

# RBC Managed Portfolios

## Income Investment Profile

QUARTERLY PROFILE DISCLOSURE

September 30, 2008

### At a glance

|                                    |                            |
|------------------------------------|----------------------------|
| Profile inception date             | February 2000              |
| Net assets                         | \$151.3MM                  |
| Fees                               | Tiered – \$1,250 (minimum) |
| First \$150,000                    | 1.60%                      |
| Next \$100,000                     | 1.50%                      |
| Over \$250,000                     | 1.00%                      |
| Distribution policy                |                            |
| Income                             | monthly/quarterly          |
| Capital gains                      | annually (Dec)             |
| Minimum investment                 | \$100,000                  |
| <b>Benchmark</b>                   |                            |
| SCM T-Bills 30/91                  | 5.00%                      |
| RBC CM overall market index        | 75.00%                     |
| <b>Total fixed income and cash</b> | <b>80.00%</b>              |
| S&P/TSX composite TR               | 10.00%                     |
| S&P 500 TR CAD*                    | 5.00%                      |
| MSCI EAFE CAD*                     | 5.00%                      |
| <b>Total equity</b>                | <b>20.00%</b>              |
| <b>Total</b>                       | <b>100.00%</b>             |

\* 50% hedged to CAD

### Sector mix (%)

|                            | May 31 2008 | Aug 31 2008 |
|----------------------------|-------------|-------------|
| Financials                 | 5.50        | 4.92        |
| Consumer Discretionary     | 3.41        | 1.22        |
| Materials                  | 1.74        | 1.19        |
| Utilities                  | 1.49        | 0.68        |
| Energy                     | 1.47        | 3.03        |
| Industrials                | 1.30        | 1.54        |
| Health Care                | 1.14        | 1.26        |
| Telecommunication Services | 1.06        | 0.79        |
| Information Technology     | 0.96        | 1.42        |
| Consumer Staples           | 0.78        | 1.24        |

### Objective

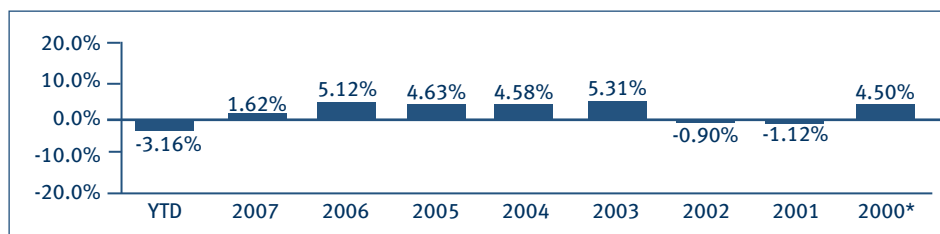
This portfolio focuses on generating income returns, with a secondary emphasis on inflation protection.

### Commentary

The Income investment profile posted a -2.83% return over the past three months as global equity markets trended downwards.

The portfolio was rebalanced in September to bring the holdings back to target weights since the last rebalance and to redeploy the income received from the underlying holdings through the quarter. Not only did this rebalancing keep the asset mix on track, but it also allowed us to take advantage of what we feel are very attractive valuations for stocks. Overall, we maintain an overweight position in equities as valuations suggest significant upside once the credit crunch passes.

### Calendar performance



Net of fees based on a minimum investment of \$100,000. \*Partial year from Feb. 2000 to Dec. 2000.

### Performance

|             | 1 mo  | 3 mo  | 1 yr  | 3 yr | 5 yr | Since inception* |
|-------------|-------|-------|-------|------|------|------------------|
| Profile (%) | -3.60 | -2.83 | -2.49 | 1.32 | 3.03 | 2.28             |

Net of fees based on a minimum investment of \$100,000. \*Partial year from Feb. 2000 to Dec. 2000.

