

CLIENT BROCHURE

INDIVIDUALLY MANAGED ACCOUNTS

JANUARY 27, 2015

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.



RBC Wealth Management

Item 2 - MATERIAL CHANGES

This Client Brochure (the “Brochure”), dated January 27, 2015, has been prepared in accordance with regulatory requirements. There have been no material changes to the Brochure since the last annual update made on January 28, 2014.

Other changes:
Item 10 has been updated to reflect changes in related persons by adding RBC Investor Services Trust, Bluebay Asset

Management Ltd. and Bluebay Asset Management LLP, and removing O’Shaughnessy Asset Management, LLC and Sky Investment Counsel Inc.

RBC PC USA will provide you with a copy of the new Brochure without charge, upon request to your Investment Counsellor. This Brochure is also available on the SEC’s website, www.adviserinfo.sec.gov.

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Item 4 - ADVISORY BUSINESS

This section provides a general description of our firm, ownership structure, and the types of advisory services we offer to our clients.

GENERAL DESCRIPTION AND OWNERSHIP

This Brochure describes the investment advisory services offered for individually managed accounts by RBC Private Counsel (USA) Inc. ("RBC PC USA", "we" or "us") to its clients resident in the U.S. ("you" and "your").

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").

USE OF PARTICIPATING AFFILIATES

In order to provide the investment advisory services to you, we have entered into service arrangements with our Canadian affiliates (each, a "Participating Affiliate") that allow us to utilize their facilities, services and other investment management capabilities, including personnel, such as Investment Counsellors, in rendering advice to our clients.

Our Participating Affiliates, RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC") and RBC Global Asset Management Inc. ("RBC GAM"), provide services related to our individually managed accounts. Both entities are Canadian corporations that are registered as advisers under the category of "portfolio manager" with the securities authorities in all provinces and territories of Canada.

Although the Participating Affiliates are not registered as investment advisers 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 to other advisers, we make use of their services and other management capabilities, including personnel.

ADVISORY PERSONNEL

In advising our clients, we seek to provide, directly and indirectly (through the use of RBC PH&N IC or RBC GAM) professional investment advice. To this end, we and our Participating Affiliates employ only experienced and qualified personnel to ensure clients are given the best investment advice possible.

Our investment counselling teams view themselves as their clients' financial partners. Our team-based approach ensures the time and focus required to provide a personalized, active approach to managing your investments. Our Investment Counsellors are accredited experts in the field of investment management. Many have multiple professional designations, and most hold the Chartered Financial Analyst (CFA) designation, which is administered by the CFA Institute and widely recognized as the international "gold standard" for Investment Counsellors. Each Investment Counsellor is supported by a Private Client Administrator, who ensures the timely and effective administration of your account, including the processing of trades and cash management transactions, and the generation of detailed reports to keep you well informed about your investment portfolio.

In many cases, your investment counselling team also includes an Associate Investment Counsellor who typically works with you and your Investment Counsellor in developing your investment strategy and acts as your point of contact regarding your investments.

SUPPORTING YOUR INVESTMENT COUNSELLOR

Your Investment Counsellor is supported by a breadth of resources in designing and implementing your personal investment strategy.

RBC GAM is a member company of RBC Global Asset Management, a division of RBC, whose combined component companies manage approximately Cdn\$250 billion in assets in Canada and the U.S.

As a participating affiliate of RBC PC USA, RBC GAM provides us with access to investment management services, asset allocation advice, capital markets outlook, trading and manager research:

- The investment managers include selected investment specialists from a variety of external investment firms as well as experts from within RBC. They are responsible for providing investment information on specific investment mandates developed for each asset class.

- The RBC GAM Global Manager Research Team continually monitors specialist partners. On an ongoing basis, this team screens and introduces new investment managers who can add value to client portfolios, and identifies those whose performance is lacking or whose expertise is no longer needed.

The Portfolio Risk Group monitors each portfolio's structure to ensure its ongoing alignment with your Investment Policy Statement and RBC PC USA's investment management guidelines. Your Investment Counsellor reviews the structure of your portfolio quarterly with a Portfolio Risk Advisor.

