



RBC Insurance®

**MAXIM™, MENTOR®, MAXIVU AND MAXINVEST
SEGREGATED FUNDS**

**SUMMARY FACT STATEMENTS
and
FINANCIAL STATEMENTS
As of December 31, 2008**

**RBC Life Insurance Company
6880 Financial Drive, West Tower
Mississauga, Ontario
L5N 7Y5**

STATEMENTS AND SCHEDULES

The following statements and schedules reflect past performance of the Funds and should not be construed as indicators of future performance. The Fund values are shown net of any charges. The only charges made to the Funds were management fees, custodian fees, audit charges, interest and bank charges.

Note:

- **All returns assume all income/gains are retained and reflected in higher unit values.**
- **Returns do not take into account sales, redemptions, distribution or other optional charges or income taxes payable that would have reduced returns.**

Subject to any applicable death and maturity guarantee, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value according to fluctuations in the market value of the assets in the segregated fund.

Semi-annual unaudited statements effective as of June 30th will be available to Policyholders upon request.

RBC Asset Management Inc. is the professional investment manager for the Maxim, Mentor, Maxinvest and MaxiVu segregated funds. Financial statements and annual reports for the RBC® Funds are available upon request.

A fund's portfolio turnover rate indicates how actively the fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. If the segregated fund is a fund-of-funds, the portfolio turnover rate shall be provided for the underlying fund(s).

**EQUITY GROWTH FUND
SUMMARY FACT STATEMENT
DECEMBER 31, 2008**

INVESTMENT OBJECTIVE

The principal investment objective of the Equity Growth Fund will be long-term accumulation of capital through appreciation and reinvestment of net income.

INVESTMENT POLICY

The Equity Growth Fund is invested in units of the RBC Canadian Equity Fund managed by RBC Asset Management Inc ®.

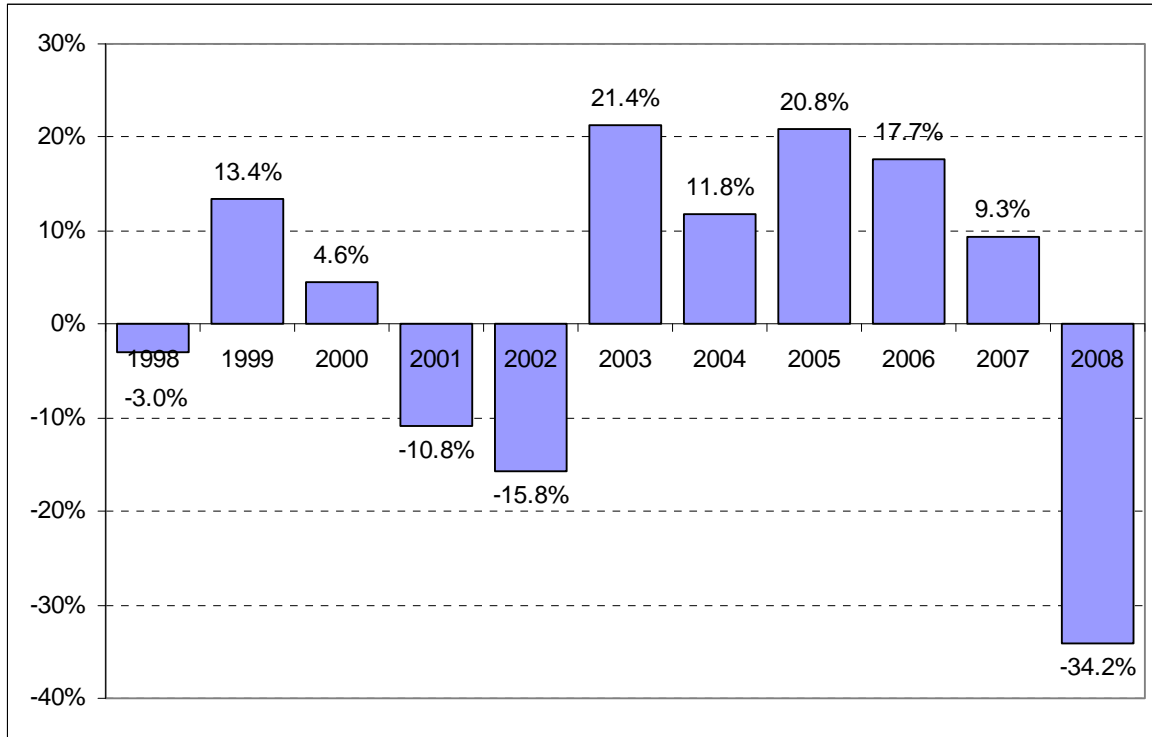
Top 25 holdings of the underlying fund (December 31, 2008)

Top 25 Holdings	% of Net Assets	Top 25 Holdings	% of Net Assets
Cash & Cash Equivalents	9.2	Canadian Imperial Bank of Commerce	2.1
EnCana Corp.	5.4	Canadian National Railway Co.	2.0
Royal Bank of Canada	5.0	Power Corporation of Canada	1.9
Toronto-Dominion Bank	3.6	Kinross Gold Corp.	1.8
Manulife Financial Corporation	3.3	Sun Life Financial Inc.	1.8
Bank of Nova Scotia	3.1	Bank of Montreal	1.8
Canadian Natural Resources Ltd.	3.1	Imperial Oil Ltd.	1.5
Goldcorp Inc.	3.1	BCE Inc.	1.5
Potash Corp. of Saskatchewan Inc	2.8	Shaw Communications Inc., Class B	1.4
Research in Motion Ltd.	2.8	Brookfield Asset Management Inc., Cls A	1.4
Rogers Communication Inc., Class B	2.4	Talisman Energy Inc.	1.4
Suncor Energy Inc.	2.3	Husky Energy Inc.	1.3
TransCanada Corp.	2.3	Total	68.3

