



RBC Wealth Management

WRAP FEE BROCHURE

ACCESS MANAGER SELECTION PROGRAM & PRIVATE INVESTMENT MANAGEMENT PROGRAM

RBC PRIVATE COUNSEL (USA) Inc.

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This brochure provides information about the qualifications and business practices of RBC Private Counsel (USA) Inc. If you have any questions about the contents of this brochure, please contact us at 416-956-9619. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

RBC Private Counsel (USA) Inc. is an SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about RBC Private Counsel (USA) Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - MATERIAL CHANGES

This brochure ("Brochure"), dated January 27, 2012, has been prepared in accordance with new regulatory requirements. As a result, it is different in structure and content from our previous client brochure and includes some new information.

After the initial filing of this Brochure, this section will be used to discuss material changes since the last annual update of the Brochure.

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Item 4 - SERVICES, FEES AND COMPENSATION

This section provides a general description of our firm, services provided under the wrap fee programs that we offer – namely, the Access Manager Selection Program and Private Investment Management Program and the wrap fee charged for each program. It also provides information on how we are compensated for our advisory services.

4.1 General description and ownership

RBC PC USA is a wholly-owned direct subsidiary of Royal Bank Holding Inc., which is a wholly-owned subsidiary of the Royal Bank of Canada (“RBC”), and is a member of the RBC group of companies. RBC is an internationally diversified organization with operations in many areas of the financial services industry and is a publicly held company (symbol: RY on TSX, NYSE and SWX). RBC PC USA was established in 1998 to provide discretionary investment management and supervisory services to U.S. residents and is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an investment adviser under the U.S. *Investment Advisers Act of 1940*, as amended (the “Advisers Act”).

4.2 Use of Participating Affiliates

In order to provide investment advisory services to you, we have entered into service arrangements with our Canadian affiliate RBC Dominion Securities Inc., (“RBC DS” or “Participating Affiliate”) that allow us to utilize its facilities, services and other investment management capabilities, including personnel such as Investment Advisors, in rendering advice to our clients.

RBC DS is a Canadian corporation that is registered as an investment dealer with the securities authorities in each of the provinces and territories in Canada and is a member of the Investment Industry Regulatory Organization of Canada. In addition to providing investment dealer services, RBC DS provides discretionary and non-discretionary investment management and supervisory services to retail clients in Canada.

Although RBC DS is not registered as an investment adviser in the U.S, in reliance on a no-action letter issued to RBC by the SEC in addition to other guidance provided by the SEC, we make use of its services and other management capabilities, including personnel.

4.3 Access Manager Selection Program

4.3.1 Services

Through the Access Program, we manage your account on a fully discretionary basis and our Investment Counsellors choose between approximately 30 U.S. investment advisers and portfolio managers (collectively, the “Managers”) to select the most appropriate Manager model portfolio for your account based on your stated investment objectives and risk tolerance, together with any other instructions provided by you.

By diversifying among several Managers, you may reduce the possible risks associated with relying on a single investment manager. We can also diversify among investment styles. Many of today’s top managers are also specialists with highly defined investment disciplines. Access Program allows us to employ a mix of Managers according to their specialty, rather than employing just one generalist.

This approach reduces risk through sequential levels of diversification. For example, depending on your investment objectives and tolerance for risk, we will be able to diversify by:

- ▶ Asset class (fixed income, equities)
- ▶ Geography (U.S., international)
- ▶ Capitalization (large cap, small cap, all cap)

- ▶ Management style (value, growth, core).

Each Manager's mandate will have its merits at different points in a business cycle.

4.3.2 Fees

As consideration for rendering discretionary investment advice and providing access to the Managers, we receive a fee from you, payable quarterly, in advance, based on a percentage of the client assets under management. Fees for Access Program are calculated and paid in U.S. dollars. If for any reason the Discretionary Investment Advisory Agreement ("DIAA") with you is terminated, any unearned, prepaid fees will be refunded.

Fees are calculated on the aggregate amount that a client has allocated to Access Program at the following per annum rates:

Assets under Management	Maximum fee
<i>Equity/Balanced</i>	
US \$ 100,000 to \$ 999,999	2.75%
US \$ 1,000,000 to \$1,999,999	2.50%
US \$ 2,000,000 to \$9,999,999	2.15%
<i>Fixed Income</i>	
US \$ 100,000 to \$999,999	1.65%
US \$ 1,000,000 to \$9,999,999	1.50%

The fee is weighted based on the composition of the client's portfolio. When a portfolio consists of both Equity and Fixed Income accounts, the total Access portfolio value can be used to determine the fee level for both schedules. For example: a portfolio consisting of \$2Million in equity and \$1million in fixed income can be priced at \$3million tier for both asset classes.

The Access Program fee includes:

- Services provided by the Manager(s) selected for the client account;
- Services provided by Prudential Investment LLC ("Prudential") for its research, ongoing administration, calculation of account performance and marketing support. Please refer to item 6.1 for further information;
- Services provided by RBC DS for all transactions executed and cleared through RBC DS, if applicable, and custodial costs.