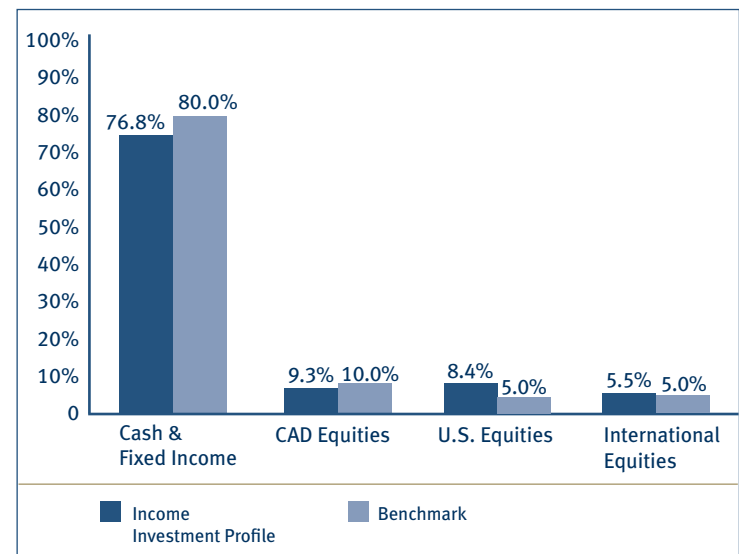
### Range of Returns

|                                | 1 yr   | Ended  | 3 yr   | Ended  | 5 yr    | Ended  |
|--------------------------------|--------|--------|--------|--------|---------|--------|
| Best return                    | 10.30% | Mar-04 | 5.96%  | Mar-06 | 4.73%   | Mar-08 |
| Worst return                   | -3.84% | Jun-01 | -1.12% | Mar-03 | 1.79%   | Mar-05 |
| Average return                 | 2.61%  |        | 3.22%  |        | 3.42%   |        |
| Total periods                  | 93     |        | 69     |        | 45      |        |
| Percentage of positive periods | 72.04% |        | 92.75% |        | 100.00% |        |

### Profile holdings

|  | % of net assets<br>Sep 30, 2008 |
|--|---------------------------------|
| <b>Cash and Fixed Income</b>                             | <b>76.8</b>                     |
| Cash   | 8.8                             |
| RBC Private Canadian Bond Pool                           | 30.1                            |
| RBC Private Corporate Bond Pool                          | 4.4                             |
| RBC Private Short-Term Income Pool                       | 27.4                            |
| RBC Private Global Bond Pool                             | 6.1                             |
| <b>Equities</b>  | <b>23.2</b>                     |
| <b>Canadian Equities</b>                                 | <b>9.3</b>                      |
| RBC Private Canadian Dividend Pool                       | 7.9                             |
| RBC Private O'Shaughnessy Canadian Equity Pool           | 1.4                             |
| <b>U.S. Equities</b>                                     | <b>8.4</b>                      |
| RBC Private U.S. Equity Pool                             | 4.9                             |
| RBC Private O'Shaughnessy U.S. Value Equity Pool         | 2.4                             |
| RBC Private Global Dividend Growth Pool (U.S. Holdings)  | 1.1                             |
| <b>International Equities</b>                            | <b>5.5</b>                      |
| RBC Private European Equity Pool                         | 2.6                             |
| RBC Private Asian Equity Pool                            | 1.2                             |
| RBC Private Global Dividend Growth Pool (Int'l Holdings) | 1.7                             |

### Current profile asset mix



### Distributions (based on a minimum investment of \$100,000 CAD)

|                     | YTD     | 2007    | 2006    | 2005    |
|---------------------|---------|---------|---------|---------|
| Total distributions | \$4,690 | \$7,486 | \$7,339 | \$6,937 |
| Interest            | —       | 75%     | 74%     | 68%     |
| Dividends           | —       | 4%      | 4%      | 7%      |
| Capital gains       | —       | 21%     | 22%     | 25%     |

\* YTD distributions are noted as income until year-end when tax allocations are determined

