



RBC O'Shaughnessy International Equity Fund



Jim O'Shaughnessy
 Chairman and CEO,
 O'Shaughnessy Asset
 Management, L.L.C.
 Recognized as a leading
 expert and pioneer in
 quantitative equity analysis
 Industry Experience:
 Since 1983

Fund Inception Date January 2005
Net Assets \$1,061.3MM
NAV – Series A \$8.49
2008 MER – Series A* 2.17%
Distribution Policy
 Income: Annually (Dec.)
 Capital Gains: Annually (Dec.)
Benchmark
 100% MSCI EAFE Total Return Index (CDN\$)
 * Based on actual expenses for half-year period
 January 1 to June 30, 2008, expressed on an annualized basis.
 ** Minimum investment for Series I units of the Fund
 is \$500,000.

Investment Objectives
 To provide a long-term total return, consisting of
 capital growth and current income by investing
 primarily in equity securities outside of North America
 based on Strategy Indexing®, a rigorous and
 disciplined approach to stock selection based
 on characteristics associated with above-average
 returns over long periods of time.

Fund Code
 Series A – RBF 586
 Advisor Series ISC – RBF 761
 Advisor Series Low Load – RBF 109
 Series F – RBF 639
 Series I – RBF 161**

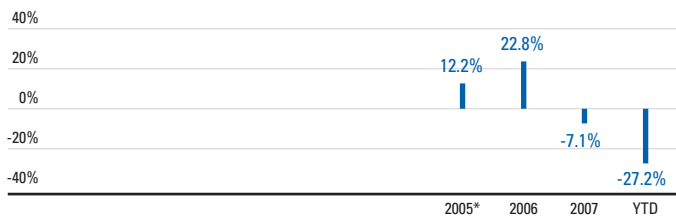
Minimum Investment	Registered	Non-Registered
Initial Investment	\$500	\$500
Additional Investment	\$25	\$25
Pre-Authorized Contribution	\$25	\$25

Trailing Performance – Series A

	1 mo.	3 mo.	6 mo.	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception
Fund (%)	-11.9	-14.9	-21.2	-30.7	-4.8	–	–	-1.9
Quartile Ranking*	2	2	3	4	4			

* Source : Morningstar Canada

Calendar Performance – Series A



* Return for the period January 17, 2005 to December 31, 2005.

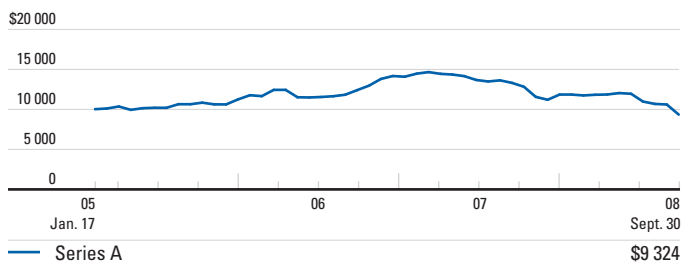
Quartile Ranking†

Year	Ranking
2005	3
2006	3
2007	4

† Source: Morningstar Canada

Performance History

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

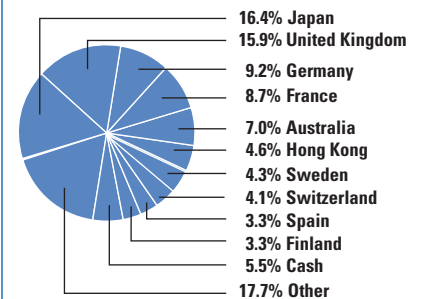


Summary of Investment Portfolio

Top 25 Holdings	Market Value (\$000)	% of Net Assets	Top 25 Holdings	Market Value (\$000)	% of Net Assets
Cash & Cash Equivalents	58 081	5.5	Sampo OYJ	11 766	1.1
Volkswagen AG	22 053	2.1	Westpac Banking Corporation	11 621	1.1
SHO-BOND Holdings Co. Ltd.	16 613	1.6	Barclays Plc.	11 379	1.1
Jerónimo Martins SGPS S.A.	15 927	1.5	Svenska Handelsbanken, Series A	11 199	1.1
HSBC Holdings Plc. (U.K. Reg.)	14 989	1.4	BBVA S.A.	10 828	1.0
GDF Suez	14 609	1.4	Commonwealth Bank of Australia	10 804	1.0
Zurich Financial Services AG	13 454	1.3	Aviva Plc.	10 734	1.0
AXA S.A.	13 143	1.2	BCO Santander Central Hispano S.A.	10 729	1.0
BNP Paribas S.A.	13 108	1.2	Credit Agricole S.A.	10 478	1.0
Credit Suisse Group	12 894	1.2	Alstom RGPT	10 360	1.0
Jardine Matheson Holdings Ltd.	12 859	1.2	BP Plc.	10 349	1.0
Stagecoach Group Plc.	12 503	1.2	Australia & New Zealand Banking Group Ltd.	10 312	1.0
UPM-Kymmene OYJ	12 444	1.2	Total	363 236	34.4

