in U.S. dollars. One-half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses, respectively. The amount of a taxable capital gain is included in your income. Allowable capital losses are only deductible against taxable capital gains subject to and in accordance with detailed tax rules. You may also realize capital gains or losses on units redeemed to pay any fees in connection with switches or short-term trading fees.

If you have purchased units at various times, you will likely have paid various prices. This includes units you received through reinvested distributions, switches or reclassifications. Your adjusted cost base of a unit of a series is the weighted average price paid per unit calculated in Canadian dollars. Below are two examples of how to calculate the adjusted cost base of your units of a series of a fund:

For units denominated in Canadian dollars:

- › Suppose you own 1,000 units of a series of a fund for which you paid \$10 each, including any initial sales charge. That is \$10,000.

- › Now suppose you bought another 100 units of the same series of the same fund at \$12 each, including any initial sales charge. That is \$1,200.
- › You have spent \$11,200 for 1,100 units of the fund.
- › Your new adjusted cost base is \$11,200 divided by 1,100 units or \$10.18 per unit.

For units denominated in U.S. dollars:

- › Suppose you own 1,000 units of a series of the fund for which you paid US\$10 each (US\$10,000), including any initial sales charge. Suppose the CDN\$/US\$ exchange rate at the time you purchased your units was 1.40. That is CDN\$14,000.
- › Now suppose you bought another 100 units of the same series of the fund at US\$12 each (US\$1,200), including any initial sales charge. Suppose the CDN\$/US\$ exchange rate at the time you purchased these units was 1.20. That is CDN\$1,440.
- › You have spent CDN\$15,440 for 1,100 units of the fund.
- › Your new adjusted cost base is CDN\$15,440 divided by 1,100 units or CDN\$14.04 per unit.

A reclassification of units from one series to another series of the same fund is not considered to be a disposition of the former units. As such, you can reclassify units from one series to another series of the same fund without triggering a capital gain or a capital loss. While your adjusted cost base per unit will change, the total adjusted cost base of your units will not.

If you switch your units of one fund to units of another fund, the transaction will be treated as a disposition of the switched units and an acquisition of the new units. Therefore, on such a switch, you may realize a capital gain or loss and the adjusted cost base of your investment may change.

Distributions in excess of a fund's income and capital gains, such as a return of capital, will be treated as a non-taxable amount and will not be included in your income but will reduce the adjusted cost base of your units in the fund, unless the fund elects to treat such amounts as a distribution of income. Upon reinvestment in additional units, such amounts will increase the total adjusted cost base of your units. In the circumstance that reductions to your adjusted cost base of units for the year result in your adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by you in that year and your adjusted cost base of the units will be zero at the start of the next year.

If you sell your units of a fund for a capital loss and you, your spouse or a person affiliated with you (including a corporation that you own) has bought units of the fund within 30 days before or after you sell your units, such loss may not be deductible by you against your capital gains. In such case, the amount of such loss is added to the adjusted cost base of the newly acquired units.

You should keep a detailed record of the purchase cost of your units and distributions you receive on those units so you can calculate their adjusted cost base. Appropriate adjustments will have to be made in the event of a consolidation or split of units. If you buy or sell units that are denominated in U.S. dollars, you must convert U.S. dollars to Canadian dollars using the exchange rates prevailing on the days you bought and sold the units. You may want to consult a tax advisor about your own circumstances.

**Portfolio turnover rate**

In general, the higher the portfolio turnover rate in a year, the greater the chance that a unitholder may receive a distribution that must be included in income for the year. If reinvested, this amount will be added to the adjusted cost base of the unitholder's units for tax purposes.

There is not necessarily a relationship between a high turnover rate and the performance of a mutual fund. However, a high turnover rate will increase trading costs, which are expenses payable by the fund.

**What are your legal rights?**

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back if you do not receive our simplified prospectus, or to make a claim for damages if the simplified prospectus, annual information form or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

## Words and phrases used in this simplified prospectus

We have written this simplified prospectus in plain language to help you understand how our mutual funds work. Financial terms can be complex, so we have provided a more complete definition of some of them here. If you have any questions after reading this section, please call the number on page 3 of this simplified prospectus or your dealer.

### Adjusted cost base

In general terms, it is the total price you paid for all the units of a series of a fund in your account, including reinvested distributions. The adjusted cost base per unit of a series is the weighted average price paid per unit.

### American Depositary Receipts (ADRs)

U.S. dollar denominated certificates representing ownership in the shares of a foreign-based corporation. The shares are held by a bank, which issues the ADRs and acknowledges that it holds the underlying shares. ADRs enable investors to acquire and trade non-U.S. securities in U.S. dollars.