### Top 25 securities held within the pools in the profile — as at Aug 31, 2008

| Issuer               | Issue           | % of assets | Issuer               | Issue           | % of assets  |
|----------------------|-----------------|-------------|----------------------|-----------------|--------------|
| CASH                 | CASH            | 8.90        | CANADA HOUSING TRUST | 3.750 MAR 15 10 | 1.00         |
| RBC PRIVATE CORP     | BOND POOL SER O | 4.45        | QUEBEC PROV          | 4.500 DEC 01 17 | 0.89         |
| CANADA HOUSING TRUST | 4.55 DEC 15 12  | 4.31        | CANADA HOUSING TRUST | 4.800 JUN 15 12 | 0.81         |
| CANADA HOUSING TRUST | 3.950 DEC 15 11 | 2.34        | TD CAPITAL TRUST     | 7.600 DEC 31 09 | 0.71         |
| CANADA HOUSING TRUST | 3.600 JUN 15 13 | 1.81        | BANK OF MONTREAL     | 5.04 SEP 4 12   | 0.70         |
| CANADA GOV'T         | 4.25 JUN 01 18  | 1.71        | ONTARIO PROV         | 4.300 MAR 08 17 | 0.69         |
| CANADA GOV'T         | 3.750 SEP 01 11 | 1.70        | PROV OF ONTARIO MTN  | 8.000 DEC 02 26 | 0.69         |
| CANADA GOV'T         | 5.750 JUN 01 33 | 1.48        | FINANCEMENT QUEBEC   | 4.750 DEC 01 09 | 0.67         |
| PROV OF ONTARIO      | 4.400 DEC 02 11 | 1.36        | GENESIS TRUST        | 4.245 SEP 15 11 | 0.67         |
| CANADA HOUSING TRUST | 3.550 SEP 15 10 | 1.33        | CANADA HOUSING TRUST | 4.000 JUN 15 12 | 0.65         |
| PROV OF QUEBEC       | 6.000 OCT 01 12 | 1.28        | CANADA GOV'T         | 5.000 JUN 01 37 | 0.62         |
| CANADA GOV'T TREAS   | 4.000 JUN 01 17 | 1.18        | BANK OF NOVA SCOTIA  | 5.040 APR 08 13 | 0.61         |
| CANADA GOV'T         | 3.750 JUN 01 12 | 1.17        | <b>Total</b>         |                 | <b>41.70</b> |

The indicated rates of return for the RBC Managed Portfolios investment profiles are the historical annual compounded total returns for the periods after investment management fees and taxes have been charged in respect of the program. Fees are calculated based on a minimum account size of \$100,000, using the fee schedule in effect during the period. The rates of return for the periods of less than one year are simple rates of return after deduction of fees and charges in respect of the program. The return is based on the total returns of the participating RBC Private Pools including changes in unit value. The performance of each pool is based on the change in the net asset value of Series O units of the pool during the period. The RBC Managed Portfolios program is managed by RBC Asset Management Inc. and distributed through Royal Mutual Funds Inc. Investors pay a monthly fee to Royal Mutual Funds Inc. based on the net asset value of the investor's account. A portion of the monthly fee is paid to RBC Asset Management Inc. No management fees are charged by RBC Asset Management Inc. to the RBC Private Pools in respect of the program and no sales charge or trailing commissions are payable by investors in connection with any purchases, redemptions or switches in the program. Please read the account agreement and supporting documents, and the prospectus of the participating RBC Private Pools before investing in the RBC Managed Portfolios program. RBC Managed Portfolios and RBC Private Pools are not guaranteed, their values change frequently and past performance may not be repeated. Investment and retirement planners and financial planners are employees of Royal Mutual Funds Inc. ("RMFI"). RMFI, RBC Asset Management Inc. and Royal Bank of Canada are separate corporate entities which are affiliated. RMFI is licensed as a financial services firm in the province of Quebec.