



# RBC \$U.S. Income Fund

**Fund Category**  
Global Fixed Income Balanced

**Morningstar Rating™**  
N/A

## Investment Objective

To provide a combination of regular U.S. dollar monthly income and modest capital growth by investing primarily in U.S. fixed-income and equity securities.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	USD	RBF587
Adv	Front End	USD	RBF764
Adv	Low Load	USD	RBF116
F	No Load	USD	RBF640

Inception Date	May 2005
Total Assets \$Mil	123.4
Series A NAV \$	9.83
Series A MER %	1.68
Benchmark	60% Barclay US Aggregate 40% S&P 500 (\$US)

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](http://www.rbcam.com)

## Notes

### Distribution Summary

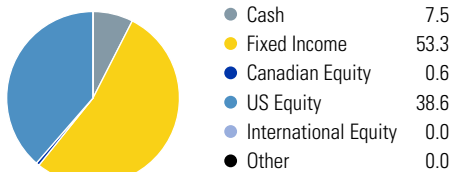
Monthly Distribution	3¢/unit
Current Payout Rate*	3.66%

\*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.

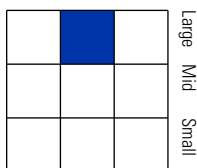
Not available for registered plans within RBC Royal Bank.

## Portfolio Analysis as of July 31, 2010

### Asset Mix



### Equity Style



Value Blend Growth

Statistics	%
P/B Ratio	2.0
P/E Ratio	13.6
Avg. Mkt Cap. \$Bil	38.6

### Top 5 Sectors

Sector	% Equity
Information Technology	18.6
Financials	15.9
Industrials	11.8
Consumer Staples	11.5
Health Care	10.4

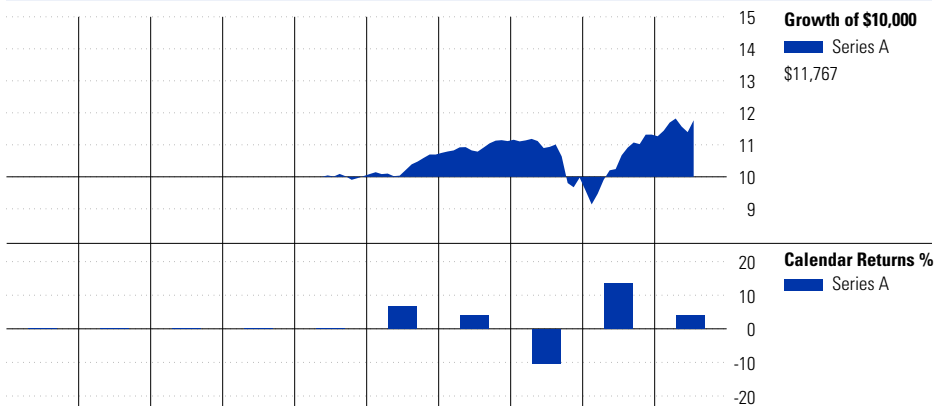
### Income-Generating Asset-Class

Asset-Class	% Assets
Common Shares	39.2
Government Bonds	26.9
Investment-Grade Corporate Bonds	21.1
Other	7.5
High Yield Bonds	5.3
Preferred Shares	0.0

### Top Ten Holdings

Holder	% Assets
Cash & Cash Equivalents	7.4
United States Treas Nts 1.75% 31-03-2014	4.4
United States Treas Nts 3.75% 15-11-2018	2.8
United States Treas Nts 3.625% 15-02-2020	2.7
FHLMC 4.5% 01-03-2024	1.7
United States Treas Nts 2.12% 30-11-2014	1.7
FNMA 5% 01-08-2034	1.6
FNMA 5% 01-09-2033	1.2
FNMA 6.5% 01-10-2037	1.2
Apple, Inc.	1.1
<b>Total % of Top 10 Holdings</b>	<b>25.8</b>
<b>Total Number of Stock Holdings</b>	<b>88</b>
<b>Total Number of Bond Holdings</b>	<b>174</b>
<b>Total Number of Other Holdings</b>	<b>3</b>
<b>Total Number of Holdings</b>	<b>265</b>