PAST PERFORMANCE INFORMATION

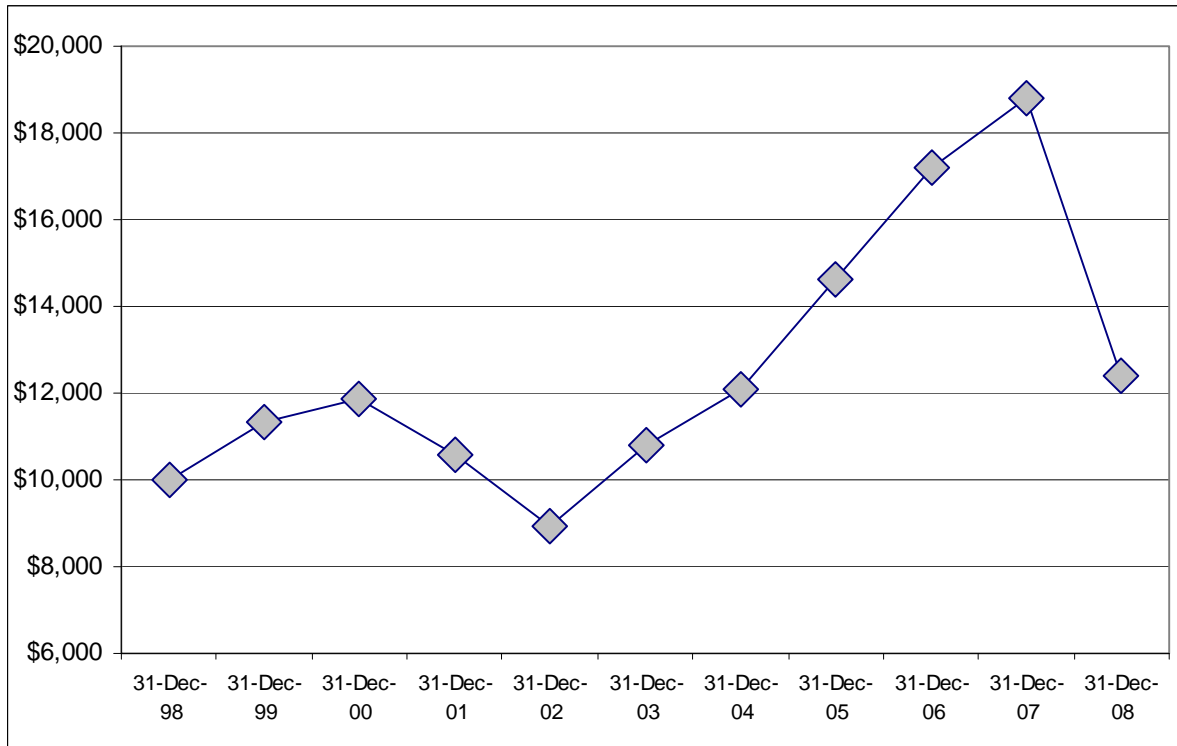
Year-by-year returns of the Fund

The following chart shows the year-by-year annual performance Fund. The chart shows, in percentage terms, how much an investment made on January 1 in each year would have grown or declined by December 31 in that year.



Overall past performance of the Fund

The following line graph shows the growth of a hypothetical \$10,000 investment in the Fund.



Compound annual returns of the Fund

The following table shows the annual compound total return of the Fund as of December 31, 2008.

	1 Year	3 Year	5 Year	10 Year
Equity Growth Fund	-34.17%	-5.38%	2.73%	2.16%

ADDITIONAL INFORMATION

	2004	2005	2006	2007	2008
Management Expense Ratio (MER)	2.51%	2.42%	2.42%	2.58%	2.28%
Portfolio Turnover Rate of the Underlying Fund	27.65%	28.54%	33.78%	41.43%	68.28%

**THE BOND FUND
SUMMARY FACT STATEMENT
DECEMBER 31, 2008**

INVESTMENT OBJECTIVE

The investment objective of the Bond Fund is to achieve high current income and to preserve capital.

INVESTMENT POLICY

The Bond Fund is invested in units of the RBC Bond Fund managed by RBC Asset Management Inc.

