



RBC Monthly Income Fund

Fund Category

Canadian Neutral Balanced

Morningstar Rating™

★★★★★

Investment Objective

To provide relatively tax efficient monthly distributions consisting of dividend income, interest income and capital gains, as well as the potential for modest capital growth. The fund aims to provide as high a regular monthly income as possible.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF448
Adv	Front End	CAD	RBF763
Adv	Low Load	CAD	RBF115
F	No Load	CAD	RBF602

Inception Date	August 1997
Total Assets \$Mil	7,201.2
Series A NAV \$	12.60
Series A MER %	1.14
Benchmark	55% DEX Mid Term Gov 40% S&P/TSX Composite 5% DEX 60 Day T-Bill

Income Distribution	Monthly
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

Distribution Summary

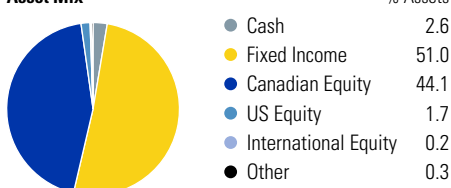
Monthly Distribution	4.75¢/unit
Current Payout Rate*	4.52%

*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

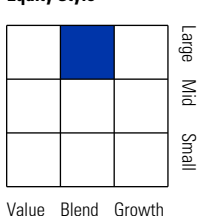
**No longer available for investment through registered plans and TFSAs.

Portfolio Analysis as of July 31, 2010

Asset Mix



Equity Style



Value Blend Growth

Statistics

Statistic	%
P/B Ratio	1.8
P/E Ratio	15.1
Avg. Mkt Cap. \$Bil	20.5

Top 5 Sectors

Sector	% Equity
Financials	45.1
Energy	22.9
Materials	10.2
Industrials	4.6
Telecommunications Services	4.4

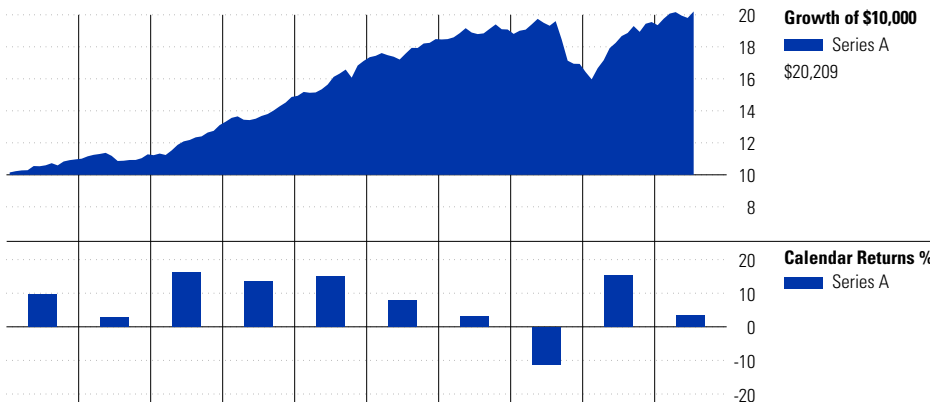
Income-Generating Asset-Class

Asset-Class	% Assets
Common Shares	46.0
Government Bonds	36.0
Investment-Grade Corporate Bonds	14.0
Other	2.8
High Yield Bonds	1.0
Preferred Shares	0.1

Top Ten Holdings

Holder	% Assets
Royal Bank of Canada	4.2
Toronto-Dominion Bank	3.5
Cash & Cash Equivalents	3.1
Bank of Nova Scotia	2.7
United States 10-Year Note Future (ST)	-2.3
Canada Govt 8% 01-06-2027	2.1
Canada Hsg Tr No 1 4.8% 15-06-2012	2.0
Canada Hsg Tr No 1 4.6% 15-09-2011	1.9
Manulife Financial Corporation	1.6
Canada Govt 5% 01-06-2037	1.4
Total % of Top 10 Holdings	20.2
Total Number of Stock Holdings	86
Total Number of Bond Holdings	175
Total Number of Other Holdings	17
Total Number of Holdings	278

Performance Analysis as of July 31, 2010



Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Value	2.0	0.2	4.4	8.2	2.4	4.6	8.5	7.4	Fund
Quartile	3rd	1st	1st	2nd	1st	1st	1st	—	Quartile



RBC Monthly Income Fund

Management Overview

Manager Bios

Jennifer McClelland

RBC Asset Management Inc.

Jennifer McClelland is Vice President and Senior Portfolio Manager, Canadian Equities. She has been in the Investment Industry since 1995.

Suzanne Gaynor

RBC Asset Management Inc.

Suzanne Gaynor is Vice President and Senior Portfolio Manager, Global Fixed Income and Currencies. She has been in the Investment Industry since 1988.

Performance Analysis Cont'd as of July 31, 2010

Distributions (\$)/Unit	YTD*	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.33	0.57	0.57	1.14	0.77	0.53	0.56	0.51	0.59	0.58
Interest	0.33	0.43	0.41	0.39	0.38	0.37	0.36	0.35	0.32	0.35
Dividends	—	0.14	0.16	0.17	0.15	0.16	0.20	0.15	0.27	0.23
Capital Gains	—	—	—	0.58	0.24	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	0.01	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	2-2001	25.7	3-2006	16.1	2-2005	13.3	2-2010	9.3
Worst	2-2009	-16.0	2-2009	-2.9	2-2009	3.3	2-2009	6.4
Average		7.5		8.4		9.0		8.2
No. of Periods		144		120		96		36
Pct. Positive		81.9		95.8		100.0		100.0

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

Quarterly Commentary as at June 30, 2010

In the second quarter, the RBC Monthly Income Fund (Series A) declined 1.4%, versus a 0.1% decline in the Fund's blended benchmark.

The Fund's above-benchmark allocation to equities versus fixed income was a modest drag on relative performance over the period, given weakness in the Canadian equity market versus the resilience of the fixed-income market in the face of global uncertainty. This impact was partially offset by above-benchmark performance in the equity portion of the Fund, while the Fund's fixed income return was in line with its benchmark.

In the absence of clarity on the direction of the economy, neither the cyclical or defensive/interest rate-sensitive sectors have shown sustainable strength. In this environment, one of the biggest positive standouts in the Canadian equity market has been the gold sector. Given limited dividend-paying options in the gold sector, the Fund had limited exposure, which provided a drag in terms

of performance relative to benchmark. Also providing a modest drag was the Fund's above-benchmark weight in Consumer Staples and its below-benchmark exposure to Telecommunication Services. These negative impacts were offset by strong returns from security selection within sectors, particularly in Energy and Industrials.

The Fund's asset mix continues to favor equities at the expense of fixed income. We have recently pared back our fixed-income position further below market weight in favor of cash. Our view is that stabilizing credit markets and the increasing issuance of government bonds expected over the next several years could push up global yields, which would hurt bond prices. The Fund's fixed-income portfolio is positioned to benefit from the attractive risk premiums in bonds issued by provincial governments and crown corporations and our plan is to continue to add to our corporation bond exposure over time.

Major Buys

Entergy
Alimentation Couche Tard
Magna International
Teck Resources

Major Sells

Methanex
Bell Aliant Income Fund



RBC Monthly Income 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.

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.

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