RBC Global Asset Management™

RBC Bond Fund

Fund Category
Canadian Fixed Income

Morningstar Rating™
★★★

Investment Objective

To provide above average, long-term total returns consisting of interest income and moderate capital growth by investing primarily in high-quality fixed-income securities issued by Canadian governments and corporations.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF270
Adv	Deferred Sales	CAD	RBF850
Adv	Front End	CAD	RBF750
Adv	Low Load	CAD	RBF114
F	No Load	CAD	RBF601
I	No Load	CAD	RBF154

Inception Date	July 1966
Total Assets $Mil	6,087.0
Series A NAV $	6.27
Series A MER %	1.16
Benchmark	30% DEX Corp Bond 25% DEX LT Gov Bond 25% DEX MT Gov Bond 20% Citigroup Gov Bond*
Income Distribution	Quarterly
Capital Gains Distribution	Annually
Sales Status	Open
Min. Investment $	500
Subsequent Investment $	25
Management Company	RBC Asset Management Inc.
Web Site	www.rbcam.com

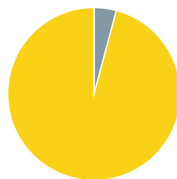
Notes

Minimum investment for Series I units of the Fund is $500,000. Minimum additional investment is $5,000.

* Hedged back to $C.

Portfolio Analysis as of September 30, 2010

Asset Mix



Asset Mix	% Assets
Cash	4.2
Fixed Income	95.8
Canadian Equity	0.0
US Equity	0.0
International Equity	0.0
Other	0.0

Fixed Income Breakdown	% Fixed Income
Government Bonds	41.0
Corporate Bonds	53.7
Other Bonds	1.0
Mortgage Backed Securities	0.1
ST Investments (Cash & Other)	4.2
Asset Backed Securities	0.0

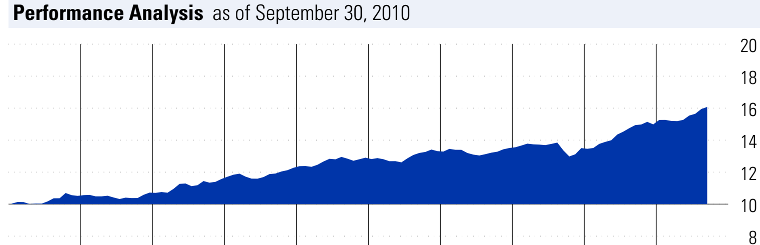
Bond Rating	%
AAA	23.7
AA	39.5
A	17.1
BBB	11.9
BB	5.0
B	1.8
Below B	0.1
NR/NA	0.9

Term to Maturity	%
1 - 5 Yrs	37.5
5 - 10 Yrs	30.1
Over 10 Yrs	32.5
Avg. Term to maturity (Yrs)	9.5
Duration (Yrs)	6.5
Yield to Maturity	3.5

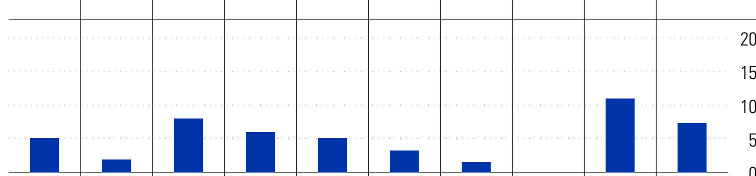
Top Geographic Allocations	% Assets
Canada	91.9
United States	4.2
Turkey	0.4
Philippines	0.3
United Kingdom	0.3

Top 25 Holdings	% Assets
United States 10-Year Note Future	-3.6
Province Of Ontario 4.65% 02-06-2041	2.0
Bank of Nova Scotia 5.04% 08-04-2013	1.9
Ontario Prov Cda 4.7% 02-06-2037	1.9
Ontario Prov Cda 4.6% 02-06-2039	1.9
Canada Govt 5% 01-06-2037	1.8
Quebec Prov 5% 01-12-2041	1.8
Quebec Prov 4.5% 01-12-2019	1.7
Canada Hsg Tr No 1 4.1% 15-12-2018	1.6
CIBC 4.11% 30-04-2020	1.5
Royal Bank Of Canada 4.35% 15-06-2020	1.5
Canada Govt 4% 01-06-2041	1.4
Canada Hsg Tr No 1 3.6% 15-06-2013	1.3
Toronto Dominion Bank 4.854% 13-02-2013	1.2
Canada Hsg Tr No 1 3.55% 15-09-2013	1.1
Canada Hsg Tr No 1 2.75% 15-12-2014	1.1
Toronto Dominion Bk 4.779% 14-12-2105	1.0
Toronto Dominion Bk 5.48% 02-04-2020	1.0
Quebec Prov 5% 01-12-2038	1.0
Canada Govt 3% 01-06-2014	1.0
Ontario Prov Cda 4.4% 02-06-2019	0.9
Canada Govt 3.75% 01-06-2019	0.9
Ontario Prov Cda 4.2% 02-06-2020	0.9
United States 2-Year Note Future 31-12-2010	-0.9
Canada Hsg Tr No 1 3.35% 15-12-2020	0.9
Total % of Top 25 Holdings	26.7
Total Number of Stock Holdings	0
Total Number of Bond Holdings	455
Total Number of Other Holdings	13
Total Number of Holdings	**468**

