



**Strength of the Parent**

With history dating back to 1869, Royal Bank of Canada (RBC) is one of the oldest, largest and highest rated banks in Canada, a country whose banking system was recently ranked as the soundest in the world by World Economic Forum Global Competitiveness Report (10/08). RBC is the 6th largest bank in North America by market cap, 12th largest in the world by market cap and holds a Aaa rating from Moody's (6/10).

**Strength of the Firm**

With more than \$34 billion in cash assets, RBC GAM (US) has the scale necessary to succeed in today's competitive marketplace. Our 25-year track record of performance reflects our conservative, risk-controlled approach and the extensive experience of the team.

**Strength of the Team**

Our 8-person cash team averages 17 years of investment management experience. The team operates as a sub-set of our 18-person fixed income team, fully leveraging the knowledge of the group, while remaining cash-focused.

**Strength of the Process**

Our long-standing and prudent investment process has been extremely effective in screening out problematic names and issues through these unprecedented and challenging market conditions.

**About RBC Global Asset Management (U.S.) Inc.**

**As of 6.30.10**

- Founded in 1983, headquartered in Minneapolis, MN
- Part of RBC Global Asset Management with more than \$200 billion in assets under management and offices in the U.S., Canada, Europe and Asia
- Comprised of independent, experienced investment teams
- Offering equity, fixed income and money market investments
- \$44.8 billion in total firm assets under management
- \$25.4 billion in mutual fund net assets advised by RBC GAM (US)

**Fund Strategy**

To preserve principal, maintain liquidity and generate competitive yield investing only in securities exempt from federal income taxation.

**Investment Performance**

**Net Yields as of 6.30.10**

Investor Class	7-Day Average Yield*	7-Day Effective Yield*	7-Day Average Yield: Without Waiver**	7-Day Effective Yield: Without Waiver**
Investor Class	0.01%	0.01%	-0.78%	-0.78%

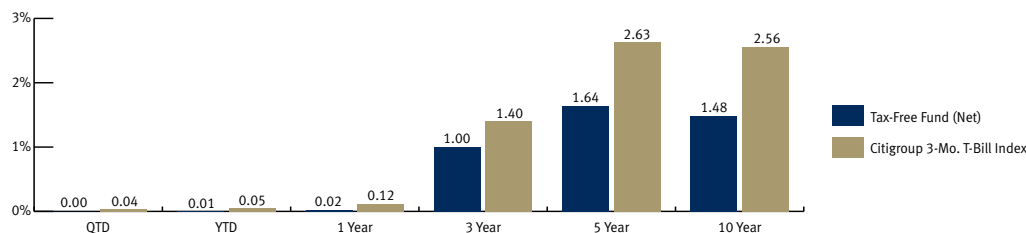
\*Average and effective yield results reflect any applicable expense subsidies and waivers in effect during the periods shown. \*\*Without such subsidies and waivers the fund's results would be reduced.

**Total Net Returns as of 6.30.10**

Investor Class	1 Mo.	3 Mos.	YTD	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.
Investor Class	0.00%	0.00%	0.01%	0.02%	1.00%	1.64%	1.48%
3-Month T-Bill	0.01%	0.04%	0.05%	0.12%	1.40%	2.63%	2.56%

**Calendar Net Returns**

Investor Class	2009	2008	2007	2006	2005	2004	2003	2002
Investor Class	0.01%	1.52%	2.98%	2.72%	1.72%	0.60%	0.43%	0.84%



The inception date for the Tax-Free Money Market Fund: RBC Investor Class is 11.21.08. Performance shown for this class of shares prior to the inception date is based on the performance, fees and expenses of Institutional Class I shares of the Fund, and its predecessors and has not been adjusted to reflect the fees and expenses of Investor Class shares. Historical performance shown prior to this date is based on the previous fees and expenses which as of fiscal year ended 9.30.08 was 0.84%. The yield quotations more closely reflect the current earnings of the Fund than the total return quotations.

