



## RBC BOND FUND

## QUARTERLY PORTFOLIO DISCLOSURE

Managed by the RBC AM Global Fixed Income and Currencies Committee

**Daniel Chornous, CFA**  
Chief Investment Officer

**Dagmara Fijalkowski, CFA, MBA**  
Vice-President and Senior Portfolio Manager

**Frank Gambino, CFA**  
Vice-President and Senior Portfolio Manager

**Suzanne Gaynor**  
Vice-President and Senior Portfolio Manager

**Jane Lesslie, CFA**  
Vice-President and Senior Portfolio Manager

**Fund Inception Date** October 1972

**Net Assets** \$3,889.4MM

**NAV – Series A** \$5.94

**2006 Actual MER – Series A** 1.46%

**2007 Actual MER – Series A\*** 1.41%

#### Distribution Policy

Income: Quarterly†  
Capital Gains: Annually (Dec.)

#### Benchmark

30% DEX Universe All Corporate Bond Index  
25% DEX Long Term Government Bond Index  
25% DEX Mid Term Government Bond Index  
20% Citigroup World Government Bond Index  
(hedged back to CDN\$)

#### Investment Objectives

To provide a total return consisting of interest income and moderate capital growth by investing primarily in high-quality fixed-income securities issued by Canadian governments and corporations.

#### Fund Code

Series A – RBF 270  
Advisor Series ISC – RBF 750  
Advisor Series DSC – RBF 850  
Advisor Series Low Load – RBF 114  
Series F – RBF 601  
Series I – RBF 154\*\*

	Registered	Non-Registered
<b>Minimum Investment</b>		
Initial Investment	\$500	\$1,000
Additional Investment	\$25	\$25
Pre-Authorized Contribution	\$25	\$25

\* Effective July 1, 2007, a fixed administration fee was introduced in respect of all series of the funds.

† Effective September 30, 2003, distributions changed to quarterly.

\*\* Minimum investment for Series I units of the Fund is \$500,000.

## Commentary

- The RBC Bond Fund returned 2.0% for the quarter, while the benchmark returned 2.9%.
- Liquidity crisis deteriorated further this quarter and has morphed into a solvency crisis. Highly levered investment vehicles suffered from falling prices of underlying assets and pressure from lenders to post extra margins on loans. This led to mass liquidation of holdings, regardless of fundamental value, which hurt non-core governments and credit securities. The U.S. Federal Reserve responded by cutting interest rates 2.0% and introduced a range of rarely used or brand new lending/credit facilities to ease liquidity strains.
- The Bank of Canada also cut policy rates by 0.75%, citing growing spillover effects from the sagging U.S. economy. Investors sought safety in government bonds, while credit markets continued to reflect risk aversion, pushing credit spreads wider across all ratings. Higher yielding corporate bonds suffered most due to additional concerns over counterparty risk, increasing default prospects and supply overhang of leveraged loans. Emerging market debt, however, was relatively resilient amidst the credit system stress within higher yielding complex which benefited from continuing strength of commodity prices.
- The Fund's core strategy is to search for additional yield at reasonable prices. Underperformance during the credit crisis, when investors seek the safety of government bonds and dump any credit exposure, is the short-term downside of pursuing such strategy. We strive to mitigate losses with a more defensive approach in security and sector selection, while holding our core strategy intact.
- Canadian dollar lost about 2.0% of value against the U.S. dollar this quarter, but underperformed against other currencies, generally, by much more as the market priced its expectations of significant interest rate cuts by the Bank of Canada. We took some tactical positions to take advantage of that weakness.
- The combination of weakening economic growth, softer Canadian inflation and continued dislocations in the credit market, led us to believe that the Bank of Canada will keep its easing bias through the next quarter and the yield curve will remain steep. We will be selectively unwinding our defensive strategy in the Fund's credit allocation to take advantage of opportunities created by market dislocations.

