



**RBC Global
Asset Management**



Advisory Brochure
Part 2A of Form ADV
RBC Alternative Asset Management Inc.

January 27, 2017

This brochure provides information about the qualifications and business practices of RBC Alternative Asset Management Inc. ("RBC AAM"). If you have any questions about the contents of this brochure, please contact us at 612-376-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. RBC Alternative Asset Management Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about RBC Alternative Asset Management Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

RBC Alternative Asset Management Inc.
1211 Avenue of the Americas, 29th Floor • New York, NY 10036-8705
612-376-7000 • www.rbcaam.com

Item 2 – Material Changes

The following is a summary of the specific material change to the brochure since our last annual update on January 29, 2016:

01/27/2017: Annual Update, RBC AAM is in the process of transitioning advisory business to a new line of business operations and remaining accounts' investments have been redeemed.

01/29/2016: Annual Update, Funds are currently closed to new investors and existing funds are in liquidation.

RBC Alternative Asset Management Inc. will provide our clients with a new Brochure as necessary based on changes or new information. This brochure is also available upon request, at any time, free of charge.

Item 3 –Table of Contents

Item 1 – Title Page	1
Item 2 – Material Changes.....	2
Item 3 –Table of Contents.....	2
Item 4 – Advisory Business	3
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 – Disciplinary Information	4
Item 10 – Other Financial Industry Activities and Affiliations	4
Item 11 – Code of Ethics	5
Item 12 – Brokerage Practices	6
Item 13 – Review of Accounts.....	6
Item 14 – Client Referrals and Other Compensation.....	6
Item 15 – Custody	6
Item 16 – Investment Discretion.....	6
Item 17 – Voting Client Securities.....	7
Item 18 – Financial Information.....	7

Item 4 – Advisory Business

Firm Overview

RBC Alternative Asset Management Inc. (“RBC AAM”, “we” or “our”) was formed in 2005. We are a wholly owned subsidiary of RBC USA Holdco Corporation, which is a wholly owned subsidiary of Royal Bank of Canada (“RBC”). RBC is publicly held and traded on the New York Stock Exchange and Toronto Stock Exchange.

As of October 31, 2016, RBC AAM had a total of \$8,607,096 in discretionary assets under management. In September of 2015, RBC determined that all funds managed by RBC AAM would be closed to new investors and fund assets would be returned to investors pursuant to a plan of liquidation. In addition, the business operations of RBC AAM would be wound down in due course.

RBC currently is in the process of transitioning the advisory business of RBC AAM to a new line of business operations involving non-discretionary management of separate accounts for institutional clients. Additional details relating to the new business line will be included herein at a later date.

Advisory Services

As indicated above, RBC AAM is in the process of transitioning from a fund of hedge funds adviser to a new business line. The disclosures herein generally pertain to RBC AAM’s historical fund of hedge funds advisory business, which is in the process of being wound down. Additional details and disclosures relating to the new business line will be forthcoming.

RBC AAM is a fund of hedge funds adviser, meaning that we advise clients primarily on investments in various types of private investment vehicles (each, a “Portfolio Fund”). We provide these advisory services to clients on a discretionary basis. In particular:

Funds of Hedge Funds (the “Funds”)

We manage funds of hedge funds organized in the Cayman Islands. The Funds invest primarily in other hedge funds, which in turn make direct investments. Where RBC AAM is the investment adviser to a Fund, the Fund – *not* any fund investor – is our client. The investment objectives and guidelines of each Fund are outlined in the offering documents and are not specifically tailored to the individual needs of fund investors. These funds are not currently offered to US investors. All funds are closed to new investors.

Where RBC AAM is the investment adviser to a Fund, the Fund – *not* any fund investor – is our client.

RBC AAM also sub-advises a Canadian mutual fund for an affiliate, RBC Global Asset Management, Inc. This fund is not available to U.S. investors and is currently in liquidation. For more information about this relationship, see Item 10.

Our investment management services currently are limited to the wind-down of the Funds.

Item 5 – Fees and Compensation

Each AAM Client has entered into an agreement with RBC AAM pursuant to which RBC AAM provides investment advisory services and receives a management fee. The specific manner in which RBC AAM charges fees was established in the AAM Client’s written agreement with RBC AAM. RBC AAM generally bills its fees on a monthly basis in arrears, although specific terms may have been negotiated with each AAM Client.

The Funds

Each of the Funds has set forth its specific fee structure (including how and when fees are calculated, charged, and payable) in an offering document provided to each prospective Fund investor prior to the prospective client’s decision to invest. Funds are closed to new investors and RBC AAM is waiving its fee on all Funds.