TYPES OF ADVISORY SERVICES

We provide discretionary investment management services to clients using a multi-manager, multi-asset-class approach that provides a range of strategies and investment vehicles and styles to ensure the appropriate diversification of investments.

This approach is predicated on the following beliefs:

- Capital markets are not perfectly efficient.
- Active management can add value and/or reduce risk over the long-term.
- Excessive dependence on a single management approach is inherently risky. Like other investment risks, however, it can often be mitigated through diversification.

Based on these beliefs, we have built strong relationships with a small number of investment managers from key markets and regions - not always otherwise available to private investors.

Through RBC GAM, our non-affiliated investment partners are hand-selected using a rigorous, multi-tiered screening process including, but not limited to, the following criteria:

- *Philosophy* – Is the firm's investment philosophy sound, researched and differentiable? Also critical is the ability to adapt to the ever-evolving nature of global markets, economies and industries.
- *Process of security selection* – Do the firm's stock selection processes consistently line up with its stated philosophy, and is that philosophy flexible enough to adapt to a wide variety of market conditions?
- *Process of portfolio construction* – Is the portfolio construction process defined and disciplined?

- *Policies/Procedures/Protections* – All fundamental investing policies of a firm are checked carefully, from their trading and fair allocation policies to the way they select and monitor their brokers and portfolio managers.
- *Private client orientation* – Preferred partners will recognize in their processes three key differences in managing assets for private clients: their aversion to losses, their low tolerance for repeat mistakes, and the importance of taxes.
- *Partnering* – Is the firm willing to work with us, acknowledge the investment mandates, and provide the level of communication required to keep clients fully informed?
- *People and the organization* – Are the firm's people and organization professional, motivated team players working in a stable environment?
- *Price* – Does the firm offer value? Because of our scale we can achieve economies in fee rates and, importantly, we can often access exclusive firms not normally available to individual investors.
- *Performance* – Performance data is, of course, carefully scrutinized. The level of past performance is, however, a poor predictor of future success. Of much greater interest is the pattern of past results. A consistent ability to add value is more convincing than one where a few "home runs" have compensated for otherwise mediocre results.

CONSTRUCTING AND MANAGING YOUR PORTFOLIO

We design our investment management services to meet the needs and objectives of each client. Only through a comprehensive analysis can your Investment Counsellor gain a clear picture of the complex and sometimes competing needs and interests that comprise your life. Your Investment Counsellor is committed to developing an in-depth understanding of your personal goals and preferences, and understanding how they will influence your investment plan.

Through our in-depth discovery process, your Investment Counsellor will help you clarify your unique investment objectives and tolerances – prerequisites for creating an appropriate investment strategy. You may impose reasonable restrictions on management of your accounts, including restrictions on particular securities and types of investments,

provided RBC PC USA can accept those restrictions. Any such restrictions will be reflected in your Investment Policy Statement.

Once your personal strategy is designed, your Investment Counsellor builds your portfolio using the investment information provided by our partners and continuously monitors and manages your resulting total portfolio.

ASSETS UNDER MANAGEMENT

As at October 31, 2014, total client assets under our management are as follows:	
Discretionary:	US\$1.4 Billion
Non-discretionary:	Nil
Total:	US\$1.4 Billion

Item 5 - FEES AND COMPENSATION

This section provides information on how we are compensated for our advisory services.

INVESTMENT ADVISORY FEES

We will create an individual fee schedule for you based on your customized portfolio. Various factors have an impact on your fees, such as:

- the value of your portfolio,
- the portion of your portfolio invested in equities, fixed-income, and alternative, and
- sub-advisor premiums

Standard Fees	Annual Investment Management Fee Rate
First Cdn \$2,000,000	1.10%
Next Cdn \$3,000,000	0.65%
Next Cdn \$10,000,000	0.50%
Next Cdn \$50,000,000	0.35%
Over Cdn \$65,000,000	0.20%

Fixed Income Mandates*	Annual Investment Management Fee Rate
First Cdn \$2,000,000	0.80%
Next Cdn \$3,000,000	0.65%
Next Cdn \$10,000,000	0.50%
Next Cdn \$10,000,000	0.35%
Over Cdn \$25,000,000	0.20%

* Portfolios holding greater than 80% of their assets in fixed income securities

In addition to the above, the following annual premiums will apply to the assets of the portfolio managed by sub-advisors external to RBC GAM.