The fee paid by a client includes all brokerage costs for trades executed through our affiliate, RBC DS. However, in the event that a Manager executes trades through an unaffiliated broker in order to get best execution, the cost of execution is not included in the fee paid by a client and will be included in the net price of the particular transaction and charged to that client's account. By signing the DIAA the client acknowledges that the fee does not include any fees or commissions payable to third parties for trades executed outside of RBC DS. We believe that it is rare that a Manager will execute transactions through an unaffiliated broker-dealer.

In addition to the above fees, certain other charges unrelated to the advisory and brokerage services, including fees and expenses relating to the operation of the account such as administrative fees, may apply.

In some cases, the investment advisory fees are negotiable and may vary from the schedules above.

Depending on the size of a client's account, the frequency of trading and type of securities purchased, the fee may cost a client more or less than the cost of purchasing such services separately. Smaller

accounts, however, would be unable to have access to the individual Managers without using the Access programs due to those Managers' standard minimums.

Foreign Exchange

RBC DS, as custodian, may perform foreign currency transactions on your behalf when a trade is made in securities denominated in a currency other than the currency of your account ("Foreign Trade"). The foreign currency conversion rate that appears on your trade confirmation and/or account statement includes RBC DS's spread-based revenue ("spread") for performing this function, in addition to any commissions or fees related to the Foreign Trade or your account. Spread is the difference between the rate obtained and the rate you receive. The foreign currency conversion rate and the spread will depend on market fluctuations as well as the amount, date and type of foreign currency transaction. Foreign currency conversions take place at such rates as are available to retail customers of RBC DS for currency conversions of a similar amount, date and type. In performing foreign currency transactions, RBC DS may act as agent or principal. RBC DS may, at its discretion, reject a foreign currency transaction request. Foreign currencies are converted on the day your Foreign Trade is carried out. A different day may be used for: (a) mutual fund transactions; (b) transactions that you and RBC DS agree on; and (c) other transactions that RBC DS deems necessary.

4.3.3 Compensation

Where applicable, the Advisory Representative who recommended the Access Program to you receives compensation as a result of your participation in the Access Program. The amount of this compensation may be more than what the Advisory Representative would receive if you participated in our other programs or paid separately for investment advice, brokerage and other services. As a result, the Advisory Representative may have a financial incentive to recommend the Access Program, over our other programs or services, to you.

4.4 Private Investment Management Program ("PIM")

4.4.1 Services

PIM is a program for individuals who wish to have their investments managed on a fully discretionary basis directly by one of our Investment Counsellors.

An Investment Counsellor/Associate Investment Counsellor build, monitors and adjusts a client's portfolio based on the client's individual investment objectives and market conditions. The process of building a portfolio begins with the Investment Counsellor assessing a client's investment objectives, risk tolerance, financial goals and tax circumstances using information provided by the client. This assessment is documented in an Investment Policy Statement, which forms the blueprint for the design and creation of a client's portfolio. The Investment Counsellor then builds the client's portfolio. No U.S. registered mutual funds may be purchased or sold within a PIM account.

4.4.2 Fees

As consideration for rendering discretionary investment management services under PIM, we receive a fee, payable monthly or quarterly, in arrears, based on a percentage of the client assets under management. Fees are calculated and paid in Canadian or U.S. dollars at the following per annum rates, subject to specific arrangements made with the client:

Account Size (Cdn\$)	Maximum Fee
<i>Equity/Balanced Portfolios</i>	
\$0 - \$499,000	2.75%
\$500,000 - \$999,999	2.50%
\$1,000,000 - \$1,999,999	2.20%
\$2,000,000 - \$4,999,999	1.95%
\$5,000,000 - \$5M Plus	1.65%

Account Size (Cdn\$)	Maximum Fee
<i>Fixed Income* Portfolios (Up to 25% Equities):</i>	
\$0 - \$499,000	1.95%
\$500,000 - \$999,999	1.65%
\$1,000,000 - \$1,999,999	1.40%
\$2,000,000 - \$2M Plus	1.25%

* Defined as Term Investments such as GICs, Bonds, Debentures, Preferred Shares and Money Market Securities such as T-Bills, Bankers Acceptances and Commercial Paper, High Interest Savings Account.

The fee paid by a client includes our management fees, RBC DS custodial fees (if applicable), and brokerage costs for transactions which we executed and cleared through a brokerage firm affiliated with us.

In some cases, the investment advisory fees are negotiable and may vary from the schedules above.

Depending on the size of a client's account, the frequency of trading and type of securities purchased, the fee may cost a client more or less than the cost of purchasing such services separately.