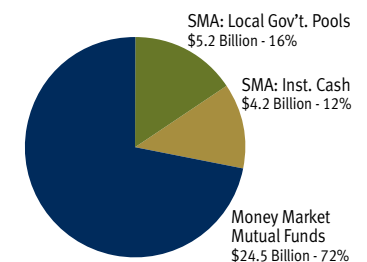
Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than performance quoted. For performance data current to the most recent month-end, visit the website at <http://us.rbcgam.com/mutual-funds/money-market-funds/fig-7/fsg-5/fid-10/individual/performance/tax-free-money-market-fund.fs>. Performance shown reflects contractual fee waivers, without such fee waivers total returns would be reduced.

**Fund Facts**

- Expense Ratio:** 1.00%
- CUSIP:** 74926P597
- Ticker:** TREXX
- Minimum Investment:** N/A
- Fund Inception Date:** 11.1.91
- Net Fund Assets:** \$1.5 billion
- Cut-Off Times:**
  - Purchases: 1:00 PM EST
  - Redemptions: 1:00 PM EST
- SEC-Registration:** 2A7
- Dividends:** Accrued daily, distributed monthly

**Cash Asset Breakdown**

**As of 6.30.10**



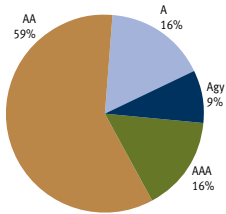
- Prime: \$17.2 billion
- U.S. Gov't: \$5.8 billion
- Tax-Free: \$1.5 billion

## Credit Quality

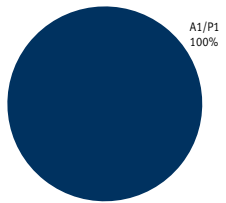
As of 6.30.10

### Quality Distribution (underlying assets)

#### Long-Term Rating



#### Short-Term Rating



The charts above are based upon the current ratings assigned to each security in the portfolio by either Moody's or Standard and Poors. If the ratings differ in value between the two ratings agencies, we use the higher rating for the purposes of constructing the table (i.e., if Moody's rating is TSY while S&P rating is AAA, we will use TSY, the higher rating). If no rating is provided by either agency, the security is placed into the not-rated section of the chart. Total percentage of the portfolio in each rating level is added to construct the chart.

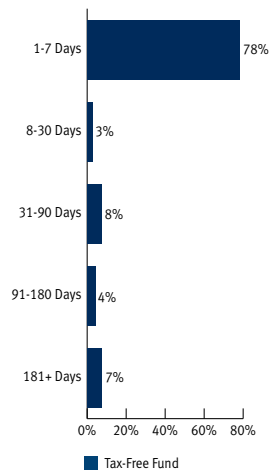
## Maturity

As of 6.30.10

### Average Weighted Maturity

31 days

### Schedule of Maturities (%)



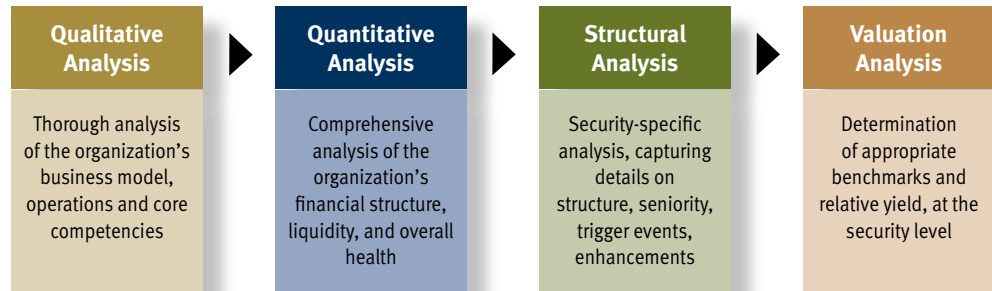
## Cash Management Philosophy & Process

### Philosophy

To preserve principal, maintain liquidity and generate yield.