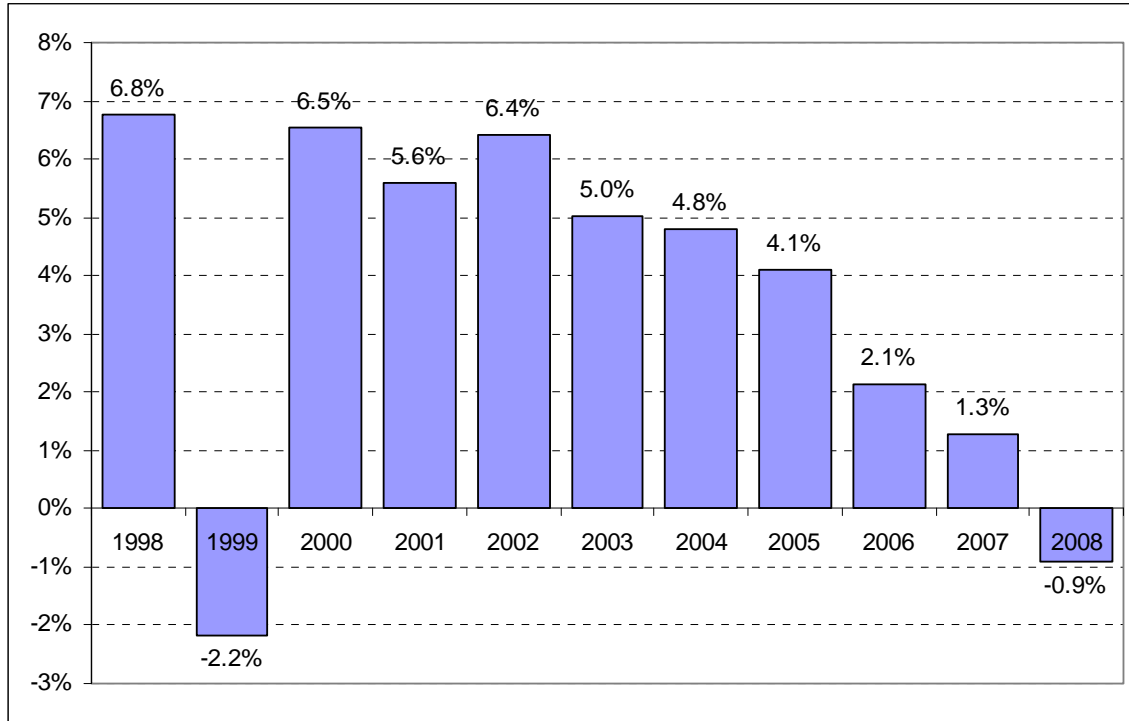
Top 25 holdings of the underlying fund (December 31, 2008)

Top 25 Holdings	% of Net Assets	Top 25 Holdings	% of Net Assets
Gov. of Canada 5.000% Jun 01 37	5.3	Prov of Quebec 5.000% Dec 01 38	1.1
Gov. of Canada 5.750% Jun 01 33	3.0	Prov. of Quebec 4.500% Dec 01 17	1.1
Prov. of Ontario 4.700% Jun 02 37	2.5	Toronto-Dominion Bank 4.779% Dec 14 16	1.0
Canada Housing Trust No. 1 3.950% Dec 15 11	1.4	Prov. of Manitoba 6.500\$ Seo 22 17	1.0
Bank of Nova Scotia 5.040% Apr 08 13	1.4	Bank of Montreal 5.040% Sep 04 12	1.0
Canada Housing Trust No. 1 4.050% Mar 15 11	1.4	Prov. of Quebec 5.250% Oct 01 13	0.9
Hydro One Inc. 6.930% Jun 01 32	1.3	Canada Housing Trust No. 1 3.600% Jun 15 13	0.9
Canada 10-Year Bond, March 2009	1.3	Gov. of Canada 4.000% Jun 01 17	0.9
Prov. of Ontario 4.300% Mar 08 17	1.3	Prov. of British Columbia 5.700% Jun 18 29	0.8
Gov. of Canada 4.250% Jun 01 18	1.2	Prov. of Quebec 5.000% Dec 01 15	0.8
Gov. of Canada 8.000% Jun 01 27	1.2	Greater Toronto Airports Authority 5.000% Jun 01 15	0.8
Prov. of Ontario 8.500% Dec 02 25	1.1	Prov. of Quebec 6.250% Jun 01 31	0.8
		Total	33.5

PAST PERFORMANCE INFORMATION

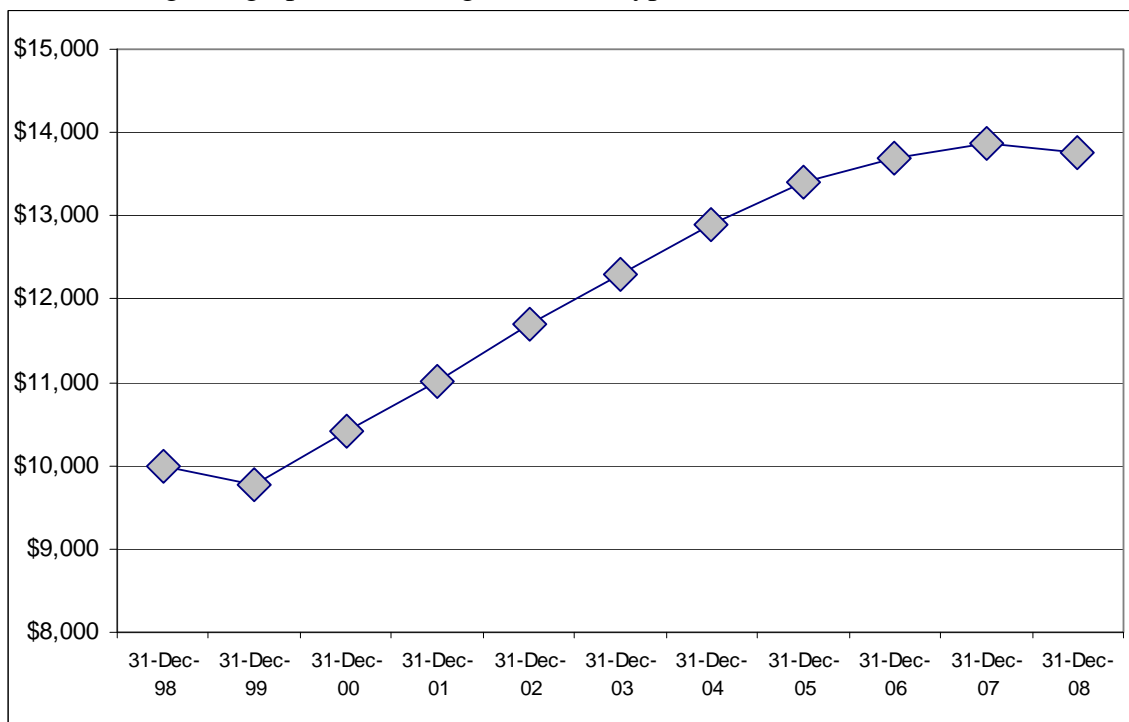
Year-by-year returns of the Fund

The following chart shows the year-by-year annual performance Fund. The chart shows, in percentage terms, how much an investment made on January 1 in each year would have grown or declined by December 31 in that year.