Early Termination Fee

Due to the significant time and effort involved in initially setting up a PIM portfolio for a client, we may charge an early termination fee if the client terminates its PIM investment management relationship with us within twelve months of opening an account. The early termination fee may equal an amount up to three quarters of the aggregate fee that would have otherwise been paid to us with respect to such account during the first twelve months of the relationship, less the amount of any fees already paid by the client.

Foreign Exchange

RBC DS, as custodian for your account, may perform foreign currency transactions on your behalf when a trade is made in securities denominated in a currency other than the currency of your account ("Foreign Trade"). The foreign currency conversion rate that appears on your trade confirmation and/or account statement includes RBC DS's spread-based revenue ("spread") for performing this function, in addition to any commissions or fees related to the Foreign Trade or your account. Spread is the difference between the rate obtained and the rate you receive. The foreign currency conversion rate and the spread will depend on market fluctuations as well as the amount, date and type of foreign currency transaction. Foreign currency conversions take place at such rates as are available to retail customers of RBC DS for currency conversions of a similar amount, date and type. In performing foreign currency transactions, RBC DS may act as agent or principal. RBC DS may, at its discretion, reject a foreign currency

transaction request. Foreign currencies are converted on the day your Foreign Trade is carried out. A different day may be used for: (a) mutual fund transactions; (b) transactions that you and RBC DS agree on; and (c) other transactions that RBC DS deems necessary.

In addition, certain other charges unrelated to the advisory and brokerage services, including fees and expenses relating to the operation of the account such as administrative fees, may apply.

4.4.3 Compensation

A portion of the program fee is paid to our Investment Counsellors/Associate Investment Counsellor as compensation for their services. Where applicable, the Investment Counsellor/Associate Investment Counsellor who recommended the PIM Program to you and manages your account receives compensation as a result of your participation in PIM. The amount of this compensation may be more than what the Investment Counsellor/Associate Investment Counsellor would receive if you participated in our other programs or paid separately for investment advice, brokerage and other services. As a result, the Investment Counsellor/Associate Investment Counsellor may have a financial incentive to recommend PIM, over our other programs or services, to you.

Item 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

This section provides a description of requirements in order to open an account and the types of clients to whom we typically provide investment advice.

Our clients are typically individuals, their families and personal holding companies, and trusts.

5.1 Access Program

In order to participate in the Access Program, the initial investment is generally U.S. \$250,000. The minimum investment with an individual Manager is typically \$100,000. However, the minimum threshold to achieve a diversified portfolio that matches the client's investment objectives and risk tolerance may be higher. The actual investment amount will be dependent on the portfolio models and the minimum investable per Manager to satisfy the underlying asset, geographic and style allocations.

5.2 PIM Program

Generally, the minimum account size to open a PIM account is Canadian or U.S. \$250,000.

Item 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

This section provides a description of our process for selecting, evaluating and providing performance reporting of Portfolio Managers in the Access Program. It also provides certain information about our PIM Program and a description of some of the risks of which you should be aware and of our proxy voting practices.

6.1 Access Program

6.1.1 Selection of Managers

We have entered into an arrangement whereby Prudential, a U.S. based investment-consulting firm, performs certain services supporting the Access Program, some of which are described below.

Prudential is responsible for providing manager research, review and classification. The research professionals employed by Prudential utilize a proprietary system to provide research and analysis on independent investment management firms across a broad spectrum of styles. Through the services of its Strategic Investment Research Group ("SIRG"), Prudential screens and monitors the performance of over 4,000 investment advisers and portfolio managers on an ongoing basis

Of those investment advisers and portfolio managers, approximately 100 are closely followed by SIRG. The Access Investment Committee has selected and contracted with approximately 30 of these Managers to provide model portfolios and advice to clients.

Due to the relationship that our Participating Affiliate RBC DS has with Prudential, we are able to offer our clients access to these Managers with substantially less than the initial minimum normally required to deal with these Managers directly on a segregated basis.

No U.S. mutual funds may be purchased or sold within the Access program.

Analyses of Managers by Prudential

The SIRG at Prudential begins with a quantitative analysis that goes into greater depth than an overview of historical performance and volatility. It looks at length and verifiability of performance that goes beyond immediate past performance.

The Managers who pass the data analysis stage of the evaluation process undergo a probing qualitative review that, used in conjunction with the quantitative analysis, highlights their strengths or weaknesses more clearly. The Prudential SIRG analysts assess several quality-oriented areas.

- ▶ Personnel: Analysts look at the depth of a firm's key professional personnel, including their tenure, experience, continuity and skill level.
- ▶ Process: Analysts perform an in-depth analysis of each firm's portfolio construction process and its underlying philosophy. Analysts also assess the quality of research and exercise investment judgment in the delivery of superior investment insight to identify managers that exhibit favourable risk-return advantages over time.
- ▶ Business Structure/Operations: Analysts review the business plan and financial condition of the Manager, and check the quality of the back office operations and compliance procedures.
- ▶ Compliance and Ethics: Analysts examine the policies and procedures each firm has in place to ensure compliant and ethical conduct. In a business characterized by client trust, compliance with regulatory agencies and ethical conduct are minimum expectations.