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

Portfolio Composition Asset Mix



Note These pages are not complete without the disclaimer on page 176. Fund-specific information is on page 176.



RBC O'Shaughnessy International Equity Fund

Commentary

- ▶ In the third quarter of 2008, the RBC O'Shaughnessy International Equity Fund posted a return of -14.9%, compared to -16.7% for the MSCI EAFE Total Return Index in Canadian dollar terms.
- ▶ Economic turmoil consumed equity markets during the period, with most major indices taking a step back. The markets began to unravel as U.S. government agencies, Fannie Mae and Freddie Mac, failed to raise equity needed to offset their credit losses and were eventually bailed out by the government in early September. After a brief period of stabilization, focus shifted to Lehman Brothers and its inability to meet the demands of creditors, which led to its eventual collapse. Merrill Lynch was saved by Bank of America, while AIG received help from the government to prevent its probable demise.
- ▶ In response to the fallout, the U.S. government proposed a \$700 billion financial rescue plan to help shore up financial markets, which was passed by the U.S. Congress and put into law shortly after period end. Although Financials were the dominant theme for the period, the pullback in Energy was also important to note, as oil moved to under \$100 per barrel. The economic turmoil began to spread to other markets after period end.
- ▶ Australia, the United Kingdom and Portugal contributed positively to the performance of the Fund, relative to the benchmark for the period. Conversely, positions in Norway, Belgium and Hong Kong were the primary detractors. From a sector perspective, an underweight in the Materials and Energy sectors were beneficial to the Fund's performance relative to the benchmark. Positions in the Health Care and Industrials sectors hurt performance during the period.
- ▶ During periods of market downturns, it is common to ask the question: "Is it different this time?" With history and research as our guide, our answer is: "No." While underlying factors driving the turmoil may be different, we do not believe the outcome will be. Volatile markets like today's cause emotional reactions as they create a sense of panic and people begin selling, relegating many investors to the sidelines. When you look at history you will find that the stock market has recovered from every major bear market and myriad economic crises. It has survived wars and a depression that had deep global impact, not to mention the more recent events of terrorist attacks and internet bubbles. It is only the patient investor who generally reaps rewards in times like these.



Distributions – Series A

	YTD	2007	2006	2005†	2004	2003
MER (%)	2.17*	2.19	2.30	2.41	–	–
Total Distributions (\$)	0.00**	0.99	0.08	0.06	–	–
Interest	–	0.00	0.00	0.00	–	–
Dividends	–	0.14	0.08	0.06	–	–
Capital Gains	–	0.85	0.00	0.00	–	–
Return of Capital	–	0.00	0.00	0.00	–	–

† From January 17, 2005.

* Based on actual expenses for half-year period January 1 to June 30, 2008, expressed on an annualized basis.

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

Top Sector Mix (%)

	June '08	Sept. '08
Financials	35.1	34.3
Industrials	18.0	14.7
Consumer Discretionary	6.7	10.1
Consumer Staples	5.6	6.6
Materials	9.6	6.0
Telecommunication Services	3.1	4.8
Health Care	2.7	3.7
Information Technology	3.0	2.8
Energy	4.8	2.7
Utilities	1.2	2.4

Downside Risk

Rolling Returns*	1 yr.	Ended	3 yr.	Ended	5 yr.	Ended	10 yr.	Ended
Best	25.47%	May-07	8.58%	Dec-07	–	–	–	–
Worst	-30.72%	Sep-08	-4.82%	Sep-08	–	–	–	–
Average	5.74%		3.08%		–		–	
Total periods	34		10		–		–	
Percentage of positive periods	70.6%		80.0%		–		–	

* Ended September 30, 2008

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 September 30, 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 September 30, 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 June 28, 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 June 28, 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 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 September 30, 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 September 30, 2008 and in the Fund Commentaries are current to September 30, 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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