Overall past performance of the Fund

The following line graph shows the growth of a hypothetical \$10,000 investment in the Fund.



Compound annual returns of the Fund

The following table shows the annual compound total return of the Fund as of December 31, 2008.

	1 Year	3 Year	5 Year	10 Year
Bond Fund	-0.90%	0.83%	2.26%	3.24%

ADDITIONAL INFORMATION

	2004	2005	2006	2007	2008
Management Expense Ratio (MER)	2.21%	2.23%	2.18%	2.24%	1.90%
Portfolio Turnover Rate of the Underlying Fund	68.77%	45.20%	47.90%	61.05%	49.72%

**THE BALANCED FUND
SUMMARY FACT STATEMENT
DECEMBER 31, 2008**

INVESTMENT OBJECTIVE

The investment objective of the Balanced Fund is to achieve the highest long-term rate of return possible that is consistent with a prudent investment philosophy and the reservation of capital in real terms.

INVESTMENT POLICY

The Balanced Fund is invested in units of the RBC Balanced Fund managed by RBC Asset Management Inc.

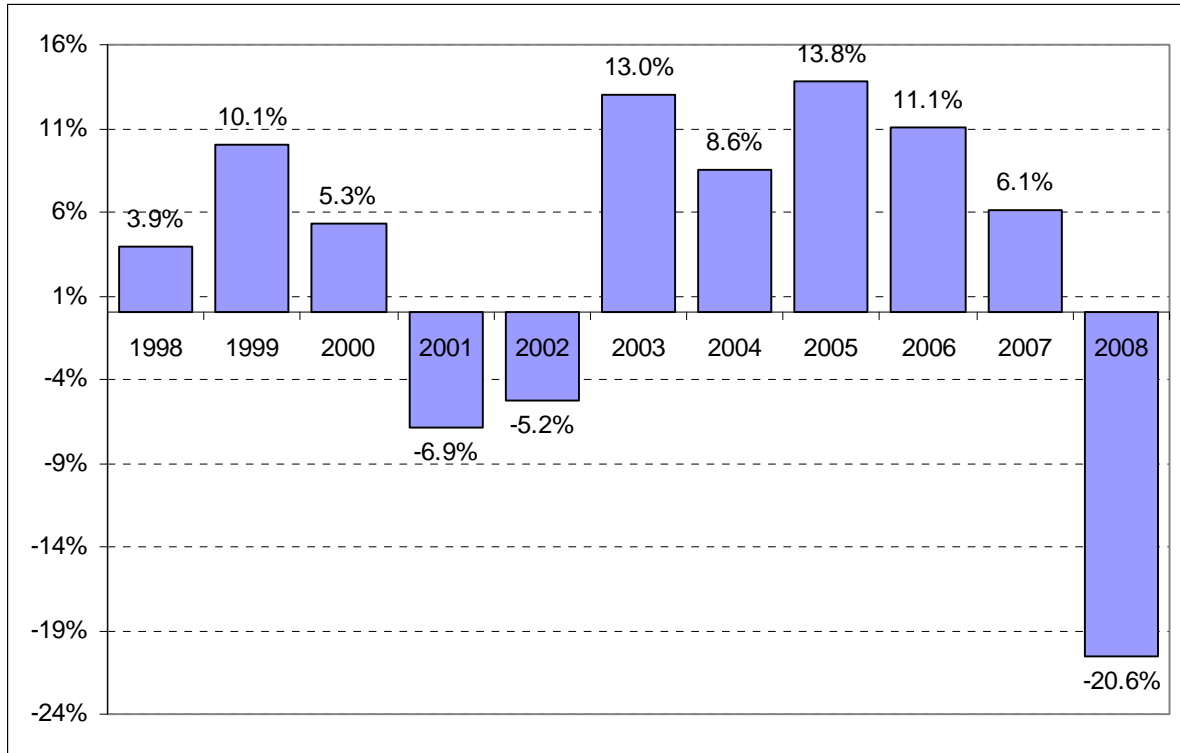
Top 25 holdings of the underlying fund (December 31, 2008)

Top 25 Holdings	% of Net Assets	Top 25 Holdings	% of Net Assets
Total S.A	0.8	Barrick Gold Corp.	0.4
Bp Plc.	0.6	Potash Corp. of Saskatchewan Inc.	0.4
Royal Bank of Canada	0.6	Canadian Imperial Bank of Commerce	0.4
EnCana Corp.	0.5	Canadian Natural Resources Ltd.	0.4
BBVA S.A	0.5	Cash & Cash Equivalents	0.4
Bank of Nova Scotia	0.5	Canadian National Railway Co.	0.3
Goldcorp Inc.	0.5	Prov. of Ontario 4.750% Jun 02 13	0.3
China Mobile (Hong Kong) Ltd.	0.5	Prov. of Quebec 5.250% Oct 01 13	0.3
Exxon Mobil Corp.	0.5	Prov. of Ontario 9.500% Jul 13 22	0.3
Research in Motion Ltd.	0.5	Rogers Communication Inc., Class B	0.3
Suncor Energy Inc.	0.4	Prov. of Quebec 4.500% Dec 01 17	0.3
Toronto-Dominion Bank	0.4	Manulife Financial Corporation	0.2
TransCanada Corp.	0.4	Total	10.7