6.1.2 Selection of Managers and Analysis by the Access Investment Committee

Prudential recommends both fixed income and equity Managers. From these recommendations, the Access Investment Committee reviews and selects the Managers to which we will allocate client assets. In selecting the Managers, we review historical performance data supplied to us by Prudential, including:

- ▶ Quarterly, year-to-date and 1 year performance;
- ▶ Rolling 3, 5, 7 and 10 year time periods for annualized performance;
- ▶ Standard deviation vs. the appropriate benchmark;
- ▶ Trailing 3, 5, and 7 year Sharpe ratios;
- ▶ Trailing, 3, 5, and 7 year Up/Downside ratios;
- ▶ Historical volatility vs. the appropriate benchmark; and
- ▶ Level of portfolio turnover.

The Access Investment Committee consists of at least four investment professionals from one or more of our affiliates. Although the Access Investment Committee creates model portfolios, the specific Managers to be selected for a particular client rests with one of our Investment Counsellors and will depend on that

client's investment objectives and risk tolerance, together with any other instructions provided by the client.

6.1.3 Review and Replacement of Managers

Quarterly, the Access Investment Committee will assess the performance and quality of the Managers selected. The assessment will consist of:

- ▶ A review of the quarterly research report of each Manager prepared by SIRG at Prudential;
- ▶ Communication with the Prudential analysts responsible for researching the Managers; and
- ▶ Consultations with our own internal Investment Counsellors.

6.1.4 Performance of Investment Managers

Performance information on the Managers is calculated and provided by the Managers. We calculate individual account performance and periodically compare it to performance reported by the Manager. This review is designed to determine whether the reported performance data is consistent with the actual experience of our clients. We do not review the performance data provided by the individual Managers to ensure they are calculated on a uniform and consistent basis; review the appropriateness of the methodology used to calculate performance; audit the mathematical accuracy of the calculation or compliance with any standards a Manager has stated it follows.

6.1.5 Structuring a Client's Portfolio of Managers

For the initial structure of the portfolio, an Advisory Representative works with the client to obtain information regarding the client's investment objectives and risk tolerance. One of our Investment Counsellors then documents this information for review and selects a model portfolio containing the appropriate mix of Managers based on the stated investment objectives.

To the degree that a client has placed restrictions on an account, we take this into consideration when determining which Managers to select. If necessary, specific client-restrictions will also be communicated to Managers providing advice for that client. Generally, clients will not have any contact with the Managers.

6.1.6 Related Persons

None of the Portfolio Managers in the Access Program are affiliates of ours.

6.1.7 Performance based fees and side by side management

We do not accept performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client account. As mentioned in Item 4 above, our investment advisory fees are based on the month-end market value of your portfolio.

6.1.8 Risk of Loss

There are a number of sources of risk to which a typical portfolio may be exposed. These risks could result in unexpected losses of capital, reduce the generation of income, or decrease the probability of you achieving your goals.

Most of these risks can generally be mitigated through diversification: constructing your portfolio so there is not a significant exposure to any single investment or group of investments that may be impacted in a similar manner as a result of a particular risk event. For some of the risks outlined below, there may be additional techniques that can be employed to further reduce risk.

The following is an overview and description of some of the risks of which you should be aware:

- **Market Risk** – This is the risk that a change in the economy and the market as a whole will affect the price of individual securities in ways that were not anticipated. While a change in the broader market is based on the underlying securities, not all individual securities are affected in the same way or to the same degree.
- **Interest Rate Risk** – This is the risk that a change in interest rates will impact the returns on interest rate-sensitive investments, such as bonds and mortgage-related securities. Generally, rising interest rates result in a decline in asset prices.
- **Political/Geographic Risk** – This is the risk that policies or instability in a region or nation will impact performance.
- **Purchasing Power or Inflation Risk** – This is the risk that investments will return less than the rate of inflation and therefore your portfolio will not maintain its purchasing power.
- **Currency/Foreign Exchange Risk** – This risk exists for any investment made in an international market where payments or principal are exposed to another currency.
- **Credit or Company Specific Risk** – This encompasses risks generally associated with individual companies.
- **Sector/Industry Risk** – This encompasses risks associated with a particular sector or industry (e.g. technology)
- **Liquidity** – investing in less liquid securities may result in the difficulty or even inability to sell, as well as potentially a negative impact on price received, if you need the money.
- **Capital Markets** – securities regulators can impose limitations on trading activity, which may prevent a profit or increase losses to your portfolio.
- **Concentration** - A high concentration of assets in a single or small number of issuers may reduce diversification and liquidity within a portfolio and increase its volatility.

Unless specifically indicated in your Investment Policy Statement, our approach to investment management is to maintain well diversified portfolios that seek to minimize the impact each of these risks might have on your overall portfolio. In addition, we may selectively employ currency hedging to further attempt to reduce the impact of this specific risk.