## Summary of Investment Portfolio

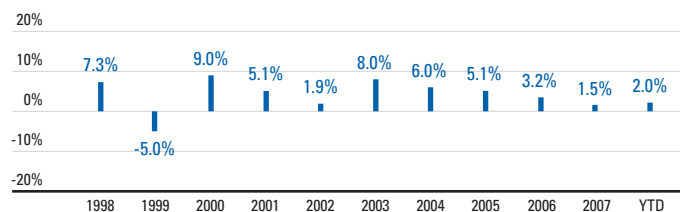
	Market Value (\$000)	% of Net Assets		Market Value (\$000)	% of Net Assets
<b>Top 25 Holdings</b>			<b>Top 25 Holdings</b>		
Gov. of Canada 5.750% Jun 01 33	129 757	3.3	Prov. of Manitoba 6.500% Sep 22 17	37 504	1.0
Prov. of Ontario 4.700% Jun 02 37	104 319	2.7	Gov. of Canada 4.000% Jun 01 16	35 894	0.9
Gov. of Canada 5.000% Jun 01 37	99 536	2.6	Gov. of Canada RRB 3.000% Dec 01 36	35 299	0.9
Canada Housing Trust No. 1 3.950% Dec 15 11	71 394	1.8	TD Capital Trust 7.600% Dec 29 49	33 715	0.9
Hydro One Inc. 6.930% Jun 01 32	56 595	1.5	407 International Inc. 5.750% Feb 14 36	33 635	0.9
Gov. of Canada 4.000% Jun 01 17	50 952	1.3	Toronto-Dominion Bank 4.970% Oct 30 15	32 873	0.8
Gov. of Canada 5.000% Jun 01 14	49 779	1.3	Prov. of Quebec 5.250% Oct 01 13	32 266	0.8
Prov. of Ontario 4.300% Mar 08 17	45 953	1.2	Greater Toronto Airports Authority		
Toronto-Dominion Bank 4.779% Dec 14 16	45 690	1.2	5.000% Jun 01 15	31 299	0.8
Canada Housing Trust 4.050% Mar 15 11	43 445	1.1	Prov. of Quebec 5.000% Dec 01 38	31 047	0.8
Prov. of Ontario 8.500% Dec 02 25	42 942	1.1	Canada Housing Trust 3.550% Sep 15 10	30 299	0.8
Gov. of Canada 8.000% Jun 01 27	40 977	1.1	Prov. of Quebec 6.250% Jun 01 32	30 208	0.8
Prov. of Quebec 5.000% Dec 01 15	39 988	1.0	<b>Total</b>	<b>1 224 120</b>	<b>31.6</b>
Prov. of Quebec 4.500% Dec 01 17	38 754	1.0			

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund.



**RBC BOND FUND** | QUARTERLY PORTFOLIO DISCLOSURE

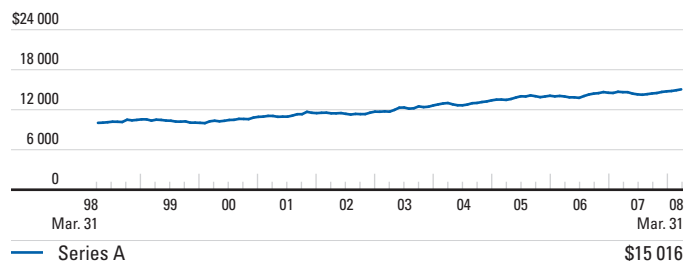
**Calendar Performance – Series A**



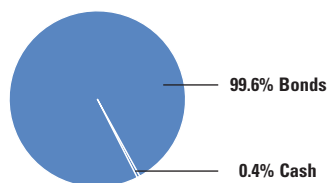
Quartile Ranking†  
4 4 3 4 4 1 2 2 2 4 4

† Source: Morningstar Canada

**Performance History** (Growth of \$10,000 over 10 years or since inception)



**Portfolio Composition**  
**Asset Mix**



**Top Sector Mix (%)**

	Dec. '07	Mar. '08
Corporate Bonds	55.5	55.0
Federal Bonds	21.8	22.0
Provincial Bonds	19.9	19.3

**Trailing Performance – Series A (%)**

	1 mo.	3 mo.	6 mo.	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception
Fund (%)	0.9	2.0	4.3	2.9	3.8	5.2	4.1	8.3
Quartile Ranking*	2	4	4	4	3	2	4	

\* Source: Morningstar Canada

**Downside Risk**

Rolling Returns*	1 yr.	Ended	3 yr.	Ended	5 yr.	Ended	10 yr.	Ended
Best	35.64%	Sep-82	21.24%	Jun-85	20.10%	Sep-86	14.52%	Sep-91
Worst	-8.84%	Jan-95	-0.76%	Sep-81	2.94%	Oct-02	3.99%	Oct-07
Average	8.61%		8.84%		8.94%		9.46%	
Total periods	414		390		366		306	
Percentage of positive periods	90%		99%		100%		100%	

\* Ended March 31, 2008

**Distributions – Series A**

	YTD	2007	2006	2005	2004	2003
MER (%)	–	1.41	1.46	1.47	1.49	1.50
Total Distributions (\$)	0.0850*	0.27	0.24	0.24	0.28	0.24
Interest	–	0.24	0.24	0.24	0.27	0.24
Dividends	–	0.00	0.00	0.00	0.00	0.00
Capital Gains	–	0.03	0.00	0.00	0.01	0.00
Return of Capital	–	0.00	0.00	0.00	0.00	0.00

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

**Note**

These pages are not complete without the disclaimer on page 143.