PAST PERFORMANCE INFORMATION

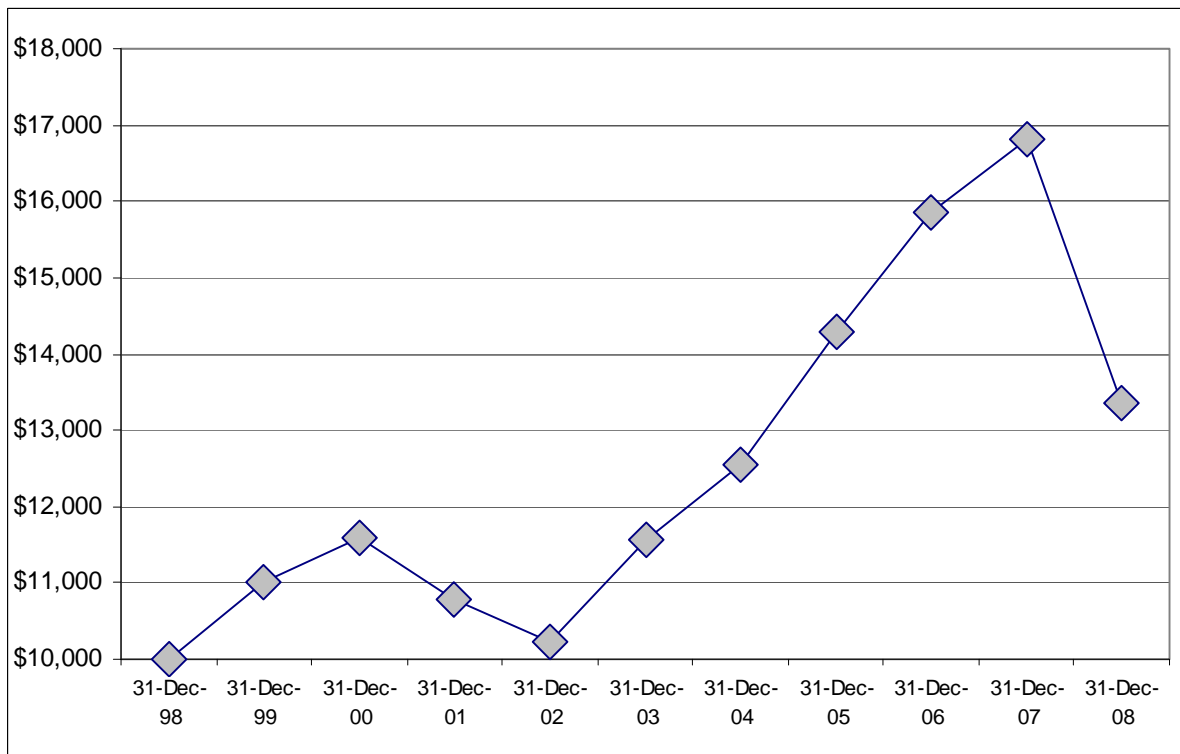
Year-by-year returns of the Fund

The following chart shows the year-by-year annual performance Fund. The chart shows, in percentage terms, how much an investment made on January 1 in each year would have grown or declined by December 31 in that year.



Overall past performance of the Fund

The following line graph shows the growth of a hypothetical \$10,000 investment in the Fund.



Compound annual returns of the Fund

The following table shows the annual compound total return of the Fund as of December 31, 2008.

	1 Year	3 Year	5 Year	10 Year
Balanced Fund	-20.57%	-2.2%	2.94%	2.94%

ADDITIONAL INFORMATION

	2004	2005	2006	2007	2008
Management Expense Ratio (MER)	2.68%	2.56%	2.51%	2.59%	2.28%
Portfolio Turnover Rate of the underlying fund*	44.36%	46.28%	60.75%	55.04%	68.60%

RBC LIFE INSURANCE COMPANY FUNDS

Table of Contents

December 31, 2008

	<u>Page</u>
Auditors' Report	12
Statements of Operations, Net Assets, Changes in Net Assets	
Equity Growth Fund	13
Bond Fund	14
Balanced Fund	15
Notes to the Financial Statements	16-22

Auditors' Report

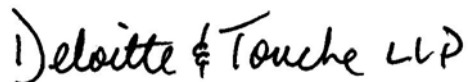
To the Unit Holders of

RBC Life Equity Growth Fund ("Equity Growth")
RBC Life Bond Fund ("Bond")
RBC Life Balanced Fund ("Balanced")
(collectively referred to as "RBC Life Insurance Company Funds" or "the Funds")

We have audited the statements of net assets of RBC Life Insurance Company Funds as at December 31, 2008 and the statements of operations and of changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of each of the Funds as at December 31, 2008 and the results of their operations and changes in their net assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
February 12, 2009