Performance Analysis as of September 30, 2010



Growth of $10,000
Series A
$16,072



Calendar Returns %
Series A

2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD	
5.1	1.9	8.0	6.0	5.1	3.2	1.5	0.0	11.0	7.3	Fund
4th	4th	1st	2nd	2nd	2nd	4th	4th	1st	1st	Quartile

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	**Trailing Return %**
0.8	3.5	5.8	7.6	6.7	4.6	5.2	8.2	Fund
1st	1st	1st	1st	2nd	2nd	3rd	—	Quartile

MORNINGSTAR®

RBC Bond Fund

Management Overview

Manager Bios

RBC AM Glbl Fix Inc & Currencies Cmittee

Chaired by Dagmara Fijalkowski, Senior Vice President and Senior Porfolio Manager, Head, Global Fixed Income and Currencies. Dagmara has been in the investment industry since 1994.

Performance Analysis Cont'd as of September 30, 2010

Distributions ($)/Unit	YTD*	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.15	0.26	0.26	0.26	0.24	0.24	0.28	0.24	0.08	0.28
Interest	0.15	0.26	0.26	0.24	0.24	0.24	0.26	0.24	0.05	0.28
Dividends	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	0.03	—	—	0.01	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	0.03	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	10-1991	22.7	10-1993	16.0	1-1994	12.9	9-1997	10.9
Worst	1-1995	-8.8	10-2008	0.7	2-2009	2.7	10-2008	3.2
Average		7.2		7.2		7.3		7.3
No. of Periods		289		265		241		181
Pct. Positive		90.7		100.0		100.0		100.0

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

Quarterly Commentary as at September 30, 2010

In the third quarter, the RBC Bond Fund (Series A) returned 3.5%, compared to 3.2% for the DEX Universe Bond Total Return Index.

Global government bond yields continued to fall in the quarter. For many countries, government yields tested the multi-decade low levels posted in late 2008 thereby giving strength to the yield curve flattening trend.

In an unusual twist, credit bonds that traditionally underperform during a strong government bond market managed to post better returns than their government counterparts. Credit fundamentals are getting better given repaired balance sheets and reduced leverage but uncertainties surrounding economic growth outlooks would not warrant such strong performances. Other factors supporting corporate bond markets include investors' belief that policymakers will always provide backstops to adverse economic outcomes and the fact that central banks are perceived to remain accommodative for longer.

The risk in government bonds was elevated significantly given that policymakers are on both sides of the supply and demand equation. Timing of withdrawal remains questionable and betting against interventions is equally risky for the Fund. Interest rates may be expensive on valuation matrix but non-traditional monetary policy measures are dominating and lead us to remain sidelined on duration, relative to benchmark and allocating risk to credit bonds.

Within credit allocation, we continue to favour the short part of the credit curve and position defensively within in lower-quality bonds given the risk assumed is inadequately compensating for potential adverse outcomes. The Fund reduced exposure to emerging-market debt given its exceptionally strong performance and unproven transformation currently taking place. We remain constructive on the credit market, but look to reduce portfolio risk opportunistically as prices strengthen even further.

RBC Bond Fund

Disclosure

RBC Funds are offered by RBC Asset Management Inc. and distributed through authorized dealers. RBC Global Asset Management (RBC GAM) comprises RBC Asset Management Inc. (RBC AM), Phillips, Hager & North Investment Management Ltd. (PH&N) and RBC Global Asset Management (U.S.) Inc., which are separate legal entities owned by Royal Bank of Canada.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus of the mutual fund before investing. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or covered by the Canadian Deposit Insurance Corporation or by any other government deposit insurer. The value of mutual funds change frequently and past performance may not be repeated.

The Top 25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at www.sedar.com.

MER (%) based on actual expenses for half-year period January 1 to June 30, 2010, expressed on an annualized basis.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

This fund profile is provided for informational purposes only. Particular investments and/or trading strategies should be evaluated relative to each individual's investment objectives. The information contained in this fund profile is not, and should not be construed as, investment or tax advice. You should not act or rely on the information contained in this fund profile without seeking the advice of an appropriate professional advisor.

For money market funds, the performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. In addition, for money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm. Quartile rankings are comparisons of the performance of a fund to other funds in a particular category and are subject to change monthly. The quartiles divide the data into four equal segments expressed in terms of rank (1, 2, 3 or 4). This is the Morningstar quartile ranking of Series A units of the Fund as of September 30, 2010.

Morningstar ratings are overall ratings reflecting risk adjusted performance as of September 30, 2010. The ratings are subject to change every month. The ratings are calculated for funds with a minimum of 3 years of performance, calculated from the funds' 1 and 3 year average annual returns measured against a 91-day Treasury Bill return with appropriate fee adjustments. The top 10% of the funds in a category receive 5 stars (high); if the funds fall in the next 22.5%,they receive 4 stars (above average); a place in the middle 35% earns a fund 3 stars (neutral or average); those in the next 22.5% receive 2 stars (below average); and the lowest 10% get 1 star (low). Ratings are just one factor to consider when investing. For more information, please see www. morningstar.ca.