



RBC Canadian Equity Income Fund

Fund Category
Canadian Income Trust Equity

Morningstar Rating™
★★★★★

Investment Objective

To provide a high level of monthly cash flow and relatively tax efficient distributions consisting primarily of returns of capital, capital gains and interest income and to provide the potential for modest capital growth.

Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF591
Adv	Deferred Sales	CAD	RBF856
Adv	Front End	CAD	RBF762
Adv	Low Load	CAD	RBF111
F	No Load	CAD	RBF646

Inception Date	August 2006
Total Assets \$Mil	164.5
Series A NAV \$	19.73
Series A MER %	2.00
Benchmark	100% S&P/TSX Composite

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

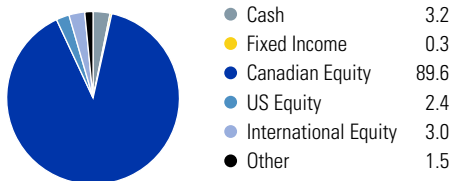
Monthly Distribution	9¢/unit
Current Payout Rate*	5.47%

*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.

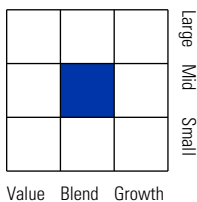
Fund's investment objective and name changed July 2, 2009.

Portfolio Analysis as of July 31, 2010

Asset Mix



Equity Style



Equity Statistics

P/B Ratio	1.7
P/E Ratio	15.9
Avg Mkt Cap \$Bil	3.2

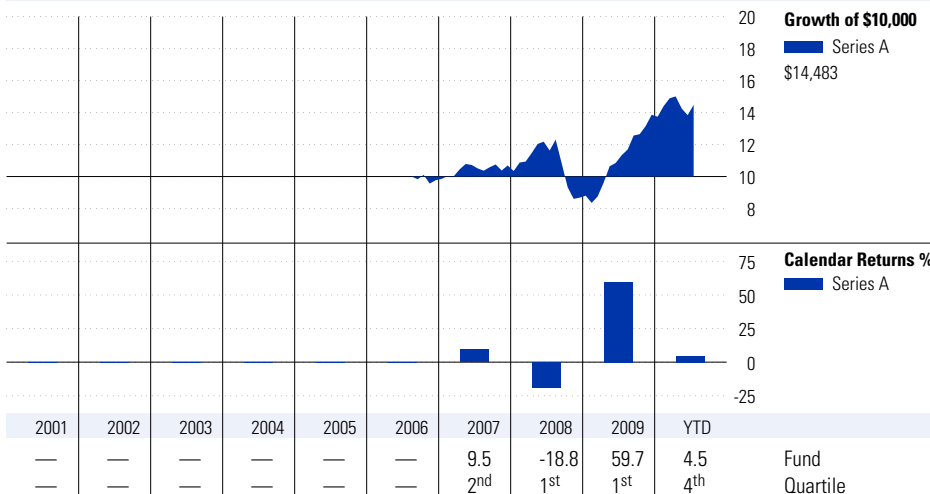
Global Equity Sectors

Sector	% Equity
Energy	24.0
Financials	21.1
Industrials	14.2
Materials	10.7
Consumer Staples	10.3
Consumer Discretionary	7.1
Utilities	6.0
Information Technology	3.3
Health Care	1.9
Unclassified	0.8
Telecommunication Services	0.6

Top Ten Holdings

Company	% Assets
Shoppers Drug Mart	3.3
Cash & Cash Equivalents	3.2
Research in Motion, Ltd.	3.1
Crescent Point Energy Corporation	2.8
Linamar Corporation	2.5
Black Diamond Group Ltd	2.3
Brookfield Properties Corporation	2.1
Algonquin Power & Utilities Corp	2.1
Primaris Retail REIT Tr Unit	2.0
Magna International A	2.0
Total % of Top 10 Holdings	25.3
Total Number of Stock Holdings	85
Total Number of Bond Holdings	1
Total Number of Other Holdings	3
Total Number of Holdings	89

Performance Analysis as of July 31, 2010



Period	Trailing Return %	Fund Quartile
1 Mth	4.7	1st
3 Mth	-3.5	4th
6 Mth	5.4	3rd
1 Yr	27.8	2nd
3 Yr	11.3	1st
5 Yr	—	—
10 Yr	—	—
Since Incep.	9.8	—

RBC Canadian Equity 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.

Performance Analysis Cont'd as of July 31, 2010

Distributions (\$)/Unit	YTD*	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.63	1.45	0.96	0.96	0.32	—	—	—	—	—
Interest	0.63	0.54	0.87	0.67	0.30	—	—	—	—	—
Dividends	—	0.13	0.09	0.08	0.02	—	—	—	—	—
Capital Gains	—	0.78	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	0.21	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	2-2010	72.5	3-2010	14.2	—	—	—	—
Worst	2-2009	-23.2	8-2009	5.3	—	—	—	—
Average		13.3		10.6				
No. of Periods		36		12				
Pct. Positive		69.4		100.0				

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

Quarterly Commentary as at June 30, 2010

In the second quarter, the RBC Canadian Equity Income Fund (Series A) declined 7.1% versus a 5.5% loss for its benchmark.

The Canadian equity market was strong in the first quarter, driven by strong returns in the cyclically sensitive sectors, but has subsequently sold off through June, impacted by the overhang of the European debt crisis and worries over U.S. economic growth. This has resulted in a very mixed performance across S&P/TSX Composite Index sectors over the quarter with best performing areas including gold, Health Care, Telecommunication Services and Consumer Discretionary sectors, which more than offset by weakness in diversified metals and Information Technology Financials and Consumer Staples sectors.

Given the current volatility in capital markets and the low-interest-rate environment, we believe the search for income-producing investments will

continue to be an important theme in equity markets. We recently increased the Fund's exposure to a number of defensive positions and are focusing on more traditional income positions in the pipelines, utilities and consumer staples areas. These industries were somewhat overlooked in the rally, and we believe that their consistent, sustainable returns will prove to be more resilient in volatile markets.

With stocks down toward the end of the first half, we began to balance the Fund's defensive positioning with stocks more exposed to the economic cycle. Especially attractive, are particular areas of the resource market where the supply demand fundamentals for the underlying commodities are particularly compelling. We continue to maintain an active approach to managing the Fund given the view that market volatility will persist for some time amid global economic conditions.

Major Buys

Alimentation Couche Tard
Jean Coutu
Manulife
Magna International
Teck Resources

Major Sells

Telus
Allied Properties REIT
Altus Group Income Fund
Boardwalk REIT
Killam Properties

RBC Canadian Equity 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.

® Registered trademark of Royal Bank of Canada. RBC Global Asset Management is a trademark of Royal Bank of Canada. Used under licence. © RBC Asset Management Inc. 2010.