The discussion above is general in nature and is not intended to apply in respect of your specific portfolio or personal circumstances, either of which may give rise to additional risks not set out above. Your risk tolerance is considered along with your investment objectives and time horizon when constructing your portfolio. Please consult your Advisory Representative for more information.

6.1.9 Voting Client Securities

We have retained an independent, external service provider to vote client proxies in accordance with pre-determined guidelines, subject to our ability to override recommendations in appropriate cases. Proxies are voted in the best interest of our clients. In any case where we may have a conflict of interest in the outcome of a vote, we will not influence or otherwise interfere with our service provider's proxy voting recommendations. Voting records and a copy of the Policy will be provided to clients on request. Should clients wish to provide specific voting instructions, they may contact their Investment Counsellor.

Since we have discretionary authority over our clients' portfolios, where economically feasible, we will file applicable class action settlement claims on behalf of our existing client accounts.

6.2 PIM Program

6.2.1 Advisory Services, Constructing and Managing Your Portfolio

As outlined in the beginning of the brochure, in the PIM Program, a client's portfolio is managed on a fully discretionary basis by one of our Investment Counsellors/Associate Investment Counsellors, who are responsible for building a client's portfolio by selecting individual securities based on investment objectives set out in the client's Investment Policy Statement. The PIM Program does not make use of model portfolios provided by other Managers, rather, each Investment Counsellor/Associate Investment Counsellor is charged with selecting appropriate individual investments for a client's portfolio based on investment objectives and internal investment management guidelines.

Clients may impose reasonable restrictions on management of their accounts, including by restricting particular securities and types of investments, provided RBC PC USA accept those restrictions.

6.2.2 Methods of Analysis

In making decisions for a client, an Investment Counsellor/Associate Investment Counsellor may use charting, fundamental, technical or cyclical methods of analysis. Strategies include long-term and short-term purchases and may also involve active trading (i.e., securities bought and sold within 30 days).

In addition to the ongoing management and review undertaken by the Investment Counsellor/ Associate Investment Counsellor, quarterly reviews of each PIM client's portfolio are conducted by one of our Portfolio Risk Advisors to ensure that the client's investment objectives are being diligently pursued. Any issues raised during a review are documented and followed-up with the client's Investment Counsellor/Associate Investment Counsellor.

6.2.3 Performance based fees and side by side management

We do not accept performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client account. As mentioned in Item 4 above, our investment advisory fees are based on the month-end market value of your portfolio.

6.2.4 Risk of Loss

There are a number of sources of risk to which a typical portfolio may be exposed. These risks could result in unexpected losses of capital, reduce the generation of income, or decrease the probability of you achieving your goals.

Most of these risks can generally be mitigated through diversification: constructing your portfolio so there is not a significant exposure to any single investment or group of investments that may be impacted in a similar manner as a result of a particular risk event. For some of the risks outlined below, there may be additional techniques that can be employed to further reduce risk.

The following is an overview and description of some of the risks of which you should be aware:

- **Market Risk** – This is the risk that a change in the economy and the market as a whole will affect the price of individual securities in ways that were not anticipated. While a change in the broader market is based on the underlying securities, not all individual securities are affected in the same way or to the same degree.

- **Interest Rate Risk** – This is the risk that a change in interest rates will impact the returns on interest rate-sensitive investments, such as bonds and mortgage-related securities. Generally, rising interest rates result in a decline in asset prices.
- **Political/Geographic Risk** – This is the risk that policies or instability in a region or nation will impact performance.
- **Purchasing Power or Inflation Risk** – This is the risk that investments will return less than the rate of inflation and therefore your portfolio will not maintain its purchasing power.
- **Currency/Foreign Exchange Risk** – This risk exists for any investment made in an international market where payments or principal are exposed to another currency.
- **Credit or Company Specific Risk** – This encompasses risks generally associated with individual companies.
- **Sector/Industry Risk** – This encompasses risks associated with a particular sector or industry (e.g. technology)
- **Liquidity** – investing in less liquid securities may result in the difficulty or even inability to sell, as well as potentially a negative impact on price received, if you need the money.
- **Capital Markets** – securities regulators can impose limitations on trading activity, which may prevent a profit or increase losses to your portfolio.
- **Concentration** - A high concentration of assets in a single or small number of issuers may reduce diversification and liquidity within a portfolio and increase its volatility.

Unless specifically indicated in your Investment Policy Statement, our approach to investment management is to maintain well diversified portfolios that seek to reduce the possible impact each of these risks might have on your overall portfolio. In addition, we may selectively employ currency hedging to further attempt to reduce the impact of this specific risk.

The discussion above is general in nature and is not intended to apply in respect of your specific portfolio or personal circumstances, either of which may give rise to additional risks not set out above. Your risk tolerance is considered along with your investment objectives and time horizon when constructing your portfolio. Please consult your Investment Counsellor for more information.