RBC LIFE INSURANCE COMPANY FUNDS

Financial Statements

December 31, 2008

Equity Growth Fund

Statement of Operations	Year ended December 31, 2008	Year ended December 31, 2007
Income		
Distribution from underlying funds	\$ 12	\$ 4,043,424
Realized gains (losses) on sale of investments	(373,531)	10,179,700
Decrease in unrealized appreciation of investments	(15,177,804)	(8,317,790)
	(15,551,323)	5,905,334
Expenses		
Management fees	1,058,033	1,290,567
Bank charges and interest	4,172	4,926
Audit	4,191	4,191
	1,066,396	1,299,684
Net Income (Loss)	\$ (16,617,719)	\$ 4,605,650
Net income (loss) per unit	\$ (12.41)	\$ 3.30

Statement of Net Assets	As at December 31, 2008	As at December 31, 2007
Assets		
Investments in underlying funds at market value	\$ 31,864,605	\$ 50,456,014
Cash and term deposits		11
	31,864,605	50,456,025
Liabilities		
Bank indebtedness	272	-
Due to RBC Life Insurance Company	41,608	37,496
	41,880	37,496
Unitholders' equity	\$ 31,822,725	\$ 50,418,529
Net asset value per unit	\$ 23.76	\$ 36.10

Statement of Changes in Net Assets	Year ended December 31, 2008	Year ended December 31, 2007
Net assets, beginning of the year	\$ 50,418,529	\$ 50,712,993
Premium deposits	3,159,645	3,475,849
Net income (loss)	(16,617,719)	4,605,650
	36,960,455	58,794,492
Less		
Withdrawals	5,137,730	8,375,963
	5,137,730	8,375,963
Net Assets, end of the year	\$ 31,822,725	\$ 50,418,529
Number of units outstanding	1,339,113	1,396,642

See accompanying notes to the financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

Financial Statements

December 31, 2008

Bond Fund

Statement of Operations	Year ended December 31, 2008	Year ended December 31, 2007
Income		
Distribution from underlying funds	\$ 269,137	\$ 258,597
Realized gains (losses) on sale of investments	(7,846)	110,791
Decrease in unrealized appreciation of investments	(202,527)	(187,631)
	<u>58,764</u>	<u>181,757</u>
Expenses		
Management fees	101,711	115,993
Bank charges and interest	1,014	1,108
Audit	748	748
	<u>103,473</u>	<u>117,849</u>
Net Income (Loss)	\$ (44,709)	\$ 63,908
Net income (loss) per unit	\$ (0.22)	\$ 0.31

Statement of Net Assets	As at December 31, 2008	As at December 31, 2007
Assets		
Investments in underlying funds at market value	\$ 5,010,785	\$ 5,270,547
Cash and term deposits	-	11
	<u>5,010,785</u>	<u>5,270,558</u>
Liabilities		
Bank indebtedness	83	-
Due to RBC Life Insurance Company	32,965	3,319
	<u>33,048</u>	<u>3,319</u>
Unitholders' equity	\$ 4,977,737	\$ 5,267,239
Net asset value per unit	\$ 25.03	\$ 25.26

Statement of Changes in Net Assets	Year ended December 31, 2008	Year ended December 31, 2007
Net assets, beginning of the year	\$ 5,267,239	\$ 5,787,910
Premium deposits	466,349	413,813
Net income (loss)	(44,709)	63,908
	<u>5,688,879</u>	<u>6,265,631</u>
Less		
Withdrawals	711,142	998,392
	<u>711,142</u>	<u>998,392</u>
Net Assets, end of the year	\$ 4,977,737	\$ 5,267,239
Number of units outstanding	<u>198,871</u>	<u>208,537</u>

See accompanying notes to the financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

Financial Statements

December 31, 2008

Balanced Fund

Statement of Operations	Year ended December 31, 2008	Year ended December 31, 2007
Income		
Distribution from underlying funds	\$ 5	\$ 1,311,232
Realized gains (losses) on sale of investments	(129,006)	2,347,549
Decrease in unrealized appreciation of investments	(3,029,971)	(2,132,394)
	(3,158,972)	1,526,387
Expenses		
Management fees	381,356	455,502
Bank charges and interest	1,855	2,346
Audit	2,297	2,297
	385,508	460,145
Net Income (Loss)	\$ (3,544,480)	\$ 1,066,242
Net income (loss) per unit	\$ (6.68)	\$ 1.94

Statement of Net Assets	As at December 31, 2008	As at December 31, 2007
Assets		
Investments in underlying funds at market value	\$ 13,602,545	\$ 17,779,865
	13,602,545	17,779,865
Liabilities		
Bank indebtedness	140	3
Due to RBC Life Insurance Company	14,597	13,224
	14,737	13,227
Unitholders' equity	\$ 13,587,808	\$ 17,766,638
Net asset value per unit	\$ 25.61	\$ 32.24

Statement of Changes in Net Assets	Year ended December 31, 2008	Year ended December 31, 2007
Net assets, beginning of the year	\$ 17,766,638	\$ 18,272,631
Premium deposits	1,272,323	1,535,009
Net income (loss)	(3,544,480)	1,066,242
	15,494,481	20,873,882
Less		
Withdrawals	1,906,673	3,107,244
	1,906,673	3,107,244
Net Assets, end of the year	\$ 13,587,808	\$ 17,766,638
Number of units outstanding	530,518	550,997

See accompanying notes to the financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

1. THE FUNDS

The Funds are segregated funds, originally established by a predecessor company, Canadian General Life Insurance Company and are no longer marketed by RBC Life Insurance Company.

