



RBC Canadian Short-Term Income Fund

Fund Category

Canadian Short Term Fixed Income

Morningstar Rating™

★★★

Investment Objective

To provide a competitive level of monthly income by investing primarily in short-term, high-quality fixed-income securities issued or guaranteed by Canadian federal, provincial or municipal governments and corporations.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF264
Adv	Deferred Sales	CAD	RBF851
Adv	Front End	CAD	RBF751
Adv	Low Load	CAD	RBF113
F	No Load	CAD	RBF947

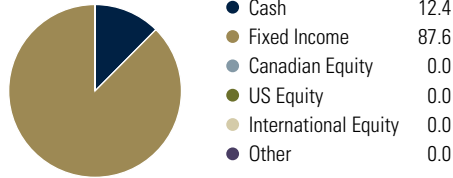
Inception Date	January 1992
Total Assets \$Mil	3,395.6
Series A NAV \$	11.00
Series A MER %	1.21
Benchmark	DEX Short Term Bond
Income Distribution	Monthly
Capital Gains Distribution	Annually
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Notes

The fund's investment objective changed June 28, 2002

Portfolio Analysis as of December 31, 2011

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	32.4
Corporate Bonds	54.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	12.4
Asset Backed Securities	0.3

Bond Rating

Bond Rating	%	Term to Maturity	%
AAA	22.3	1 - 5 Yrs	86.5
AA	44.8	5 - 10 Yrs	12.0
A	16.5	Over 10 Yrs	1.5
BBB	8.8		
BB	0.0	Avg. Term to maturity (Yrs)	2.8
B	0.0	Duration (Yrs)	2.5
Below B	0.0	Yield to Maturity	1.9
NR/NA	7.7		

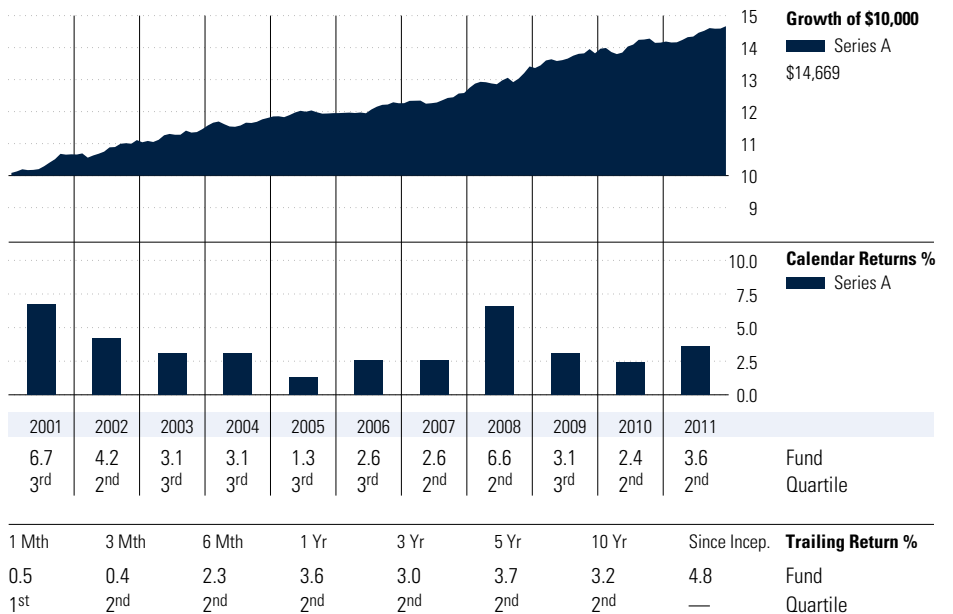
Geographic Allocations

Geographic Allocation	% Assets
Canada	99.3
United States	0.7
International (ex - Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