Because each Fund implements a fund of hedge funds strategy, AAM Clients bear the operating expenses of the underlying hedge funds in which the Fund invests. The total expenses borne by an AAM Client are higher than if invested directly in the Portfolio Funds and the returns may therefore be lower. The Portfolio Funds and the managers of such Portfolio Funds (“Portfolio Managers”) may use aggressive investment strategies, which may be riskier than traditional investment strategies.

AAM Clients also incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer or electronic fund fees and other fees, and taxes on brokerage accounts and securities transactions. Such charges, fees, and commissions are exclusive of and in addition to RBC AAM's fee. RBC AAM does not receive any portion of these commissions, fees, and costs.

Item 6 – Performance-Based Fees and Side-By-Side Management

RBC AAM does not charge performance-based fees for new or actively investing accounts (fees based on a share of capital gains on or appreciation of the assets of accounts).

RBC AAM manages accounts for clients with different investment mandates and different fee structures. The investment objectives, strategies, time horizons, tax considerations, and other investment considerations specific to a particular client account may differ from other accounts. RBC AAM has procedures that are reasonably designed to ensure that all Client Accounts are treated fairly and equally.

Item 7 – Types of Clients

RBC AAM management services involve managing the wind-down of the Funds. Fund investors are qualified investors, including high net worth individuals and institutional clients. Where RBC AAM is the investment adviser to a Fund, the Fund – *not* any fund investor – is our client.

Funds are closed to new investors, and RBC AAM is no longer taking any new clients.

RBC AAM also provides investment management services as a sub-adviser to an affiliated entity. For more information about this relationship, see Item 10.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

RBC AAM management services involve managing the wind-down of the Funds and the return of assets to investors pursuant to a plan of liquidation.

Risk of Loss

Investments offered through RBC AAM are speculative investments and are not intended to be a complete investment program. Investment in hedge funds is suitable only for persons who can bear the economic risk of the loss of their investment and who have limited need for liquidity in their investment. Investment in hedge funds involves significant risks and risks must be carefully evaluated before making an investment. For clients currently invested in the Funds, risks are outlined in the offering documents.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RBC AAM or the integrity of our management.

RBC AAM and our management personnel have no reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

As discussed in Item 4 above, RBC AAM is a wholly owned subsidiary of RBC USA Holdco Corporation, which is a wholly owned subsidiary of RBC. RBC has a global family of companies under its control, including two affiliated U.S. registered investment advisers material to the investment advisory services we provide:

- RBC GAM-US and
- RBC Capital Markets, LLC ("RBC CM"), a dually-registered investment adviser and broker dealer.

As described below, many of our affiliates engage in activities that are material to our advisory business or to AAM Clients. RBC AAM does not have any relationships or arrangements that are material to its advisory business or clients with a related person other than those discussed below:

- Some of our directors, executive officers, and employees are also directors, officers, or employees of one or more affiliates. In these circumstances, the potential for a conflict of interest exists between the obligations to AAM Clients and the incentive to take actions that benefit one or more of our other affiliates. There may also be conflicts among the affiliated entities with respect to the allocation of resources and time. We believe these potential conflicts are mitigated because our employees and those of our affiliates are subject to a Code of Conduct and various policies that require these employees to act in the best interests of AAM Clients and to put the needs of AAM Clients first at all times.
- We receive certain administrative, operational, infrastructure and technical support, compliance, legal, and marketing services from our affiliates that may be material to our advisory business.
- Royal Bank of Canada, acting through its New York Branch acts as the custodian and administrator for the Funds. RBC is the parent company of RBC AAM. For more information about this relationship, see Item 15.
- RBC AAM serves as sub-adviser to RBC GAM Inc. on behalf of the RBC Hedge Fund Portfolio USD, which is a Canadian fund for Canadian investors. RBC AAM provides investment recommendations to RBC GAM Inc. based on the investment management agreement. RBC GAM Inc. then instructs its custodian to invest in the recommended Portfolio Funds.

These relationships and arrangements do not create a material conflict of interest with AAM Clients.

Item 11 – Code of Ethics

Due to the dual-role of Theresa Alewine, the CCO of both RBC GAM-US and RBC AAM, our staff follows the RBC GAM-US Code of Ethics and are monitored by the same compliance group as employees of RBC GAM-US.

Code of Ethics and Personal Trading

We have adopted a Code of Ethics that guides our standards of business conduct as a fiduciary to our clients as well as other policies and procedures that outline our practices surrounding personal trading in securities, confidentiality of client information, and the misuse of non-public information.