Fund-specific information is on page 143.



# DISCLAIMER

Please consult your financial advisor and read the prospectus before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns for the period ended March 31, 2008. The rates of return for periods of less than one year are simple rates of return. All rates of return and performance data include changes in unit value and assume reinvestment of all distributions, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholders that would have reduced returns. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. For money market funds, there can be no assurances that a fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in a fund will be returned to you. For money market funds, the current yield is an annualized historical yield based on the seven-day period ended on March 31, 2008, and does not represent an actual one year return. RBC Funds are offered by RBC Asset Management Inc. and distributed through authorized dealers.

RBC Canadian Short-Term Income Fund's investment objective changed June 28, 2002.

RBC U.S. Mid-Cap Equity Fund's and RBC Global Balanced Fund's portfolio advisor and investment objectives changed June 29, 2001. RBC Balanced Growth Fund is the continuing fund resulting from a merger with RBC Global Balanced Fund on July 4, 2006. RBC Balanced Growth Fund's investment objective changed July 4, 2006.

RBC Canadian Index Fund, RBC North American Growth Fund, RBC U.S. Index Fund, RBC Asian Equity Fund and RBC Global Technology Fund are continuing funds resulting from mergers effective June 28, 2002. RBC North American Growth Fund's investment objective changed July 4, 2006. The inception date for the RBC Asian Equity Fund is August 1993. The Fund's investment objectives changed June 28, 2002. The "Since Inception" rate of return for this Fund includes data from July 2002 only.

The inception date for the RBC Global Technology Fund is June 2000. The Fund's investment objective changed June 28, 2002 and July 4, 2006. The "Since Inception" rate of return for this Fund includes data from July 2002 only.

The inception date for the RBC U.S. Equity Fund is July 1966; however the "Since Inception" rate of return for this Fund includes data from October 1972 only.

RBC European Equity Fund's portfolio advisor changed July 1, 2002.

RBC Jantzi Balanced Fund, RBC Jantzi Canadian Equity Fund, RBC Jantzi Global Equity Fund and RBC Target 2025 Education Fund were launched on July 3, 2007. RBC Premium \$U.S. Money Market Fund was launched November 1, 2007. RBC O'Shaughnessy U.S. Growth Fund II was launched January 14, 2008. Securities regulations do not allow us to report performance for any series of an investment that has been available for less than one year.

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 March 31, 2008. For more information, please see [www.morningstar.ca](http://www.morningstar.ca).

The information contained in the Investment Outlook, Asset Class Commentary and Fund Commentaries is compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy. All opinions contained in the Investment Outlook, Asset Class Commentary are current to March 21, 2008 and in the Fund Commentaries are current to March 31, 2008, and are subject to change without notice and are provided in good faith without legal responsibility.

As of December 9, 2005, units of the RBC Monthly Income Fund are no longer available for purchase in registered plans, except through a pre-authorized investment plan established prior to December 9, 2005. Purchases in non-registered plans continue unaffected.

Effective June 30, 2006, RBC O'Shaughnessy U.S. Growth Fund is closed to new purchases, except through a pre-authorized investment plan established with RBC Asset Management and through automatic reinvestment of distributions. Effective January 19, 2007, RBC O'Shaughnessy Canadian Equity Fund is closed to new purchases, except through a pre-authorized investment plan established with RBC Asset Management and through automatic reinvestment of distributions.

RBC Target 2015 Education Fund is the continuing fund resulting from a merger with RBC Global Education Fund on July 4, 2006.

The investment objectives of the RBC North American Dividend Fund, RBC North American Value Fund, RBC Global Energy Fund, RBC Global Precious Metals Fund, RBC Global Resources Fund and the RBC Global Consumer and Financials Fund changed July 4, 2006.

® Registered trademarks of Royal Bank of Canada. RBC Asset Management is a registered trademark of Royal Bank of Canada. Used under licence. © RBC Asset Management Inc. 2008.