



# RBC Balanced Fund

**Fund Category**  
Canadian Neutral Balanced

**Morningstar Rating™**  
★★

## Investment Objective

To provide a combination of capital growth and modest income by investing primarily in a balance of Canadian equities, bonds and short-term debt securities.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF272
Adv	Deferred Sales	CAD	RBF838
Adv	Front End	CAD	RBF738
Adv	Low Load	CAD	RBF123
F	No Load	CAD	RBF604
T	No Load	CAD	RBF596

Inception Date	September 1987
Total Assets \$Mil	7,929.1
Series A NAV \$	11.31
Series A MER %	2.25
Benchmark	45% DEX Universe Bond 35% S&P/TSX Composite 10% S&P 500 (\$C) 10% MSCI EAFE (\$C)

Income Distribution	Quarterly
Capital Gains Distribution	Annually

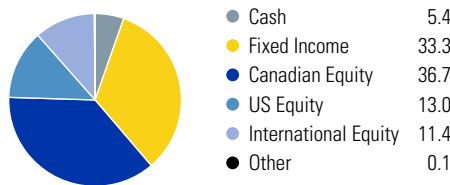
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Management Company	RBC Asset Management Inc.
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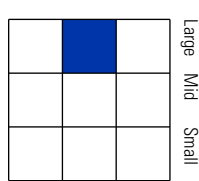
Web Site [www.rbcam.com](http://www.rbcam.com)

## Portfolio Analysis as of July 31, 2010

### Asset Mix



### Equity Style



Value Blend Growth

Statistics	%
P/B Ratio	1.9
P/E Ratio	14.1
Avg. Mkt Cap. \$Bil	22.3

### Top 5 Sectors

Sector	% Equity
Financials	25.9
Energy	18.9
Materials	15.9
Industrials	8.8
Information Technology	7.9

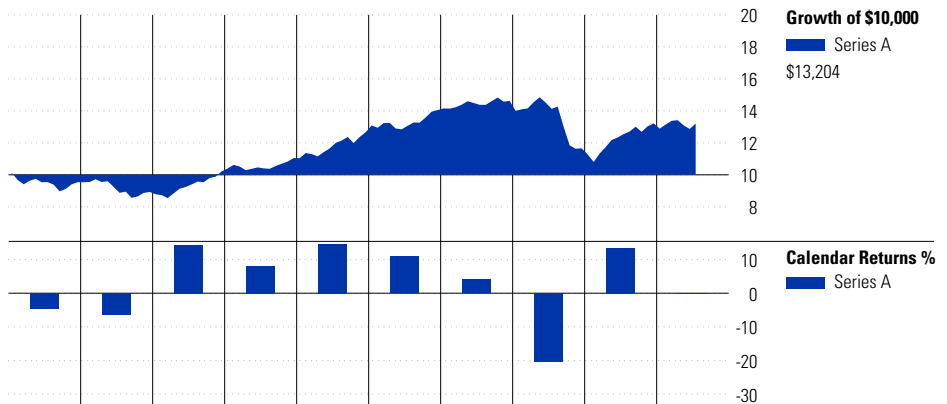
### Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	68.7
Corporate Bonds	17.3
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	13.9
Asset Backed Securities	0.0

### Top Ten Holdings

Top Ten Holdings	% Assets
Cash & Cash Equivalents	5.0
Royal Bank of Canada	2.3
Toronto-Dominion Bank	2.0
Suncor Energy, Inc.	1.7
Bank of Nova Scotia	1.5
Barrick Gold Corporation	1.5
Province Of Ontario 4.75% 02-06-2013	1.4
Province Of Quebec 5.25% 01-10-2013	1.3
Canadian Natural Resources, Ltd.	1.3
Province Of Ontario 9.5% 13-07-2022	1.3
<b>Total % of Top 10 Holdings</b>	<b>19.1</b>
<b>Total Number of Stock Holdings</b>	<b>348</b>
<b>Total Number of Bond Holdings</b>	<b>189</b>
<b>Total Number of Other Holdings</b>	<b>22</b>
<b>Total Number of Holdings</b>	<b>559</b>

