



RBC Balanced Fund

Fund Category

Canadian Neutral Balanced

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	8,126.9
Series A NAV \$	11.78
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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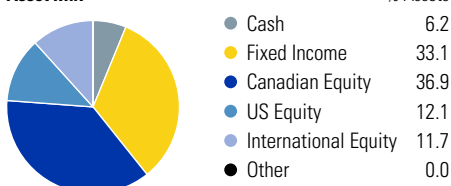
Web Site	www.rbcam.com
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Morningstar Rating™

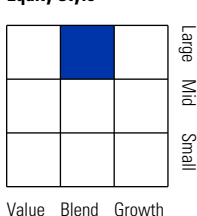
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Portfolio Analysis as of September 30, 2010

Asset Mix



Equity Style



Value Blend Growth

Statistics

Statistic	%
P/B Ratio	2.0
P/E Ratio	14.9
Avg. Mkt Cap. \$Bil	21.7

Top 5 Sectors

Sector	% Equity
Financials	25.2
Materials	18.4
Energy	18.4
Industrials	8.8
Consumer Discretionary	7.5

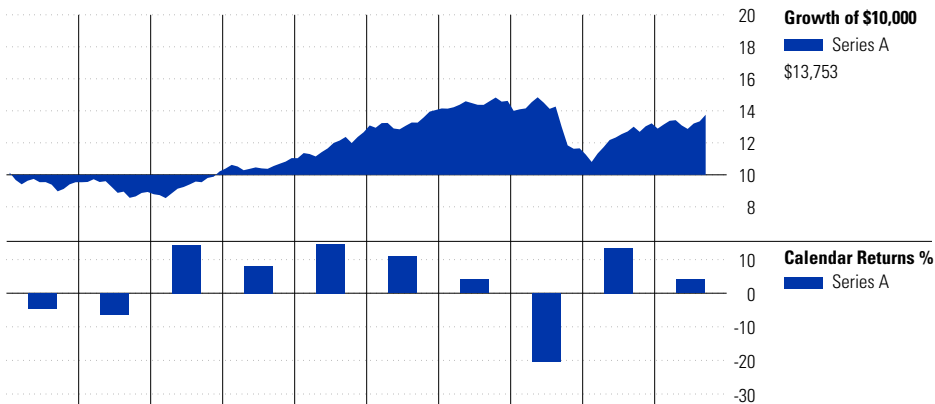
Fixed Income Breakdown

Category	% Fixed Income
Government Bonds	67.2
Corporate Bonds	16.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	15.8
Asset Backed Securities	0.0

Top 25 Holdings

Company	% Assets
Royal Bank of Canada	2.1
Toronto-Dominion Bank	1.9
Suncor Energy, Inc.	1.5
Barrick Gold Corporation	1.5
Bank of Nova Scotia	1.4
Province Of Ontario 4.75% 02-06-2013	1.3
Potash Corporation of Saskatchewan, Inc.	1.3
Ontario Prov Cda 9.5% 13-07-2022	1.3
Quebec Prov Cda 5.25% 01-10-2013	1.2
Canadian Natural Resources, Ltd.	1.2
Province Of Quebec 4.5% 01-12-2017	1.2
Canada Hsg Tr No 1 3.95% 15-12-2011	1.1
Canadian National Railway Company	1.0
Goldcorp, Inc.	1.0
Canadian Imperial Bank of Commerce	0.9
Quebec Prov Cda 6% 01-10-2012	0.9
Province Of Manitoba 6.5% 22-09-2017	0.8
Ontario Prov Cda 4.4% 02-06-2019	0.8
Research in Motion, Ltd.	0.8
EnCana Corporation	0.8
Bank of Montreal	0.8
Ontario Prov Cda 4.3% 08-03-2017	0.8
TransCanada Corporation	0.8
Canada Hsg Tr No 1 4.1% 15-12-2018	0.8
Quebec Prov Cda 5% 01-12-2015	0.7
Total % of Top 25 Holdings	27.9
Total Number of Stock Holdings	359
Total Number of Bond Holdings	192
Total Number of Other Holdings	23
Total Number of Holdings	574

Performance Analysis as of September 30, 2010



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

Period	Trailing Return %	Rank
1 Mth	3.1	2 nd
3 Mth	6.9	1 st
6 Mth	2.8	3 rd
1 Yr	5.7	3 rd
3 Yr	-2.0	4 th
5 Yr	2.1	3 rd
10 Yr	3.0	3 rd
Since Incep.	6.8	—



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 September 30, 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	8-2010	2.3
Average		7.2		7.4		7.7		7.3
No. of Periods		262		238		214		154
Pct. Positive		77.1		85.3		99.5		100.0

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

Quarterly Commentary as at September 30, 2010

In the third quarter, the RBC Balanced Fund (Series A) returned 6.9% in line with its benchmark.

An underweight position in government bonds had a positive effect on Fund performance. Within government-bond allocation, the Fund's significant overweight position in Canadian provincial bonds also added to returns, as well as the Fund's Canadian equity holdings with Materials exposure on the back of rising commodity prices.

U.S. stocks declined early in the quarter, reacting to a soft patch in economic growth and persistent concern about the U.S. housing market. At quarter end, however, outlook for growth improved as investors looked to the Federal Reserve for additional policy support in the form of quantitative easing. The Fund's U.S. equity portion had a negative effect on performance, hurt by stock selection as gains were again dominated by mid- and smaller-cap companies.

In international equity, Europe performed well on

optimism that the negative effects of the sovereign-debt crisis were starting to recede. Emerging markets posted strong returns given investors believe these countries will drive global growth in coming quarters. Security selection in the developed markets of Asia was positive for performance, however somewhat offset by weaker security selection in Europe.

We expect sluggish growth and mild inflation through our forecast horizon. We have lengthened our time frame for the ultimate normalization but, barring a significant external shock, believe the U.S. will avoid a double-dip recession. Respecting the strong cyclical and secular headwinds, we remain modestly overweight equities as we believe current valuations provide an attractive foundation for above-average long-term returns. If we see an eventual normalization in the economy over the next few years, investors in U.S. government-bond are unlikely to experience attractive, or even positive, returns. Thus, we remain underweight fixed income.

Major Buys

Penn West Energy
Pfizer
Koninklijke KPN

Major Sells

Crescent Point Energy
Norfolk Southern
Heineken



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.

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.

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