6.2.5 Voting Client Securities

We have retained an independent, external service provider to vote client proxies in accordance with pre-determined guidelines, subject to our ability to override recommendations in appropriate cases. Proxies are voted in the best interest of our clients. In any case where we may have a conflict of interest in the outcome of a vote, we will not influence or otherwise interfere with our service provider's proxy voting recommendations. Voting records and a copy of the Policy will be provided to clients on request. Should clients wish to provide specific voting instructions, they may contact their Investment Counsellor/Associate Investment Counsellor.

Since we have discretionary authority over our clients' portfolios, where economically feasible, we will file applicable class action settlement claims on behalf of our existing client accounts.

Item 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

For clients in the Access Program, this section describes client information communicated to Prudential and the client's investment manager/ portfolio manager. This section is not applicable to clients in the PIM Program.

7.1 Access Program

In Access, an Advisory Representative works with the client to collect and document information about the client's investment objectives and risk tolerance. Our Investment Counsellors uses this information to select a model portfolio containing the appropriate mix of Managers based on the stated investment objectives. Clients are required to complete a questionnaire on an annual basis for purposes of updating the record we maintain of their investment objectives.

We provide Prudential with the following information about our clients:

- Name and Address
- Investment Objectives and Risk Tolerance (Know Your Client information)
- Financial positions held, account balances and daily transactions related to the client's separate managed account

7.2 PIM Program

Our Investment Counsellors are directly responsible for selecting individual securities for a client's account and do make use of other Managers' model portfolios. As a result, this section is not applicable to our PIM Program.

Item 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS

This section explains the restrictions, if any, placed on your ability to contact and consult with your portfolio manager.

8.1 Access Program

Our Advisory Representatives are responsible for developing and managing our client relationships. They are your primary contact, but are not involved in the selection of Managers for your portfolio. As mentioned in Item 6 above, the responsibility for selecting Managers for your portfolio rests with our Investment Counsellors. If you have any questions about your account or the Manager selected for your portfolio, please contact your Advisory Representative.

8.2 PIM Program

Your Investment Counsellor is responsible for constructing and managing your accounts and will schedule regular meetings with you to review your portfolio and investment objectives and is also available upon your request.

Item 9 – ADDITIONAL INFORMATION – ACCESS & PIM PROGRAM

This section discloses additional information that is material to your evaluation of our advisory business or the integrity of our management.

9.1 Disciplinary Information

Registered investment advisers are required to disclose legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management.

RBC PC USA and our management personnel have no reportable disciplinary event to disclose.

9.2 Other Financial Industry Activities and Affiliations

As indicated under Item 4, RBC PC USA is an indirect wholly owned subsidiary of RBC. In addition to RBC PC USA, the following companies are affiliates of RBC:

- Entities registered under applicable U.S. securities legislation:
 - Bluebay Asset Management Ltd.
 - O'Shaughnessy Asset Management, LLC
 - RBC Capital Markets, LLC
 - RBC Global Asset Management (U.S.) Inc.
 - Sky Investment Counsel Inc.
- Entities registered under applicable Canadian securities legislation:
 - BonaVista Asset Management Ltd.
 - O'Shaughnessy Asset Management, LLC
 - Phillips, Hager & North Investment Funds Ltd.
 - RBC Dominion Securities Inc.
 - RBC Global Asset Management Inc.
 - RBC Phillips, Hager & North Investment Counsel Inc.
 - Sky Investment Counsel Inc.
- Entity registered under applicable U.K. securities legislation: Bluebay Asset Management Ltd.
- Entity registered under applicable Australian and Cayman Islands securities legislations: RBC Capital Markets, LLC

RBC also holds an indirect non-controlling interest in Sky Investment Counsel Inc. and a non-controlling interest in O'Shaughnessy Asset Management, LLC.

In addition, RBC PC USA is an affiliate of The Royal Trust Company, Royal Trust Corporation of Canada and RBC Wealth Management Financial Services Inc., which are wholly owned subsidiaries of RBC.

Material Relationships and Arrangements with Related Persons

RBC PC USA may obtain portfolio management, trade execution, product and manager selection, and other services for your account from affiliated portfolio managers, RBC GAM and RBC PH&N IC, and an affiliated dealer, RBC Dominion Securities Inc. ("RBC DS"). In providing portfolio management and trade execution services, these affiliates are contractually and ethically bound to carry out their duties honestly and in good faith, and in the best interests of clients. They are also bound to exercise the degree of care,

diligence and skill that a reasonably prudent person or portfolio manager, as applicable, would exercise in comparable circumstances.

In providing discretionary investment management services, RBC PC USA is responsible for:

- the advice that it receives from affiliates, and
- losses you incur that arise out of the failure of an affiliate to meet the applicable standard of care.