## Performance Analysis as of July 31, 2010



Year	Calendar Returns %	Fund Quartile
2001	-4.6	4 <sup>th</sup>
2002	-6.4	3 <sup>rd</sup>
2003	14.4	1 <sup>st</sup>
2004	8.1	2 <sup>nd</sup>
2005	14.6	1 <sup>st</sup>
2006	10.9	2 <sup>nd</sup>
2007	4.1	1 <sup>st</sup>
2008	-20.3	4 <sup>th</sup>
2009	13.4	3 <sup>rd</sup>
YTD	-0.1	4 <sup>th</sup>

Period	Trailing Return %	Fund Quartile
1 Mth	2.6	2 <sup>nd</sup>
3 Mth	-1.6	4 <sup>th</sup>
6 Mth	2.5	3 <sup>rd</sup>
1 Yr	5.3	4 <sup>th</sup>
3 Yr	-2.8	4 <sup>th</sup>
5 Yr	1.9	3 <sup>rd</sup>
10 Yr	2.7	3 <sup>rd</sup>
Since Incep.	6.7	—



# RBC Balanced Fund

## Management Overview

### Manager Bios

#### RBC AM Investment Policy Committee

Chaired by Daniel E. Chornous, Chief Investment Officer.  
Dan has been in the investment industry since 1980.

### Performance Analysis Cont'd as of July 31, 2010

Distributions (\$)/Unit	YTD*	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	—	—	—	0.95	0.96	0.51	0.20	—	—	—
Interest	—	—	—	0.06	0.05	0.07	—	—	—	—
Dividends	—	—	—	0.07	0.08	0.08	0.06	—	—	—
Capital Gains	—	—	—	0.82	0.83	0.37	0.14	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	1-1994	26.4	1-1994	16.5	9-1997	12.7	8-2000	11.3
Worst	2-2009	-23.3	2-2009	-5.8	3-2003	-0.2	6-2010	2.5
Average		7.2		7.4		7.8		7.4
No. of Periods		260		236		212		152
Pct. Positive		76.9		86.0		99.5		100.0

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

### Quarterly Commentary as at June 30, 2010

In the second quarter, the RBC Balanced Fund (Series A) fell 3.8%, while its benchmark dropped 2.3%.

Global equity markets peaked early in the second quarter and were under pressure for the balance of it. Chief concerns centered on global government debt levels and belt-tightening which numerous countries may need to implement as stimulus is withdrawn from the markets and economies, and their impact on global growth. The Canadian equity market was one of the better performing markets across the globe, with precious metals shares soaring as gold was sought as a safe haven. The S&P/TSX Composite Total Return Index was down 5.5%, while both the S&P500 Total Return Index and MSCI EAFE Total Return Index fell 11% in their local currencies. The Fund's underweight position in bonds led to its relative underperformance compared to its benchmark.

The U.S. dollar rose 4% against the Canadian

collar, tempering some of the U.S. stock losses, with the U.S. currency being generally strong on a global basis. The Canadian dollar was mixed against most other currencies. The Fund continues to hedge some of its currency exposures.

Fixed-income yields moved lower in the second quarter, with global bonds returning 3%. The positive return was a function of a global flight to safety into higher-quality government bonds, as well as expectations for rate increases being placed on hold.

Our roadmap remains the same, as it was anticipated that a typical mid-cycle correction was likely to ensue as we moved through 2010. Having already seen a global 15-20% downdraft, a decent portion of the total equity market declines may have been seen and some hedges have been covered. Time elements suggest that there still remains a congestion period in the coming months, setting the stage for a rally later this year.

#### Major Buys

Crescent Point Energy  
ACE Ltd.  
Unilever

#### Major Sells

Centerra Gold  
Apache Corp.  
Sanofi-Aventis



# RBC Balanced 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](http://www.sedar.com).

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 July 31, 2010.

Morningstar ratings are overall ratings reflecting risk adjusted performance as of July 31, 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](http://www.morningstar.ca).

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