	Annual Premium for Sub-advised Assets
Canadian equity assets	0.20%
U.S. equity assets	0.30%
International equity assets	0.40%
Specialty assets	0.65%

The investment advisory fees include portfolio management, reporting and administration. The resulting total investment advisory fee is subject to a minimum of \$10,000CDN per annum. The investment advisory fees are negotiable and may vary from the schedules above.

Calculation and Disclosure

We calculate your fees monthly, in arrears, based on the month-end market value of your portfolio, and automatically debit your account(s) or provide you with an invoice for fees incurred, depending on your specific arrangements. Fees are subject to taxes, as applicable.

If for any reason the investment advisory relationship is terminated as of any date other than the last business day of the applicable payment period, a pro rata fee will be charged based on the ratio that the number of days for which investment advisory services were rendered bears to the total number of days in that payment period.

The basis for fees may be changed immediately upon notice to you resulting from a change in your Investment Policy Statement affecting the investment vehicles used to construct your portfolio. In addition, the basis for fees may be changed upon providing you with ninety (90) days prior written notice.

CUSTODY FEES

Royal Trust Related Fees

If your account is custodied with Royal Trust Corporation of Canada or The Royal Trust Company (collectively, "Royal Trust"), and you have signed a Royal Trust custody agreement, the following fees are payable in respect of custody services provided to you on an ongoing basis:

	Annual Custody Fee Rate
First Cdn \$2,000,000	0.18%
Next Cdn \$3,000,000	0.10%
Next Cdn \$10,000,000	0.06%
Next Cdn \$10,000,000	0.04%
Over Cdn \$25,000,000	0.04%

Royal Trust or its affiliates may enter into and settle foreign exchange transactions on behalf of your account for purposes of facilitating settlement of trades of assets in your account and to receive entitlements (including dividends, interest, etc.) from an issuer of securities. Any such transactions may be entered into with such counterparties as Royal Trust or its affiliates may choose in its or their sole discretion. The foreign currency conversion rate that appears on the account statement includes spread-based revenue ("spread") for Royal Trust, or its affiliates, as applicable, for performing this function. The foreign currency conversion rate and the spread will depend on market fluctuation as well as the amount, date and type of foreign currency transaction. In performing foreign currency transactions, Royal Trust or its affiliates may act as agent or principal. The conversion of foreign currencies into Canadian dollars, U.S. dollars or other currencies is performed on the day the underlying trade is carried out, or booked, or the entitlement is received. Royal Trust or its affiliates may use a different day for mutual fund transactions or other transactions if Royal Trust or its affiliates deem it necessary.

Non-Royal Trust Related Fees

If your account is custodied with a custodian other than Royal Trust, separate custody fees may apply.

OTHER FEES

Services other than those listed above may be subject to an additional charge on a fee for service basis. Brokerage commissions are not included in the above fee disclosure but are incurred on trades at institutional rates. Refer to Item 12 for additional information about our brokerage practices. If

you hold a portion of your portfolio in funds or pools, assets invested in the funds or pools are applied to the fee schedule set out above. Operating expenses and other costs of a fund or pool, inclusive of applicable taxes, are paid by the fund or pool, or the manager of the fund or pool as described in the simplified prospectus of the fund or pool.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This section indicates that we do not use a performance-based fee structure.

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 5 above, our investment advisory fees are based on the month-end market value of your portfolio.

Item 7 - TYPES OF CLIENTS

This section provides a description of the types of clients to which we generally provide investment advice.

Our clients are typically high net worth individuals (Cdn\$1 million or more of investable assets) their families and their personal holding companies and trusts, as well as larger clients including foundations and not-for-profit organizations seeking discretionary investment management. Frequently, our clients are former Canadian residents that have relocated to the U.S. or existing U.S. residents that have dealings through one of our Canadian affiliates and seek discretionary investment management services.