Affiliates of ours may sponsor or manage Canadian pooled investments transferred into our clients' portfolios and model portfolios that we may select for our clients. RBC PC USA may pay a fee to an affiliated sub-advisor for managing a model portfolio and a pooled fund. An Investment Counsellor's decision to select a specific model portfolio or a pooled fund for a client must not be influenced by any factors other than the best interest of that client and must be in line with the investment objectives, guidelines, restrictions and other applicable provisions of the client's Investment Policy Statement and DIAA.

RBC PC USA may also obtain from, or provide to, RBC and its subsidiaries, management, administrative, back office, referral or other services in connection with its ongoing business. For instance, RBC DS is the custodian for your account.

Further, certain directors and officers of RBC PC USA are also directors and officers of one or more of the registrants listed above. Investment Counsellors with RBC PC USA may also be registered with another related registrant and provide services to clients of that registrant. These relationships are subject to legislative and regulatory restrictions on dealings between related registrants and/or individuals that are dually registered with registrants. These restrictions are intended to minimize the potential for conflicts of interest resulting from these relationships. RBC PC USA has also adopted internal policies and procedures that supplement these restrictions, including policies on privacy and confidentiality of information, broker allocation and fair allocation of investment opportunities. Information concerning related advisors can be found on Schedule D of Form ADV Part 1 for each of RBC PC USA's registered advisory affiliates.

RBC PC USA is an indirect wholly owned subsidiary of Royal Bank of Canada, an internationally diversified organization with operations in many areas of the financial services industry. Information concerning related advisors can be found on Schedule D of Form ADV Part 1 for each of RBC PC USA's registered advisory affiliates.

The relationships with related companies are subject to legislative and regulatory restrictions on dealings between related registrants and/or individuals that are dually registered with registrants. These restrictions are intended to minimize the potential for conflicts of interest resulting from these relationships. RBC PC USA has also adopted internal policies and procedures that supplement these restrictions, including policies on privacy and confidentiality of information, broker allocation and best execution.

The underwriting and investment banking activities of our Participating Affiliate, RBC DS, are operated on a separate and distinct basis from the discretionary investment business of RBC PC USA pursuant to Information Barriers and Privacy Policies adopted by the members of the RBC.

9.3 Related and Connected Issuers

Sometimes we trade in or advise clients about securities of issuers to which we or certain other parties related to us, is related or connected:

- An issuer of securities is "related" to us if, through the ownership of, or direction or control over voting securities,
 - we may control that issuer,

- that issuer may control us, or
- the same third party may control both the issuer and us.

RBC is a reporting issuer under applicable securities laws and is a related issuer of ours. It is expected that RBC may have a controlling influence in the investment funds to which it provides seed capital from time to time.

- An issuer is “connected” to us if, due to indebtedness or other relationships, a reasonable prospective purchaser of securities of the connected issuer might question our independence from the issuer.

We will ensure that any dealings in securities of related or connected issuers in your account will comply with the investment objectives, guidelines, restrictions and other applicable provisions of your DIAA and Investment Policy Statement.

Recommending that you buy or sell securities or investment products in which we or a related person has some financial interest may create a conflict between our and our affiliates’ financial interest and your interest in buying or selling a particular security or investment product. We have a fiduciary obligation to put the interest of our clients ahead of our own and our affiliates’ interest, and have adopted policies and procedures that help identify and manage potential conflicts of interest arising from recommending and investing clients in related and connected issuers.

Principal Transactions

Purchases and sales of certain securities (e.g., equities and bonds) for your account may be made by RBC DS acting as principal, in which case RBC DS may charge the client its customary institutional rate mark-up on the security. All principal transactions will comply with Section 206-3 of the Advisers Act. Both the Access Program and PIM Program use RBC DS to execute client account transactions.

Agency Cross Transactions

We may act as an investment adviser on trades where our Affiliate acts as broker for both our client and the person on the other side of the trade (“an agency cross transaction”) and the affiliate will receive commissions from both parties to the trade. However, this may occur only when RBC DS orders are executed through the Toronto Stock Exchange (TSX), Alpha Trading Systems (“Alpha”) or Pure Trading (“Pure”) and are matched with other RBC DS orders as a result of the operation of the TSX, Alpha and Pure system algorithm. Neither we, nor our affiliate, have any knowledge or control over which orders are matched.

9.4 Code of Ethics

We have adopted a Code of Ethics, which is comprised of the RBC Code of Conduct and policies pertaining to Personal Trading, Privacy, Gifts and Entertainment, Conflicts of Interest & Outside Activities and Insider Trading. Copies of these will be provided upon request.

Our Compliance Manual requires that in advising clients with respect to securities of parties related to us: (i) we will deal fairly, honestly and in good faith with our clients; (ii) we will maintain operational and decision-making autonomy; and (iii) investment decisions will be made on the basis of the business judgment of the responsible Investment Counsellors uninfluenced by considerations other than the best interests of clients. We may purchase securities of persons related us for client accounts. Any such transactions will adhere to all applicable laws and regulations.