### Annual information form

A document filed by the funds with Canadian securities regulators. It provides supplementary information about the funds.

### Asset-backed commercial paper

A short-term debt security issued by a trust or a special purpose vehicle which in turn buys various assets that produce income streams such as trade receivables, auto loans, home equity loans and mortgages. The trust (otherwise known as a conduit) funds the purchase of these various assets by issuing commercial paper.

### Bond

A long-term debt security issued or guaranteed by a government or business entity. The issuer promises to pay the holder a specified amount of interest and return the principal amount when the bond matures. Bonds can be transferred from one owner to another. They should not be confused with Canada Savings Bonds which, generally, can be owned and cashed only by the original buyer.

### Collateralized debt obligation

A structured security backed by cash flows and/or market value of a diversified portfolio of assets (*collateral*). Collateral consists primarily of cash debt securities and credit derivatives. Collateralized debt obligations offer investors access to a diversified and managed portfolio of assets in a single investment that can provide enhanced returns.

### Commercial paper

A short-term debt security issued by banks, corporations and other borrowers. The issuer promises to pay the holder a specific amount, with interest, on a specified day in the future. It is generally not secured by assets and is usually offered at varying interest rates, depending on its term.

### Debenture

A bond that is not secured by any pledge of property. Debentures are backed only by the general credit of the issuer.

### Debt securities

Obligations to repay borrowed money within a certain time, with or without interest. Bonds, debentures, commercial paper, asset-backed commercial paper, notes and treasury bills (*T-bills*) are debt securities.

### Derivatives

A derivative is a financial instrument that “derives” its value from the performance of an underlying asset, index or other investment.

### Debt-like security

An obligation to repay borrowed money, where the amount to be repaid is linked to a market price, the value of an index or an economic indicator such as changing interest or exchange rates.

### Equity

When you buy shares in a corporation, you are buying “equity,” or ownership rights, in that corporation. Shares are often referred to as “equities.”

### Forward contract

A commitment made today to buy or sell a currency or commodity on a specific day in the future at a specified price. The terms of the contract are agreed upon when the commitment is made. Forward contracts are traded through an over-the-counter telephone or computer network. See also “Over-the-counter trading.”

### Futures contract

Similar to a forward contract, except that it has standardized terms and conditions and is traded only on a futures exchange, not over-the-counter.

### Hedge

Hedging is a strategy used to offset or reduce the risk associated with an investment or a group of investments. For example, if a fund buys investments valued in U.S. dollars, it can sign an agreement to protect or “hedge” the value of the investment against a change in the value of the Canadian dollar relative to the U.S. dollar.



**Index**

A means of measurement. There are indices that measure the rise and fall of key consumer goods and services and others that track fluctuations in the value of stocks and bonds.

**Index funds**

Index funds are an investment alternative to actively managed funds. Index investing is a passive strategy which selects securities based on their representation in a particular index. The objective of index investing is to provide returns similar to those of the selected index. Index funds, like other mutual funds, are liquid investments and the securities they hold are diversified across a number of industry sectors. Index funds tend to have lower fees and expenses, as individual security selection is virtually eliminated, so expensive research is not required. Transaction costs are also minimized as the funds generally only change the securities they hold in response to a change in the composition of the index. Therefore, there is less portfolio turnover, which may result in better tax efficiency for the funds.

**Index investing**

Index investing is a method of investing that caters to investors looking for a way to match the risk and return character of a specific market index. Index investing is a passive strategy which selects securities based on their representation in a particular securities index. The objective of index investing is to provide returns similar to those of the selected index.

**Index Participation Unit**

A security of a special purpose entity which holds the securities that are included in a specified widely published market index in substantially the same proportion as those securities are reflected in the index.

**Leverage**

Using borrowed funds to help pay for an investment. Leveraging magnifies the amount you make or lose, because the gain or loss is measured against the portion of the investment you have not borrowed – not against the total investment. For example, if you borrow \$500 to make a \$1,000 investment, and the value of the investment increases by \$100, your gain is 20 per cent (\$100 gain on the \$500 you have not borrowed), not 10 per cent. Similarly, if the value of the investment decreases by \$100, your loss will be 20 per cent.

**Liquidity**

An investment is “liquid” if it can be bought and sold on a public market. Liquidity also refers to how easy it is to convert an investment to cash at a reasonable price.

**Listed warrant**

Gives the owner the right, but not the obligation, to buy or sell certain securities at a specified price within a certain time period. Listed warrants are publicly traded.