## Performance Analysis as of July 31, 2010



Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD	Fund Quartile
Return %	—	—	—	—	—	6.7	3.9	-10.3	13.5	4.0	3 <sup>rd</sup>

Period	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Return %	3.3	-0.5	4.4	10.2	2.9	3.3	—	3.2	Fund
Quartile	4 <sup>th</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	—	—	—	—	—	Quartile



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## Management Overview

### Manager Bios

#### Frank Gambino

##### RBC Asset Management Inc.

Frank Gambino is Vice President and Senior Portfolio Manager, Global Fixed Income and Currencies. He has been in the Investment Industry since 1990.

#### Cameron Hurst

##### RBC Asset Management Inc.

Cameron Hurst is Portfolio Manager, U.S. and Global Equities. He has been in the investment industry since 1999.

#### Brad Willock

##### RBC Asset Management Inc.

Brad Willock is Vice President and Senior Portfolio Manager, U.S. Equities. He has been in the investment industry since 1996.

#### Soo Boo Cheah

##### RBC Asset Management UK Limited

Soo Boo Cheah is Portfolio Manager, Global Fixed Income and Currencies

#### James Learmonth

##### RBC Asset Management Inc.

James Learmonth is Portfolio Manager, U.S. Equities. He has been in the investment industry since 2000.

#### Jane Lesslie

##### RBC Asset Management UK Limited

Jane Lesslie is 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	0.21	0.39	0.42	0.28	0.29	0.16	—	—	—	—
Interest	0.21	0.23	0.27	0.28	0.29	0.14	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	0.15	0.15	—	—	0.01	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	2-2010	25.2	5-2008	3.6	7-2010	3.3	—	—
Worst	2-2009	-17.7	2-2009	-3.4	6-2010	2.6	—	—
Average		3.4		1.2		2.9		—
No. of Periods		51		27		3		—
Pct. Positive		74.5		74.1		100.0		—

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

### Quarterly Commentary as at June 30, 2010

In the second quarter, the RBC \$U.S. Income Fund (Series A) returned -2.6%, in line with its benchmark.

The Fund's higher-quality securities, such as U.S. investment-grade corporate bonds, U.S. government Treasury bonds and mortgage-backed securities, benefitted from lower government yields as investors' demand for these 'safe haven' bonds increased.

Our bias will be to take advantage of the sell-off in credit assets to enhance the yield of the Fund's fixed-income holdings and we will first look to add opportunistically to our investment-grade corporate bonds holdings. We will also maintain the Fund's 8% weight in high yield and cross over bonds and will gradually reduce our exposure to government bonds as interest rates are very low and anticipated to increase over time due to increasing government bond supply and rising U.S. fiscal deficits.

In equities, the Fund benefitted from a modest underweight position in Consumer Discretionary,

as the long outperformance of consumer cyclical stocks started to fade. Information Technology and Telecommunication Services were among the best performing sectors in the Fund. The Fund's overweight position in Telecommunication Services aided performance while exposure to Financials detracted, owing to uncertainty regarding regulatory reform.

Apple Inc. and Qwest Communications International Inc. were strong performers during the quarter while Microsoft Corp. and Goldman Sachs temporarily lagged the market.

We believe that total rates of return will be positive in 2010 as both the U.S. and global economies continue to recover. In our view, economic growth for the remainder of the year is likely to be modest; however we do not expect another recession. Given high corporate operating leverage, strong balance sheets, and valuations that remain attractive, we are optimistic regarding the prospects for stocks over the intermediate term.

#### Major Buys

Caterpillar Inc.  
Ace Ltd.  
Deer & Co.

#### Major Sells

Pfizer Inc.  
Amazon.com  
Anadarko Petroleum Corp



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## 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](http://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](http://www.morningstar.ca).

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