9.5 Personal Trading

Employees must conduct their personal trading responsibly and in such a manner that does not, (i) take advantage of material information about a listed issuer that has not been disclosed to the public or, (ii) place their own interests ahead of the interests of clients.

To prevent potential conflicts of interest, we monitor and control personal trading by employees who have access to information about actual and proposed trades for client portfolios. Trade orders on behalf of clients will have priority in normal order flow and will rank ahead of any employee accounts trading alongside firm trading accounts.

We prohibit improper use of confidential information, or of any inside information not publicly disclosed, for personal gain or for the benefit of another person.

9.6 Account Review Procedures and Client Reporting

9.6.1 Access Program

The Branch Managers review your accounts on a daily and periodic basis to assess how your client and trade suitability. Portfolio Risk Advisors ("PRAs") from the Portfolio Risk Group conduct quarterly reviews of your portfolio in addition to an annual review in conjunction with your Investment Counsellor, to ensure that your portfolio is in line with your stated investment objectives and risk tolerance, as set out in your Investment Policy Statement.

If your investment objectives and/or risk tolerance were to change materially, your Advisory Representative in consultation with the Investment Counsellor will send you a revised proposal/Investment Policy Statement to document these changes. The PRAs would then arrange for any adjustments to your portfolio through your Advisory Representative for portfolio implementation.

The PRAs also review the performance of your account against the Manager's composite in an attempt to identify any dispersion.

If required, the PRA will arrange for any adjustments to your portfolio through your Advisory Representative.

To keep you fully apprised of how your portfolios are being managed, we provide a comprehensive portfolio and performance reporting package, including:

- ▶ A quarterly performance report in which overall portfolio results are emphasized. (You have the option of viewing each account separately or as a combined portfolio consisting of multiple accounts). The report will include: securities holdings at the end of the reporting period, a summary of trading activity for the reporting period and a summary of income earned for the reporting period.
- ▶ Individual Manager results reported separately in the currency of the model portfolio provided by that Manager.
- ▶ Individual net-of-fee, time-weighted rate of return for each of your accounts and for your combined overall portfolio if, in the case of Access, you so choose.. For each Manager, the net -of-fee, time-weighted return for their model portfolio is compared to appropriate benchmark indices.
- ▶ Manager commentaries on the quarter in review, as available.
- ▶ RBC DS custody statements at least quarterly and monthly if there has been activity in your portfolio and it will list your holdings, the market value of your investments as at the end of the period as well as transaction activity during the period.

9.6.2 PIM Program

Investment Counsellors are responsible for reviewing portfolios under their management on an ongoing basis. The Branch Manager supervising your Investment Counsellor, conducts various daily and monthly trade reviews to ensure investments made in your portfolio(s) are suitable. Portfolio Risk Advisors (“PRAs”) in the Portfolio Risk Group review trade exception reports and follow up with the Investment Counsellors to ensure identified items are addressed. In addition, the PRAs review, on a periodic basis, all portfolios against the Investment Policy Statement and internal investment management guidelines. Variables considered in the review process: asset mix, income need, diversification, security quality and performance. In addition, from time to time, Branch Managers and other senior management may also be involved in the above mentioned reviews of your portfolio.

We will provide you with a quarterly portfolio review that will list your holdings, the market value of your investments, performance and trading activity in your portfolio during the quarter. In addition, your custodian, RBC DS, will provide you with a custodial statement at least quarterly and monthly if there has been activity in your portfolio and it will list your holdings, the market value of your investments as at the end of the period and transaction activity in your portfolio during the period. If you have retained a custodian other than RBC DS, your chosen custodian must provide you with separate reporting, on a quarterly basis, at a minimum.

9.7 Client Referrals and Other Compensation

We may from time to time compensate non-affiliated solicitors for client referrals subject to compliance with all applicable laws and the policies of RBC. The compensation paid will typically consist of a cash payment stated as a percentage of our investment advisory fee at the time of the referral, but in no event shall any such compensation increase the fees charged to a client. Should we enter into a referral arrangement; all payments will be in compliance with Rule 206(4)-3 under the Advisers Act. This Rule permits an investment adviser that is registered under the Advisers Act to pay “cash” fees, directly or indirectly, to a “solicitor” with respect to “solicitation activities”.

We do not pay referral fees to employees of our affiliates for client referrals.

9.8 Financial Information

We are not required to include a balance sheet in this brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not have any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to clients. In addition we have not been the subject of a bankruptcy proceeding during the past 10 years.

RBC Private Counsel (USA) Inc., RBC Phillips, Hager & North Investment Counsel Inc., RBC Global Asset Management Inc., RBC Dominion Securities Inc., Royal Trust Corporation of Canada, The Royal Trust Company and Royal Bank of Canada are separate legal entities that are affiliated. RBC Private Counsel (USA) Inc. is a member company under RBC Wealth Management, a business segment of Royal Bank of Canada. ® Registered trademark of Royal Bank of Canada. Used under license. © 2012. All rights reserved.