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RBC Asset Management Inc.
Industry Experience: Since 1995

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Industry Experience: Since 1988



Fund Inception Date August 1997

Net Assets \$7,536.2MM

NAV – Series A \$13.26

2006 Actual MER – Series A 1.16%

2007 Actual MER – Series A* 1.15%

Distribution Policy

Income: Monthly
Capital Gains: Annually (Dec.)

RRSP Eligibility

Not available for registered plans

Benchmark

55% DEX Mid Term Bond Index
40% S&P/TSX Composite Capped Total
Return Index
5% DEX 60-day T-Bill Index

Investment Objectives

To provide relatively tax efficient monthly distributions consisting of dividend income, interest income and capital gains.

Fund Code

Series A – RBF 448
Advisor Series ISC – RBF 763
Advisor Series Low Load – RBF 115
Series F – RBF 602

	Registered	Non-Registered
Minimum Investment		
Initial Investment	n/a	\$1,000
Additional Investment	n/a	\$25
Pre-Authorized Contribution	n/a	\$25

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

Commentary

- The RBC Monthly Income Fund delivered flat performance in the first quarter of the year, just ahead of its benchmark's return of -0.3%. The negative asset mix impact from the Fund's underweight exposure to bonds was more than offset by the positive impact of security selection in both asset classes.
- The deterioration in U.S. economic conditions was the main concern in the first quarter, reflected in the collapse of investment bank, Bear Stearns, weak employment and consumer confidence. Central banks, particularly the Federal Reserve, were forced to adopt several measures to address liquidity concerns, and these appear to be working. The Bank of Canada cut interest rates by 0.75% during the quarter. Government of Canada bonds benefited as investors fled the turmoil in credit markets, which led to further widening of yield spreads.
- The Fund's positive security selection impact in fixed income can be attributed to last year's decision to underweight corporate bonds. Partially offsetting this, was the Fund's overweight position in provincial bonds which underperformed the overall bond market. However, the Fund's holdings had a shorter term to maturity than the benchmark, so relative underperformance was minimal.
- Equity markets were extremely volatile over the quarter and while the Canadian equity market was somewhat supported by the strength in resources, the impact of the financial turmoil and the weakening U.S. economy were clearly felt. These conditions provided another difficult quarter for income-oriented mandates as Canadian Financials once again felt the bulk of the pain; Canadian banks declined 8.5%, diversified financials were off 20% and insurance companies declined 12.9%. In addition, Telecommunication Services experienced a 12.9% decline. The most significant contribution to the Fund's positive security selection impact in equities was the Fund's sizeable bias towards energy trusts, which as a group delivered an impressive 14.3% return (versus a -2.0% from Energy stocks).

Major transactions during the quarter**Buys**

Shaw Communications
Extencicare REIT
ATCO
AGF
First Capital Realty
Sherritt International Corp.

Sells

Rothmans Inc.
Energy Savings Income Fund
Transforce Income Fund

Summary of Investment Portfolio

	Market Value (\$000)	% of Net Assets		Market Value (\$000)	% of Net Assets
Top 25 Holdings			Top 25 Holdings		
Royal Bank of Canada	243 835	3.2	Power Corporation of Canada	111 139	1.5
Manulife Financial Corporation	232 000	3.1	Canadian Imperial Bank of Commerce	107 168	1.4
Gov. of Canada 8.000% Jun 01 27	201 019	2.7	Canada Housing Trust 4.800% Jun 15 12	105 279	1.4
Bank of Nova Scotia	194 608	2.6	Sun Life Financial Inc.	104 061	1.4
Toronto-Dominion Bank	191 296	2.5	Bank of Montreal	100 865	1.3
Canadian Oil Sands Trust	188 707	2.5	Teck Cominco Ltd., Class B	95 909	1.3
Canada Housing Trust No. 1 4.650% Sep 15 09	179 312	2.4	Ontario Electricity Financial Corp.		
ARC Energy Trust	158 141	2.1	8.250% Jun 22 26	86 863	1.2
Cash & Cash Equivalents	155 890	2.1	Prov. of British Columbia 8.500% Aug 23 13	86 568	1.1
Gov. of Canada 8.000% Jun 01 23	149 371	2.0	Gov. of Canada 9.500% Jun 01 10	85 835	1.1
Gov. of Canada 6.000% Jun 01 11	148 102	2.0	Hydro Quebec 10.250% Jul 16 12	82 084	1.1
Gov. of Canada RRB 3.000% Dec 01 36	147 510	2.0	Hydro Quebec 11.000% Aug 15 20	80 761	1.1
Gov. of Canada 4.250% Jun 01 18	125 053	1.7	Total	3 486 271	46.5
Canada Housing Trust 4.600% Sep 15 11	124 895	1.7			