Top 25 Holdings	% Assets
Ontario Prov Cda 3.25% 08-09-2014	4.2
Canada Govt 2.75% 01-09-2016	3.1
Canada Govt 2% 01-06-2016	2.6
Financement Quebec 3.25% 01-06-2014	2.3
Toronto Dominion Bank 4.854% 13-02-2013	2.2
Ontario Prov Cda 4.3% 08-03-2017	2.2
CIBC 3.05% 03-06-2013	2.1
Bank of Montreal 3.93% 27-04-2015	2.1
Quebec Prov Cda 5.25% 01-10-2013	2.0
Bank of Nova Scotia 5.04% 08-04-2013	1.9
Canada Hsg Tr No 1 2.75% 15-12-2015	1.6
Canada Hsg Tr No 1 2.7% 15-12-2013	1.5
Royal Bank Of Canada 4.35% 15-06-2020	1.5
Ontario Prov Cda 3.2% 08-09-2016	1.4
Wells Fargo Finl Cda 3.97% 03-11-2014	1.4
Quebec Prov Cda 4.5% 01-12-2017	1.4
New Brunswick Prov Cda 4.3% 03-12-2015	1.1
Bell Canada MTN Cds- 3.6% 02-12-2015	1.1
Bank of Nova Scotia 3.35% 18-11-2014	1.1
CIBC 3.3% 19-11-2014	1.0
Bank of Nova Scotia 4.99% 27-03-2018	1.0
Shaw Comms 6.5% 02-06-2014	1.0
Bank of Montreal 2.96% 02-08-2016	1.0
Greater Toronto Arpts Auth 5% 01-06-2015	0.9
Manitoba Prov Cda 2.05% 01-12-2016	0.9
Total % of Top 25 Holdings	42.4
Total Number of Stock Holdings	0
Total Number of Bond Holdings	148
Total Number of Other Holdings	10
Total Number of Holdings	158

Performance Analysis as of December 31, 2011





RBC Canadian Short-Term Income Fund

Management Overview

Manager Bios

Walter Posiewko

RBC Global Asset Management Inc.

Walter Posiewko is Vice President and Senior Portfolio Manager, Global Fixed Income and Money Markets. He has been in the Investment Industry since 1985.

Performance Analysis Cont'd as of December 31, 2011

Distributions (\$)/Unit	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.28	0.30	0.33	0.38	0.34	0.34	0.34	0.35	0.41	0.42	0.48
Interest	0.28	0.30	0.33	0.38	0.34	0.34	0.34	0.35	0.41	0.42	0.48
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	1-1994	13.9	6-1997	8.8	3-1997	8.6	1-2002	6.5
Worst	1-1995	-0.7	3-2007	1.8	7-2007	2.5	10-2011	3.2
Average		4.8		4.7		4.5		4.4
No. of Periods		228		204		180		120
Pct. Positive		99.1		100.0		100.0		100.0

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

Quarterly Commentary as at December 31, 2011

The RBC Canadian Short-Term Income Fund (Series A) gained 0.4% in the 4th quarter, versus 0.5% for its benchmark.

The flight to quality sentiment that dominated Q3 continued to benefit Canadian fixed income markets, as the continuing European sovereign debt crisis triggered governments to fall, more downgrades, and an ongoing threat to the Eurozone. While U.S. growth prospects improved on the strength of recovering economic releases, sentiment was dominated by Europe. Central banks remained in defensive mode, led by the European Central Bank, which cut rates twice, and introduced new rules making funding easier for European banks.

Short Canadian bond yields slightly increased, reflecting less market comfort with prospects of an impending ease. Longer dated yields fell approximately 0.15-0.30% as allocation out of risk product drove demand for longer dated government bonds. In this environment of risk

aversion, corporate bonds, dominated by the Financials, underperformed again.

Q4 activity focused on yield/return maximization by shifting out of federal debt in favor of provincial paper, and to increase cash as valuations became stretched.

The outlook indicates a calmer quarter ahead for the market. European monetary and political authorities appear to be working towards a makeshift solution to calm the volatility experienced in previous quarters. Further, with U.S. growth prospects on the mend, we could see a slight correction in bond values, resulting in renewed curve steepening in Canada. While the Federal Reserve is on the sidelines for another one to two years, the Bank of Canada appears to also have no imminent need to tighten. With no changes in administered rates expected for some time, short dated bonds should continue to perform relatively well.



RBC Canadian Short-Term Income Fund

Disclosure

RBC Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

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.

This information has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility.

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 full year period January 1 to December 31, 2011.

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 December 31, 2011.

Morningstar ratings are overall ratings reflecting risk adjusted performance as December 31, 2011. 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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2012