### Investment Process

The cornerstone of our cash strategy is founded on our thorough, four-step investment process which is designed to diligently assess all facets of risk, including credit risk, liquidity risk, market risk, interest rate risk and industry risk in order to maximize the risk/return profile for investors.



**We Believe Bottom-Up, Multi-Faceted Analysis Results In Optimal Risk/Return Decisions**

## Investment Professionals



### John M. Huber, CFA

- Senior Managing Director, Chief Investment Officer - Fixed Income
- Investment Experience: 19 years



### Raye C. Kanzenbach, CFA

- Managing Director, Senior Portfolio Manager
- Investment Experience: 36 years



### Scott Cabalka

- Vice President, Senior Portfolio Manager
- Investment Experience: 29 years



### John Northup

- Analyst
- Investment Experience: 9 years



### Susanna Gibbons, CFA

- Vice President, Portfolio Manager
- Investment Experience: 24 years



### William Schramm

- Junior Analyst
- Investment Experience: 4 years



### Donald M. Henken

- Analyst
- Investment Experience: 2 years



### Brandon T. Swensen, CFA

- Vice President, Portfolio Manager
- Investment Experience: 11 years

## Quarterly Manager Commentary

By Scott Cabalka, Vice President, Senior Portfolio Manager

### Firmly Planted In The Current Policies

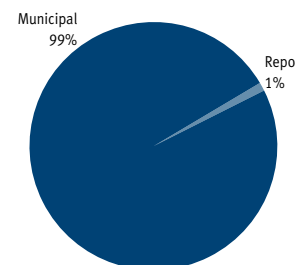
Over the past two quarters we have expected that a half-speed economic recovery would materialize once the initial rebound ran its course. That scenario now appears to be unfolding as the v-shaped recovery moves into history and is being replaced by a new, slower-growth phase. At the time of this writing there is a preponderance of weak domestic economic data and unsettling news emanating from the global economy. While this news has temporarily drowned out more positive signals in the data, it seems clear from their statements that the Federal Reserve is firmly planted in their current monetary policies for the foreseeable future. As long as the credit crunch and its aftermath continue to sap energy from the developed world's economies and during this period where inflation pressures are virtually absent, the Federal Reserve's target rates will remain at very low levels. Central banks in the U.S., U.K., Japan and Europe remain focused solely on supporting growth and addressing any threat of deflation. Pressure will build on central banks to boost rates once there are signs of sustained growth and employment gains, but that is unlikely to occur for the balance of this year and into early 2011.

Entering the third quarter, we continue to see a fair amount of volatility across investments with maturities of between six and twelve months, in part reflecting disruptions in the stability and credit strength of several European sovereign credits. Volatility may persist in this portion of the curve and LIBOR rates may remain elevated over the near term while the European community works through solutions to these issues. At the same time, yields available on overnight and very short investments seem to have support at 0.22% to 0.25% through the Federal Reserve's Term Deposit Facility and their 0.25% target rate. Two and three month yields have risen slightly off the recent low points as a reflection of higher LIBOR rates. We believe value exists in investments of between one and three month terms with selective opportunities to extend a modest allocation of investments in very high quality credits a little further out the curve.

The new guidelines from the SEC require that at least 30% of a fund's assets be comprised of securities with maturities of seven days or less. In the context of the relatively steep curve we are now experiencing, higher real-time liquidity levels will tend to impact a money fund's yield. Nevertheless, the new guidelines are intended to focus on the principal stability and liquidity of money funds and the industry's ability to withstand significant events in the marketplace. We believe these two principals are the first priority in managing the funds and we are well positioned in that regard. We have limited our exposure to European banks during this period of volatility to a select few highly rated issuers. Our corporate exposure emphasizes very strong industrial issuers with products and services that we believe are well positioned to perform through broad market cycles and disruptions.

