



RBC Canadian Government 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

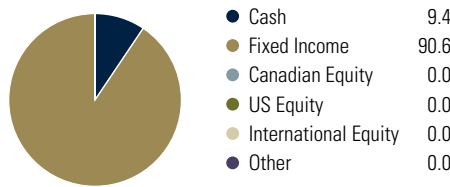
Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF563
Inception Date		June 2000	
Total Assets \$Mil		403.7	
Series A NAV \$		12.13	
Series A MER %		0.66	
Benchmark		DEX Universe Federal Bond	
Income Distribution		Quarterly	
Capital Gains Distribution		Annually	
Sales Status		Open	
Min. Investment \$		1,000	
Subsequent Investment \$		25	
Management Company		RBC Global Asset Management Inc.	
Web Site		www.rbcgam.com	

Notes

Fund name changed effective June 29, 2011. Fund was previously known as RBC Canadian Bond Index Fund.

Portfolio Analysis as of December 31, 2011

Asset Mix



Fixed Income Breakdown

Fixed Income Category	% Fixed Income
Government Bonds	90.6
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	9.4
Asset Backed Securities	0.0

Bond Rating

Bond Rating	%	Term to Maturity	%
AAA	99.4	1 - 5 Yrs	53.6
AA	0.0	5 - 10 Yrs	26.5
A	0.0	Over 10 Yrs	19.9
BBB	0.0		
BB	0.0	Avg. Term to maturity (Yrs)	7.2
B	0.0	Duration (Yrs)	5.6
Below B	0.0	Yield to Maturity	1.5
NR/NA	0.6		

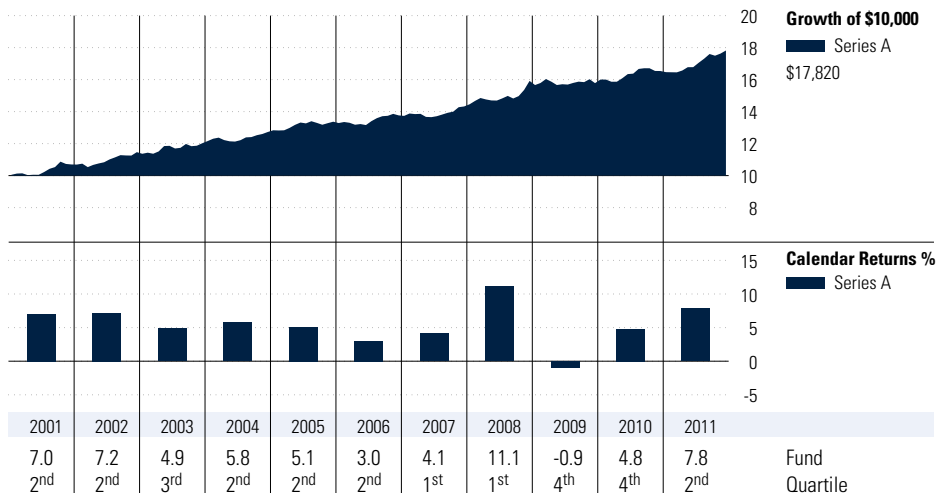
Geographic Allocations

Geographic Allocation	% Assets
Canada	98.9
United States	1.1
International (ex - Emerging Markets)	0.0
Emerging Markets	0.0

Top 25 Holdings

Top 25 Holdings	% Assets
Canada Govt 2% 01-12-2014	6.6
Canada Hsg Tr No 1 2.7% 15-12-2013	6.2
Canada Govt 1.5% 01-03-2017	5.9
Canada Hsg Tr No 1 3.35% 15-12-2020	5.3
Canada Govt 5.75% 01-06-2029	4.6
Canada Hsg Tr No 1 2.75% 15-12-2014	4.5
Canada Govt 2.5% 01-09-2013	4.3
Canada Govt 4% 01-06-2041	4.2
Canada Govt 2% 01-06-2016	3.8
Canada Govt 3.5% 01-06-2020	3.8
Canada Govt 4.5% 01-06-2015	3.6
Canada Govt 5% 01-06-2037	3.6
Canada Govt 3.75% 01-06-2019	3.4
Canada Govt 5% 01-06-2014	3.2
Canada Govt 2.25% 01-08-2014	3.2
Canada Hsg Tr No 1 4.1% 15-12-2018	3.1
Canada Govt 2.75% 01-09-2016	3.1
Canada Govt 5.75% 01-06-2033	2.9
Canada Hsg Tr No 1 3.6% 15-06-2013	2.7
Canada Govt 5.25% 01-06-2013	2.4
Canada Govt 2% 01-03-2014	2.4
Canada Govt 3.25% 01-06-2021	2.2
Canada Hsg Tr No 1 2.2% 15-03-2014	1.4
Canada Hsg Tr No 1 2.45% 15-12-2015	1.2
Canada Govt 2.75% 01-06-2022	1.2
Total % of Top 25 Holdings	88.8
Total Number of Stock Holdings	0
Total Number of Bond Holdings	29
Total Number of Other Holdings	4
Total Number of Holdings	33

Performance Analysis as of December 31, 2011



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
1.1	1.3	6.2	7.8	3.8	5.3	5.2	5.6	Fund
4th	4th	1st	2nd	4th	2nd	2nd	—	Quartile



RBC Canadian Government Bond Index Fund

Management Overview

Manager Bios

Suzanne Gaynor

RBC Global 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 December 31, 2011

Distributions (\$)/Unit	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.31	0.36	0.38	0.37	0.41	0.40	0.42	0.46	0.47	0.49	0.50
Interest	0.31	0.36	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	9-2010	5.6
Worst	6-2006	-1.2	6-2008	3.3	5-2010	4.1	10-2011	4.9
Average		5.3		5.2		5.1		5.3
No. of Periods		127		103		79		19
Pct. Positive		96.9		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 Government Bond Index Fund (Series A) returned 1.3% for the quarter as compared to the DEX Federal Total Return Index gain of 1.4%.

Returns on longer maturities were higher than those shorter maturities as investors were encouraged by low short rates to move out the yield curve.

North American bond markets posted another strong performance over the past quarter, driven mainly by Europe's sovereign-debt crisis and renewed concern about the outlook for global economic growth. Global safe-haven worries have helped to push mid- and long-bond yields to record lows. Canada's relatively strong fiscal fundamentals, well anchored inflation expectations, and "AAA" rating continue to attract international buyers particularly in the more liquid federal and provincial issues.

The Fund's performance benefited from the decision to own more long federal bonds, but this was offset by being slightly underweight the Canada mortgage bond sector. We are moving this to an overweight position with emphasis on bonds maturing in the mid bucket.

At the most recent meeting, Bank of Canada kept policy rates unchanged but emphasis was placed on rising recession risks in Europe and uncertainty around the global economic outlook. The U.S. Federal Reserve is on hold through mid-2013 and the European Central Bank's latest moves have been rate cuts. Therefore, it is reasonable to assume that monetary policy will remain accommodative for the foreseeable future. However, yields across the rest of the curve should move higher, once the market feels confident that progress is being made in Europe and the economic outlook improves.



RBC Canadian Government Bond Index 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.

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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.

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