**London Inter-Bank Offered Rate (LIBOR)**

The rate of interest on U.S.-dollar-denominated deposits traded between banks in London, widely monitored as an international interest rate indicator. It may be quoted as a one-month, three-month, six-month, or one-year rate. The LIBOR allows investors to match their cost of lending to their cost of funds, and is often used as a base index for setting rates of some adjustable rate financial instruments, including Adjustable Rate Mortgages (ARMs).

**Management expense ratio**

A management expense ratio (*MER*) is the total fees and expenses a fund paid during a year divided by its average assets for that year.

**Market capitalization**

Number of outstanding shares of a corporation, multiplied by the price per share.

**Mid-cap**

Refers to market capitalization. Mid-capitalization companies are those companies whose total market value is in the middle range of those listed on a particular stock market. In the United States, mid-cap stocks have a market value between US\$1 billion and US\$10 billion.

**Money market securities**

Short-term obligations such as T-bills, commercial paper and bankers acceptances.

**Note**

A debt security committing the issuer to pay a specific sum of money, either on demand or on a fixed date in the future, with or without interest.

**Option or option on futures**

Gives the owner the right, but not the obligation, to buy or sell a security or futures contract within a certain time period, at a specified price. A call option is the right to buy; a put option is the right to sell. The buyer of the option pays the seller a premium. Options can be traded on an exchange or over-the-counter.



**Over-the-counter trading (OTC)**

This term refers to trading in stocks or options through a computer or telephone network rather than through a public stock exchange. The term originates from the time share certificates were purchased over a bank or a store counter.

**Portfolio turnover rate**

Portfolio turnover rate is calculated based on the lesser of securities purchased or sales proceeds divided by the average market value of portfolio securities for the period, excluding short-term securities.

**Repurchase Agreements (“repo”)**

This agreement is like a short-term loan and takes place when one party buys a security at one price and agrees to sell it back later to the same party at a higher price. The difference between the higher price and the original price is like the interest rate payment on a loan.

**Return of capital**

Return of capital typically occurs when a fund’s objective is to pay unitholders a fixed regular monthly distribution. RBC Funds that typically pay return of capital distributions include RBC Managed Payout Solution, RBC Managed Payout Solution – Enhanced and RBC Managed Payout Solution – Enhanced Plus, RBC Monthly Income Fund, RBC \$U.S. Income Fund, RBC Monthly Income Bond Fund, RBC Phillips, Hager & North Monthly Income Fund, BlueBay Global Monthly Income Bond Fund and Series T units of the RBC Funds. If the interest, dividends and capital gains which have been earned by the fund are less than the amount of the regular distributions, return of capital is added to make up the remainder of the payment. This helps to maintain a consistent payout rate each month. The main benefit of return of capital distributions is that they are not immediately taxable when received. This makes it different from other types of distributions such as interest, dividends and taxable capital gains, which must be included as income in the year received. Amounts that have been paid to you as return of capital are identified on your T3 slip (Relevé 16 in Quebec).

**Securities**

Investments or financial instruments such as shares, debt securities and derivatives.

**Shares**

Units of ownership in a corporation that give the owner certain stated rights. Holders of preferred shares generally have preference over holders of common shares when a corporation pays dividends or liquidates its assets.

**Small cap company**

Small capitalization company or a company that has a small market capitalization relative to other companies.

**Swaps**

These are negotiated contracts between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or LIBOR.

**Treasury bills (T-bills)**

Short-term debt securities issued or guaranteed by federal, provincial or other governments. T-bills are issued at a discount and do not pay any interest. The return on a T-bill is the difference between the price you pay and its “face” or par value.

**Units**

Units are issued by a mutual fund trust and represent your investment in the fund. When you invest in a mutual fund trust, you buy units or fractions of units of the mutual fund.

**Unit value**

The total value of a fund’s assets allocable to a series, minus the liabilities allocable to that series, divided by the number of outstanding units of that series.

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## **RBC Funds**

You will find more information about each fund in its annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

For a copy of these documents, at no cost, call us toll-free at 1-800-463-FUND (3863) (English) or 1-800-668-FOND (3663) (French), email us at [funds.investments@rbc.com](mailto:funds.investments@rbc.com) (English) or [fonds.investissements@rbc.com](mailto:fonds.investissements@rbc.com) (French) or ask your dealer.

You can also get copies of this simplified prospectus, the annual information form, the management reports of fund performance and the financial statements from the RBC Funds website at [www.rbcgam.com](http://www.rbcgam.com).

These documents and other information about the funds, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

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