You may obtain a copy of our Code of Ethics by contacting us at (800) 553-2143 or sending a request to:

RBC Global Asset Management (U.S.) Inc.
Attention: Client Service
50 South Sixth Street, Suite 2350
Minneapolis, MN 55402

Generally, the personal trading and participation or interest in client transactions of our Code of Ethics provides that:

The personal securities transactions, activities, and interests of the employees will not interfere with (i) making decisions in the best interest of our advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts;

- Except for certain classes of securities that have been designated as exempt transactions, employees must pre-clear all personal trades for their own accounts or accounts over which they have an interest or control;
- Employees may not purchase or sell the same security during the firm imposed blackout period, which is 7 days after a trade in a client account and 7 days before the client trade (These restrictions may be waived where appropriate by the compliance department based on individual circumstances);
- Employees may not generally purchase or sell the same security for a gain within any 60-day period (These restrictions may be waived where appropriate by the compliance department based on individual circumstances); and
- Employees must report personal securities holdings at the time of hire, as well as annually thereafter, and certify adherence to the Code of Ethics and accuracy of their personal holdings and transactions quarterly.

Affiliated Investors

RBC AAM is the investment manager to the Funds and, in that capacity; RBC AAM has full investment responsibility with regard to the assets of each Fund. To the extent, RBC or our affiliated entities have investments in or provided seed capital to a Fund, RBC AAM may have an incentive to favor those Funds over Funds that do not hold assets of RBC-affiliated entities. RBC

RBC Alternative Asset Management Inc.

AAM has adopted controls that are intended to ensure that no AAM Clients are favored over others. For more information about conflicts of interest arising from affiliated investors, please see the Fund's offering documents.

Use of Affiliated Broker-Dealer

RBC AAM does not execute security trades with Broker-Dealers on behalf of its clients or Funds.

Item 12 – Brokerage Practices

RBC AAM management services involve managing the wind-down of the Funds and the return of assets to investors pursuant to a plan of liquidation. There may be limitations on the ability to redeem out of a Portfolio Fund (*e.g.*, a gate or other type of mechanism for restricting redemptions).

Item 13 – Review of Accounts

RBC AAM management services involve managing the wind-down of the Funds and the return of assets to investors pursuant to a plan of liquidation.

Investors in each Fund receive monthly reports from the administrator, which provide the current valuation of the Fund.

Item 14 – Client Referrals and Other Compensation

RBC AAM is not currently offering investment advisory services or compensating for sales or referrals. RBC AAM does not receive any compensation directly or indirectly from Portfolio Managers or Portfolio Funds that it recommended to or purchased for the Funds.

As part of its ordinary business, RBC AAM, or a related person may send corporate gifts or pay for meals and entertainment, such as golf fees, tickets to cultural or sporting events for clients who do business with us, or our affiliates. RBC AAM employees may also receive corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits are subject to certain limitations as outlined in our policies and procedures.

Item 15 – Custody

The custodian of the Funds, Royal Bank of Canada–New York Branch ("RBC-NY Branch"), is an affiliate of RBC AAM dedicated to providing U.S. and offshore fund of hedge fund clients with custody and administration services.

Contact: Maureen Griffin | 212-858-6041 | aagcustody@rbccm.com

Royal Bank of Canada - New York Branch

3 World Financial Center

200 Vesey Street, 14th Floor

New York, NY 10281-8098

The custodian is responsible for executing sales of Portfolio Funds at the direction of RBC AAM and for the safekeeping of the Fund's property that is delivered to and accepted by the custodian for credit to the Fund's custody account.

Due to the relationship between RBC-NY Branch and RBC AAM, RBC AAM is deemed to have custody of the assets in each Fund. To comply with the requirements of the Advisers Act, an independent public accountant audits each RBC AAM Fund each year and these audited financial statements are provided to Fund investors within 180 days of fiscal year end.

Item 16 – Investment Discretion

RBC AAM has received discretionary authority for the Funds, including a power of attorney, through an agreement between RBC AAM and the AAM Client at the outset of an advisory relationship. This includes the authority to determine when a Fund invests or withdraws from a Portfolio Fund and the amount of such investment or withdrawal without obtaining specific consent from investors. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Fund. Because RBC AAM is a fund of hedge funds manager, securities execution

RBC Alternative Asset Management Inc.

decisions for the portfolios of the underlying funds are not made by RBC AAM, but by the underlying Portfolio Managers responsible for the placement of buy and sell orders and the execution of such orders. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Fund.

For discretionary accounts, RBC AAM trades based on the investment policies, limitations and restrictions of the Fund.

Item 17 – Voting Client Securities

It is RBC AAM's policy to abide by proxy voting guidelines in accordance with Rule 206(4)-6 of the Advisers Act. Because of the nature of the investment management services it offers, RBC AAM rarely is in a position to cast any proxy votes. However, in the unusual event that a hedge fund manager requests RBC AAM to vote limited partnership interests, limited liability company interests, shares or similar equity interests, RBC AAM as a fiduciary, will execute proxy votes in a manner consistent with its duty, in the best interest of the AAM Client.

Item 18 – 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.

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