



## RBC CANADIAN BOND INDEX FUND

## QUARTERLY PORTFOLIO DISCLOSURE

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RBC Asset Management Inc.  
Industry Experience: Since 1988



**Fund Inception Date** June 2000

**Net Assets** \$215.4MM

**NAV – Series A** \$11.32

**2006 Actual MER – Series A** 0.70%

**2007 Actual MER – Series A\*** 0.67%

### Distribution Policy

Income: Quarterly  
Capital Gains: Annually (Dec.)

### Benchmark

100% DEX Universe Federal Bond Index

### Fund Code

Series A – RBF 563

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

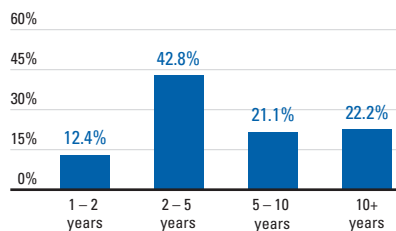
\* Effective July 1, 2007, a fixed administration fee was introduced in respect of all series of the funds.

### Commentary

- The RBC Canadian Bond Index Fund returned 3.7% compared to its benchmark's return of 3.8% for the quarter.
- The deterioration of U.S. economic conditions was the main concern this quarter, particularly the bailout of investment bank, Bear Stearns. Globally, Central banks were forced to adopt measures to address liquidity concerns and these seem to be working. Credit markets continue to reflect risk aversion and there has been a notable yield spread widening in even the high-quality bonds. The Bank of Canada cut policy rates by 0.75% this quarter, citing fears of spillover effects from the sagging U.S. economy.
- In response to the "credit crunch," as well as investors wishing to seek safer haven, the Fund experienced significant cash inflows in the first quarter. We have been adding our holdings in Canada Housing Trust bonds as these spreads also widened in sympathy with corporate and provincial bonds, although they are fully guaranteed by the Bank of Canada.
- Bank of Canada Governor, Mark Carney, noted recently that the end of the turmoil in the credit market is "not yet in sight" and we also expect challenging credit markets to persist. The combination of weakening economic growth, softer Canadian inflation and continued dislocations in the credit market lead us to believe that the Bank of Canada will keep its easing bias through the next quarter. We will remain cautious as we believe that risk aversion trades will be unwound as investors will begin to appreciate the much higher yields that corporate bonds will provide.
- We continue to position the Fund for economic recovery by maintaining an overweight position in provincial bonds and adding to our corporate exposure.

### Portfolio Composition

#### Term Maturity



### Top Sector Mix (%)

	Dec. '07	Mar. '08
Federal Bonds	99.5	98.9

### 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>		
Canada Housing Trust No. 1 3.750% Mar 15 10	18 839	8.7	Gov. of Canada 5.000% Jun 01 14	7 135	3.3
Canada Housing Trust No. 1 4.050% Mar 15 11	18 170	8.4	Gov. of Canada 4.000% Jun 01 17	6 686	3.1
Canada Housing Trust 4.550% Dec 15 12	14 736	6.8	Gov. of Canada 6.000% Jun 01 11	5 566	2.6
Gov. of Canada 5.250% Jun 01 13	13 862	6.4	Gov. of Canada 3.750% Sep 01 11	5 543	2.6
Canada Housing Trust No. 1 3.950% Dec 15 11	13 718	6.4	Gov. of Canada 5.500% Jun 01 10	5 376	2.5
Gov. of Canada 5.750% Jun 01 29	12 551	5.8	Gov. of Canada 4.000% Sep 01 10	5 198	2.4
Canada Housing Trust 4.000% Jun 15 12	12 364	5.7	Gov. of Canada 8.000% Jun 01 27	4 014	1.9
Gov. of Canada 5.750% Jun 01 33	11 457	5.3	Gov. of Canada 8.000% Jun 01 23	3 312	1.5
Gov. of Canada 5.250% Jun 01 12	9 272	4.3	Cash & Cash Equivalents	2 340	1.1
Gov. of Canada 4.000% Jun 01 16	9 236	4.3	Canada Mortgage & Housing Corp. 5.500% Jun 01 12	1 304	0.6
Gov. of Canada 5.000% Jun 01 37	8 943	4.2	Gov. of Canada 9.750% Jun 01 21	731	0.3
Gov. of Canada 4.500% Jun 01 15	7 728	3.6	<b>Total</b>	<b>212 880</b>	<b>98.7</b>
Gov. of Canada 4.250% Sep 01 09	7 540	3.5			
Gov. of Canada 4.250% Jun 01 18	7 259	3.4			

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

### Trailing Performance – Series A (%)

	1 mo.	3 mo.	6 mo.	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception
<b>Fund (%)</b>	1.2	3.7	6.6	7.3	5.0	5.5	–	5.9
<b>Quartile Ranking*</b>	1	1	1	1	1	1	–	

\* Source: Morningstar Canada

### Note

This page is not complete without the disclaimer on page 143.

Fund-specific information is on page 143.



CANADA 2008  
Best Overall Fund Group  
2007 & 2008  
RBC Asset Management

# 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.

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