Item 8 - METHODS OF ANALYSIS

This section provides a general description of the methods of analysis and investment strategies that we use in formulating investment advice or managing assets, and the risk of loss involved when you invest in securities.

METHODS OF ANALYSIS

In formulating investment advice and managing assets in client accounts, our Investment Counsellors use various methods of analysis, including, but not limited to:

- A deep understanding of each client's goals and objectives together with their relative comfort with the risks of investing.
- Utilizing multiple asset classes and combinations of top tier managers to maintain well diversified portfolios.

INVESTMENT STRATEGIES

The investment strategies and asset mix used in the construction of your portfolio may include cash equivalent, fixed income, equity and alternative investments. The strategy used for your portfolio is described in your Investment Policy Statement and is based on information you provided to us and from our discussions about your investment objectives and risk tolerance.

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.

Item 9 - DISCIPLINARY INFORMATION

This section discloses legal or disciplinary events that are 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.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section provides a general description of any relationship or arrangement that we may have with related persons which is material to our advisory business or to you. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts.

RELATED PERSONS

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

RBC also holds 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, RBC Wealth Management Financial Services Inc. and RBC Investor Services Trust, 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 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 the affiliates, and
- losses you incur that arise out of the failure of a 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 Client Account Agreements.

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, unless you have made specific arrangements for custody of your account, we may arrange for Royal Trust to be 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.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

This section provides an overview of our Code of Ethics. We also outline the circumstances where we may recommend, buy or sell securities for client accounts in which we (or a related person) may have material financial interest and discuss how we address the material conflicts of interest that may arise.

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 related and connected issuers of ours for client accounts. Any such transactions will adhere to all applicable laws and regulations.

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 Client Account Agreements 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.

To view a current list of all related issuers of RBC PC USA, please refer to the following website: www.rbcphnic.com/issuers-disclosures or contact your Investment Counsellor.

PERSONAL TRADING

To prevent potential conflicts of interest, RBC PC USA monitors and controls personal trading by employees who have access to information about proposed trades for client portfolios. Our employees who wish to buy or sell certain securities for their personal accounts must first obtain permission of a designated approver trader, who will grant permission only where there is no potential conflict with client trading. RBC PC USA prohibits improper use of the confidential information, or of any inside information not publicly disclosed, for personal gain or for the benefit or another person. A breach of these prohibitions is grounds for dismissal by RBC PC USA.

Item 12 - BROKERAGE PRACTICES

This section of the brochure contains information about our brokerage practices, including the selection of broker-dealers and commission rates.

SELECTION OF BROKERS

Our process for selecting brokers is based on a number of factors including the broker’s financial stability, operational

capabilities, transaction costs, prior experience and ability to execute transactions in a timely and efficient manner.

RBC GAM traders are responsible for the selection of the broker best suited for a particular transaction taking into consideration; size of the order, type of transaction, complexity, prior experience of the broker in effecting transactions of a specific type, approved brokers and specified limits pre-determined by us in consultation with RBC GAM and, any order restrictions placed on them by an Investment Counsellor at the time an order is placed.

Our policy is that primary consideration will be given to obtaining the most favourable prices and efficient execution of each transaction. An affiliate broker or dealer may be chosen in instances when it is in the best interest of the client and best execution is obtained.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

We do not have soft dollar arrangements with brokers in respect of any of our client trading.

DIRECTED BROKERAGE

We do not permit directed brokerage.

AGGREGATION AND ALLOCATION OF ORDERS

In the course of managing discretionary accounts, Investment Counsellors across Canada send purchase and sale orders for securities held in those accounts to the applicable trade processing desk. Trade orders for RBC PC USA's client accounts are bundled periodically throughout each day, and each batch is then processed for execution with selected brokers/dealers. Each batch of a particular security bought or sold will carry the same average price and commission.