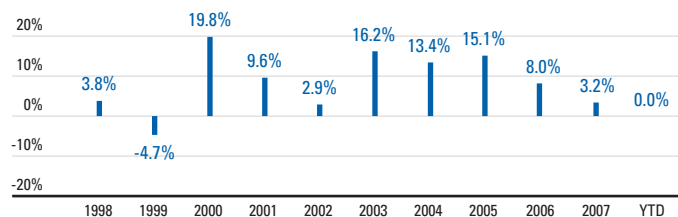
The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund.



RBC MONTHLY INCOME FUND

QUARTERLY PORTFOLIO DISCLOSURE

Calendar Performance – Series A

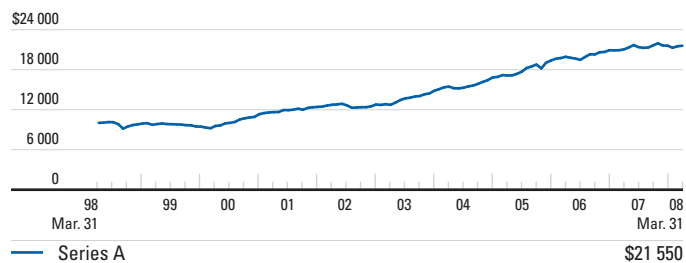


Quartile Ranking†

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	YTD
3	4	1	1	1	1	1	1	3	1	1

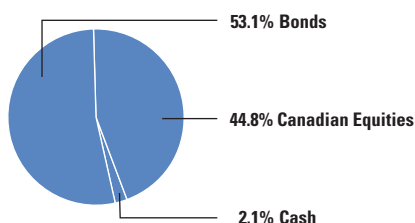
† Source: Morningstar Canada

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



Portfolio Composition

Asset Mix



Top Sector Mix (%)

	Dec. '07	Mar. '08
Financials	21.7	21.5
Energy	10.5	10.4
Telecommunication Services	4.2	3.3
Materials	2.9	3.3
Consumer Discretionary	2.4	2.2
Industrials	1.7	1.8
Utilities	1.6	1.2
Consumer Staples	1.1	0.8
Information Technology	0.3	0.2
Health Care	0.1	0.1

Trailing Performance – Series A (%)

	1 mo.	3 mo.	6 mo.	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception
Fund (%)	0.4	0.0	-0.3	2.6	8.0	11.2	8.0	8.5
Quartile Ranking*	3	1	1	1	1	1	1	

* Source: Morningstar Canada

Downside Risk

Rolling Returns*	1 yr.	Ended	3 yr.	Ended	5 yr.	Ended	10 yr.	Ended
Best	25.66%	Feb-01	16.15%	Mar-06	13.28%	Feb-05	8.97%	Oct-07
Worst	-6.63%	Jan-00	4.91%	Sep-00	4.89%	Mar-03	7.98%	Mar-08
Average	8.85%		10.04%		9.93%		8.54%	
Total periods	116		92		68		8	
Percentage of positive periods	88%		100%		100%		100%	

* Ended March 31, 2008

Distributions – Series A

	YTD	2007	2006	2005	2004	2003
MER (%)	–	1.15	1.16	1.17	1.19	1.21
Total Distributions (\$)	0.1425*	1.14	0.77	0.53	0.56	0.51
Interest	–	0.39	0.38	0.37	0.36	0.35
Dividends	–	0.17	0.15	0.16	0.20	0.15
Capital Gains	–	0.58	0.24	0.00	0.00	0.00
Return of Capital	–	0.00	0.00	0.00	0.00	0.01

* 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.

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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