RBC Life Equity Growth Fund (“Equity Growth”) established December 15, 1989

RBC Life Bond Fund (“Bond”) established May 1, 1991

RBC Life Balanced Fund (“Balanced”) established May 1 1991

The Funds invest in RBC Asset Management Inc. mutual funds.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2007, the Funds adopted the provisions of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855 Financial Instruments – Recognition and Measurement, and Section 3861, Financial Instruments – Disclosure and Presentation. These sections did not have any significant impact on the Funds.

On January 1, 2008, the Funds adopted the CICA Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These standards provide comprehensive disclosure and presentation requirements for financial instruments. Section 3862 replaces the disclosure portion of Section 3861, Financial Instruments – Disclosure and Presentation, and introduces new requirements for specific qualitative and quantitative disclosure about risks. This includes the requirements to quantify exposures for certain risks and provide sensitivity analysis for some risks. The main objective of this new standard is to enable investors to evaluate the significance of financial instruments, the nature and extent of risks involved, and how these risks are managed. Section 3863 carries forward the presentation requirements from Section 3861, unchanged. The adoption of these standards did not have an impact to net assets, increase (decrease) in net assets from operations or increase (decrease) in net assets from operations per unit of the Funds.

Future changes in accounting standards

International financial reporting standards (“IFRS”)

On April 7, 2008, the Canadian Accounting Standards Board (“AcSB”) released an Omnibus exposure draft entitled “Adopting IFRS in Canada”, which covers among other things, the incorporation of IFRS into the CICA Handbook. The exposure draft calls for Canadian publicly accountable entities to adopt IFRS for fiscal years beginning on or after January 1, 2011 with disclosure requirements beginning in 2008. As a result, IFRS will be adopted by the Funds on January 1, 2011 and its first set of IFRS compliant financial statements will be for the year ending December 31, 2011.

The Funds are currently going through the assessment and evaluation phase of its IFRS implementation project to determine the effect on its processes, systems and financial statements upon adoption.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies:

a) Investments

The investments in underlying mutual funds are valued on each business date at their published closing net asset value. Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments and unrealized appreciation or depreciation in value of investments are calculated on an average cost basis.

b) Income recognition

Distributions from investments are recorded when declared by the underlying mutual fund. Interest income is accrued on a daily basis.

c) Net Asset Value per Unit

Net asset value per unit is computed by dividing the net assets attributable to a series of units on a business day by the total number of units of the series outstanding on that day.

d) Net Income per unit

Net income per unit in the Statements of Operations represents the increase (decrease) in net assets from operations attributable to the series for the period, divided by the number of units outstanding at the end of the period.

e) Use of Estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

f) Expenses of Funds

Each Fund is responsible for the payment of the fees and expenses related to the operation of that Fund. Such fees and expenses include custodian fees, management fees, insurance fees, legal fees, audit fees, operations and administration fees, bank charges, interest, brokerage on securities transactions and all indirect taxes.

g) Income taxes

Each Fund is deemed to be an inter-vivos trust under the provisions of the Income Tax Act (Canada) and is deemed to have allocated its income to the contract holders. Each Fund's net capital gains (losses) are deemed to be those of the contract holders. Accordingly, each Fund is not subject to income tax on its net income, including net realized capital gains.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

4. FINANCIAL INSTRUMENTS RISK

The Funds may be exposed to a variety of financial risks. Each of the Fund's exposures to financial risks is concentrated in its investment holdings. The Schedule of Invested Assets (note 8) presents the details of units held by each Fund as at December 31, 2008 and groups the underlying funds by their nature. The Funds do not manage their underlying funds and therefore the quantitative and qualitative risk disclosures have not been disclosed.

Each of the Fund's risk management practice includes the monitoring of compliance to investment guidelines. The fund manager manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Credit risk

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies and governments that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments, but have the potential for substantial loss. Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

Credit risk arises when an underlying mutual fund invests in fixed income securities. Credit risk is considered as part of the investment decision making process. The underlying mutual fund only buy and sell investments through brokers which are considered to be approved counterparties, thus minimizing the risk of default during settlement.

Currency risk

Most underlying funds are valued in Canadian dollars. However, underlying funds that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value of any foreign securities. For example, if the Canadian dollar rises relative to a foreign currency (like the U.S. dollar or the euro), the Canadian dollar value of an investment denominated in that foreign currency may decline. This decline may reduce, or even eliminate, any return the Fund has earned on the security. On the other hand, a Fund may also benefit from changes in exchange rates. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some underlying funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the Fund.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

4. FINANCIAL INSTRUMENTS RISK (continued)

As the Funds only invest in Canadian denominated underlying funds, the Funds do not have a direct currency risk exposure.

Interest rate risk

If a Fund invests primarily in bonds and other fixed-income securities, the biggest influence on the Fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the Fund's Units will tend to rise. If interest rates rise, the value of the Fund's Units will tend to fall. Short-term interest rates can have a different influence on a Fund's value than long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the Fund's value will be changes in the general level of long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the Fund's value will be changes in the general level of shorter-term interest rates. Investors seeking current income should be aware that the level of interest income from a money market fund will fluctuate as short-term interest rates vary.

Interest rate risk arises when the underlying mutual fund invests in interest bearing financial instruments such as a bond. The underlying mutual fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

Liquidity risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by an underlying fund can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or because of features like guarantees. Another reason for illiquidity is a lack of buyers interested in a particular security or market. Difficulty in selling securities may result in a loss or reduced return for a Fund.

The Funds' assets are comprised of units of underlying mutual funds which can be redeemed upon request from the issuer on a valuation date.

Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market condition. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events. The Funds are exposed to the market risk of the underlying funds.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

5. FINANCIAL RISK MANAGEMENT

The Funds use a fund-of-fund structure to invest in underlying mutual funds exclusively managed by RBC Asset Management and its partners. As part of the fund selection process for the Funds, the existing funds line-up are reviewed at least annually to identify any product gaps that result from the changing needs of the market and distribution partners.

The screening criteria may include qualitative as well as quantitative measures of performance and must satisfy internal risk management standards and require approval from the Investment Executive Committee.

Ongoing monitoring throughout the year by the Funds' management includes monitoring any organizational or fund changes announced by fund managers or news items that may affect organizational stability or Funds performance as well as analysis on the Funds' rate of return to verify that it is appropriate compared to the underlying mutual fund or fund's benchmark.

Included in the ongoing due diligence process, managers of the underlying mutual funds are required to verify that the Funds have adhered to the Funds' Investment Policies and that the underlying mutual funds are managed in accordance with the investment objectives and strategies.

6. UNITHOLDERS' EQUITY

Units of the Funds, which are redeemable at the option of the holder in accordance with the provisions of the related policy contracts, do not have any nominal or par value and the number of units which may be issued is unlimited. Units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit next determined after the purchase order or redemption request, respectively, is received by RBC Life Insurance Company. The following is a summary of issues and redemptions of units.

	2008		2007	
	<u>Units Issued</u>	<u>Proceeds from Issue of units</u>	<u>Units Issued</u>	<u>Proceeds from Issue of units</u>
Equity Growth Fund	96,181	\$ 3,159,645	97,592	\$ 3,475,849
Bond Fund	18,151	\$ 466,349	16,592	\$ 413,813
Balanced Fund	42,994	\$ 1,272,323	48,139	\$ 1,535,009

	2008		2007	
	<u>Units Redeemed</u>	<u>Amounts Paid on Redemption</u>	<u>Units Redeemed</u>	<u>Amounts Paid on Redemption</u>
Equity Growth Fund	153,710	\$ 5,137,730	236,827	\$ 8,375,963
Bond Fund	27,817	\$ 711,142	40,163	\$ 998,392
Balanced Fund	63,473	\$ 1,906,673	98,179	\$ 3,107,244

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

7. SUMMARY OF FINANCIAL INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
NET ASSET VALUE PER UNIT (a)					
Equity Growth	\$ 23.76	\$ 36.10	\$ 33.02	\$ 28.06	\$ 23.22
Bond	25.03	25.26	24.94	24.41	23.45
Balanced	25.61	32.24	30.40	27.38	24.06
NET INCOME (LOSS) PER UNIT (b)					
Equity Growth	\$ (12.41)	\$ 3.30	\$ 5.18	\$ 5.04	\$ 2.55
Bond	(0.23)	0.31	0.52	1.00	1.13
Balanced	(6.68)	1.94	3.15	3.50	2.05
MANAGEMENT EXPENSE RATIO, other than brokerage fees and commissions (c)					
Equity Growth	2.59%	2.58%	2.42%	2.42%	2.51%
Bond	2.02%	2.24%	2.18%	2.23%	2.21%
Balanced	2.46%	2.59%	2.51%	2.56%	2.68%
MANAGEMENT FEE (d)					
Equity Growth	\$ 1,058,033	\$1,290,567	\$1,223,327	\$1,158,056	\$1,110,701
Bond	101,711	115,993	124,625	132,100	137,085
Balanced	381,356	455,502	455,791	467,137	488,202
OTHER EXPENSES (e)					
Equity Growth	\$ 8,363	\$ 9,117	\$ 9,062	\$ 8,455	\$ 9,465
Bond	1,762	1,856	1,776	1,954	2,120
Balanced	4,152	4,643	5,122	5,077	5,508

- a) Net asset value per unit is computed by dividing the net asset value of a Fund by the total number of units of the Fund outstanding, as at the end of the period.
- b) Based on the number of units outstanding as at the end of the period.
- c) The management expense ratios for the Funds are based on expenses charged directly to the Fund (other than brokerage commissions and taxes on securities transactions) plus, if applicable, expenses of the underlying funds, calculated on a weighted average basis on the percentage weighting of underlying funds and is expressed as a percentage of the annual average net asset value calculated for the purpose of the issue of units of the Funds.

RBC LIFE INSURANCE COMPANY FUNDS

Notes to the Financial Statements

December 31, 2008

7. SUMMARY OF FINANCIAL INFORMATION (continued)

- d) In consideration for management services and investment advice, RBC Life Insurance Company is entitled to a management fee. The maximum management fee, exclusive of GST, is based on the following annual percentages, applied on a weekly basis to the respective net asset values of the Fund

Equity Growth Fund	Up to 2.275%
Bond Fund	Up to 1.900%
Balanced Fund	Up to 2.275%

- e) Custodian fee, audit fee, interest and bank charges are payable by the Funds.

8. SCHEDULE OF INVESTED ASSETS

	<u>Number of Units</u>	<u>Cost</u>	<u>% Fund Owned</u>	<u>Market Value</u>	<u>Market Value per Unit</u>
Equity Growth Fund					
RBC Canadian Equity Fund Series O	1,694,484	\$ 49,969,172	3.17%	\$ 31,864,605	\$ 18.80
Bond Fund					
RBC Bond Fund Series O	857,526	\$ 5,266,165	0.21%	\$ 5,010,785	\$ 5.84
Balanced Fund					
RBC Balanced Fund Series O	1,317,246	\$ 17,474,207	47.94%	\$ 13,602,545	\$ 10.33

Financial statements for RBC Asset Management funds are available upon request.