



RBC Canadian Bond Index Fund

Fund Category
Canadian Fixed Income

Morningstar Rating™
★★★

Investment Objective

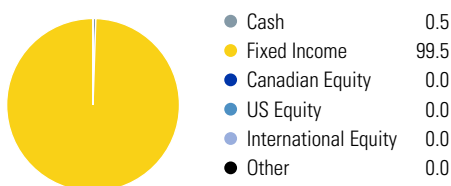
To provide a total return consisting of income and moderate capital growth by tracking the performance of the DEX Universe Federal Bond Index.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Assets \$Mil		319.9	
Series A NAV \$		11.60	
Series A MER %		0.63	
Benchmark		DEX Universe Federal Bond	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Open	
Min. Investment \$		1,000	
Subsequent Investment \$		25	
Management Company		RBC Asset Management Inc.	
Web Site		www.rbcam.com	

Portfolio Analysis as of July 31, 2010

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	97.6
Corporate Bonds	1.9
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	0.5
Asset Backed Securities	0.0

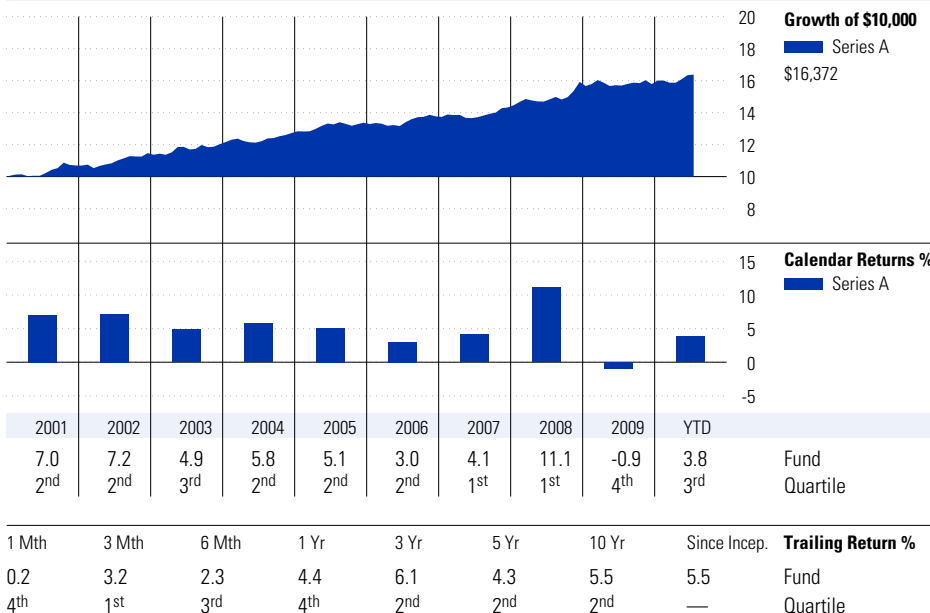
Bond Rating	%	Term to Maturity	%
AAA	99.5	1 - 5 Yrs	69.8
AA	0.0	5 - 10 Yrs	15.9
A	0.0	Over 10 Yrs	14.3
BBB	0.0		
BB	0.0	Avg. Term to maturity (Yrs)	6.8
B	0.0	Duration (Yrs)	5.1
Below B	0.0	Yield to Maturity	2.3
NR/NA	0.5		

Top Ten Holdings

Top Ten Holdings	% Assets
Canada Hsg Tr No 1 2.7% 15-12-2013	8.3
Canada Hsg Tr No 1 4% 15-06-2012	8.2
Canada Hsg Tr No 1 3.6% 15-06-2013	7.6
Canada Govt 3.75% 01-06-2019	7.3
Canada Hsg Tr No 1 4.55% 15-12-2012	6.0
Canada Govt 3.5% 01-06-2020	5.3
Canada Govt 5.25% 01-06-2013	4.9
Canada Govt 2% 01-09-2012	4.8
Canada Govt 4.5% 01-06-2015	4.5
Canada Govt 5.75% 01-06-2029	4.1
Total % of Top 10 Holdings	61.1
Total Number of Stock Holdings	0
Total Number of Bond Holdings	31
Total Number of Other Holdings	1
Total Number of Holdings	32

Top Geographic Allocations	% Assets
Canada	99.4
United States	0.6

Performance Analysis as of July 31, 2010





RBC Canadian Bond Index Fund

Management Overview

Manager Bios

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	0.20	0.38	0.37	0.41	0.40	0.42	0.46	0.47	0.49	0.50
Interest	0.20	0.37	0.37	0.41	0.40	0.42	0.46	0.47	0.49	0.49
Dividends	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.02	—	—	—	—	—	—	—	0.01
Return Of Capital	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	10-2001	11.8	6-2003	7.5	6-2005	6.9	6-2010	5.5
Worst	6-2006	-1.2	6-2008	3.3	5-2010	4.1	7-2010	5.5
Average		5.4		5.3		5.2		5.5
No. of Periods		110		86		62		2
Pct. Positive		96.4		100.0		100.0		100.0

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

Quarterly Commentary as at June 30, 2010

For the second quarter, the RBC Canadian Bond Index Fund (Series A) returned 3.0%, compared the DEX Federal Bond Total Return Index return of 3.1%.

The positive outlook that dominated the first three months of 2010 was replaced in April by concerns that government-debt troubles in Greece would spread to bigger Eurozone economies and possibly infect the global financial system. This, combined with proposed regulatory financial system reforms, spooked investors causing a flight-to-quality into more liquid and safer markets. Meanwhile, Canada was less exposed to the belt-tightening that many countries have started to implement, which investors feared would lead to slower global growth. In June, Canada became the first G8 country to raise rates from historically low levels as stronger Canadian economic fundamentals outweighed the risks associated

with the global market turbulence.

During the quarter, the Fund maintained its overweight in Canada Mortgage Bonds as the premiums to hold those, instead of similar Government of Canada bonds, remains attractive. We also added a new holding in Canada Post bonds maturing in 30 years as these also offered attractive additional yields.

We believe yields could move higher as credit markets stabilize and government bond issuance increases over the next while. However, this rise should be orderly as long as economic uncertainty and subdued inflationary pressures remain. As we expect higher rates in Canada, we will position the Fund defensively, with a higher cash weighting and overweight position in Canada Mortgage Bonds. We will also structure the Fund to benefit from a flattening yield curve.



RBC Canadian Bond Index 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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