## Portfolio Composition

As of 6.30.10



## Top Ten Issuers

As of 6.30.10

1	Texas-Trans	2.0%
2	New York St. Energy	1.8%
3	Metro Transit Authority	1.6%
4	Idaho Health Facilities	1.5%
5	NH Fin-Var	1.4%
6	Chicago, IL (ROCS)	1.4%
7	Indiana Bond Bank	1.3%
8	Colorado Ed-Trans	1.3%
9	NY State Dorm Authority	1.3%
10	Milwaukee	1.3%

## Access to Portfolio Managers

Given our long-standing, client first philosophy, we understand the importance of offering sophisticated clients direct access to portfolio managers.

Our unique structure positions the firm to be able to accommodate this important priority. Please call any of the contacts on the following page to arrange a discussion.

## Fund Advised By:

RBC GAM (US) dedicated 8-member cash team.

## Tax-Free Money Market Fund - RBC Investor Class

### Performance Definitions

**Basis Point** - A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

**Total Return** - A measure of a fund's performance that encompasses all elements of return: dividends, capital gain distributions, and changes in net asset value. Total return is the change in value of an investment over a given period, assuming reinvestment of any dividends and capital gains distributions, expressed as a percentage of the initial investment. The following formula is used:

$$[(1 + \text{monthly div. factor}) \times (1 + \text{monthly div. factor}) \text{ for past 12 months}] - 1 \times 100$$

**Yield Definitions** - The 7-day current yield is an annualized net yield in which it is assumed that the income earned on the principal is not reinvested in the fund. The effective 7-day net yields are annualized net yields that describe the amount one is expected to earn over a 1-year period assuming that dividends are reinvested at the average rate of the last 7 days.

### Portfolio Characteristics Definitions

**Weighted Average Maturity** - Maturity measures the number of days remaining in the life of a bond. The weighted average maturity of the portfolio represents the market-weighted average of the maturities of the portfolio's individual holdings.

The views expressed herein reflect RBC Global Asset Management (U.S.) Inc. as of 6.30.10. Views are subject to change at anytime based on market or other conditions.

The SEC does not endorse, indemnify, or guarantee any firm's business practices, selling methods, the class or type of securities offered, or any specific security.

RBC Global Asset Management (RBC GAM) comprises RBC Global Asset Management (U.S.) Inc. (RBC GAM (US)), RBC Asset Management Inc. (RBC AM), Phillips, Hager & North Investment Management Ltd. (PH&N), and RBC Alternative Asset Management (RBC AAM), which are separate but affiliated corporate entities. ®Registered trademark of Royal Bank of Canada. RBC Global Asset Management is a trademark of Royal Bank of Canada. Used under license. ©2010 RBC Global Asset Management (U.S.) Inc.

**Before investing, you should carefully consider a fund's investment objectives, risks, charges and expenses. This and other information is included in the prospectus, which you can request by visiting <http://us.rbcgam.com/mutual-funds/literature/order/money-market-funds/default.fs> or calling 800.422.2766. Please read the prospectus carefully before investing.**

An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Money Market Funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them. These risks are more fully described in the prospectus.

RBC Global Asset Management (U.S.) Inc. serves as investment adviser for RBC Funds. The RBC Funds are distributed by Quasar Distributors, LLC, an affiliate of U.S. Bancorp Fund Services, LLC.

NOT FDIC INSURED. NO BANK GUARANTEE. MAY LOSE VALUE.

© 2010 All Rights Reserved.

### For More Information

Nick Walstrom  
612.376.7014  
nick.walstrom@rbc.com

### Transfer Agent:

U.S. Bancorp Fund Services, LLC

### For Account Set-Up & Trade Placement

Call: 800.422.2766  
Fax: 414.773.6933  
(Please call the toll free number above prior to faxing information)

### Wire Transfer Instructions

U.S. Bank, N.A.  
Milwaukee, Wisconsin  
ABA #075000022  
U.S. Bancorp Fund Services, LLC  
Acct 182380369377  
(RBC Fund name)  
(your account registration)  
(your account number)

Call 800.422.2766 prior to wiring or for questions

### RBC Global Asset Management (U.S.) Inc.

100 South Fifth Street, Suite 2300  
Minneapolis, Minnesota 55402  
800.422.2766  
www.rbcgam.us