Sometimes the quantity of a security available at one price is insufficient to satisfy the requirements of every account, or the quantity of a security to be sold is too large to be completed at one price. Similarly, new issues of a security may be insufficient to satisfy the orders of all accounts.

When these events arise, RBC PC USA allocates, insofar as possible, the purchases or sales on a pro rata basis among accounts in proportion to the proposed requirements for purchases or holdings for sale. If this is impossible, RBC PC USA will allocate the securities among client accounts in a fair manner, on a best efforts basis. If a batch of securities in this situation is processed for execution at several times during the same business day, the price and commission will be

averaged for those trades during that business day. Where it is impossible even to ensure complete fairness, every effort will be made to compensate at the next opportunity so that every account, large or small, over time, receives equitable treatment in the filling of orders. While RBC PC USA will use its best efforts to allocate opportunities, RBC PC USA cannot assure, and assumes no responsibility for, equality among all accounts and clients.

Item 13 - REVIEW OF ACCOUNTS

This section describes the frequency and nature of review of client accounts.

ACCOUNT REVIEW PROCEDURES

Investment Counsellors are responsible for reviewing accounts under their management on an ongoing basis. 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, Managing Directors may also be involved in the above mentioned reviews of your account.

CLIENT REPORTING

RBC PC USA will provide you with a quarterly portfolio review that will list your holdings, the market value of your investments, and performance and transaction activity in your account during the quarter. In addition, if you have retained Royal Trust as your custodian, it will provide you with a custodial statement quarterly or monthly, depending on your preference. Year-end tax information will also be reported to you by Royal Trust. If you have retained a custodian other than Royal Trust, your chosen custodian must provide you with separate reporting, on a quarterly basis, at a minimum. Refer to Item 15 for additional information about custody.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

This section provides information on the arrangements that we may engage in to receive economic benefits from non-clients for providing investment advice or other advisories to our clients or to compensate any person who is not our supervised person for client referrals.

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 fee 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.

Item 15 - CUSTODY

This section provides general information on the account statements that clients may receive from us, where we have custody of their funds, or from a qualified custodian which has custody of their funds.

Clients must appoint a qualified custodian to have custody of client funds and assets. Typically, clients of RBC PC USA appoint Royal Trust or RBC DS as the custodian. It may be possible in exceptional circumstances for clients to appoint another qualified custodian and such requests are reviewed and considered on a case by case basis.

Both RBC PC USA and your custodian send periodic account statements. We urge you to review and compare these account statements to verify accuracy. You should contact your Investment Counsellor if you have any questions about your accounts.

Item 16 - INVESTMENT DISCRETION

This section describes the procedures that our firm follows before we accept discretionary authority to manage securities accounts on behalf of our clients.

Prior to RBC PC USA assuming discretionary authority over an account, clients must enter into a written agreement with RBC PC USA. The terms of the agreement are set out in the RBC PC USA Client Account Agreements. By signing the application form to open an account, you agree to the terms of the Client Account Agreements and give RBC PC USA full authority and responsibility to supervise and direct the investment and reinvestment of the cash, securities and other property in the account from time to time and engage in transactions on your behalf as RBC PC USA may deem appropriate, in RBC PC USA's absolute discretion and without prior consultation with you, subject only to the terms of the Client Account Agreements, which includes the Investment Objectives set out in the Investment Policy Statement, and such written instructions as you may deliver to RBC PC USA from time to time.

You may limit or restrict allocation to certain asset classes, types of securities or specific issuers, in addition to any other investment restrictions or requirements. For further information, please refer to Item 4 - Constructing and Managing Your Portfolio.

Item 17 - VOTING CLIENT SECURITIES

This section describes our voting policies and procedures.

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.

Item 18 - FINANCIAL INFORMATION

This section describes our firm's practice with respect to prepayment, provides information on any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients, and disclose whether our firm has been the subject of a bankruptcy petition during the past ten years.

We are not required to include a balance sheet in this brochure because we do not require or solicit prepayment of more than \$1,200.00 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.

RBC PC USA has not been subject of a bankruptcy petition during the past 10 years.



RBC Wealth Management

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