



Global Asset  
Management

Advisory Brochure  
Part 2A of Form ADV  
**RBC Global Asset Management (U.S.) Inc.**

May 18, 2020

This brochure provides information about the qualifications and business practices of RBC Global Asset Management (U.S.) Inc. ("RBC GAM-US"). If you have any questions about the contents of this brochure, please contact us at 800-553-2143. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority. RBC GAM-US is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about RBC GAM-US is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The following is a summary of the material changes made to the brochure since our last annual update on January 29, 2020:

May 18, 2020

- Updated fee schedule
- Removed U.S. Focus Equity strategy

May 8, 2020

- Added investment strategy: China Focus Equity

April 27, 2020

- Access Capital Community Investment strategy was renamed the Socially Responsible and Community Investment strategy and was revised to more accurately describe the strategy and add information regarding customized Small Business Administration-guaranteed loan pools and certificates.
- Updated Market Risk description.

January 29, 2020

- Aggregation and Allocation practices have been updated.

RBC GAM-US 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.

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## **Item 4 – Advisory Business**

### **Firm Overview**

RBC GAM-US was formed in 1983 and is registered as an Investment Adviser with the U.S. Securities and Exchange Commission, pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”), a Commodity Pool Operator (“CPO”) and Introducing Broker (“IB”) with the National Futures Association (“NFA”), pursuant to the Commodity Exchange Act (“CEA”). The firm is a wholly owned subsidiary of RBC USA Holdco Corporation, which is an indirect, wholly owned subsidiary of the Royal Bank of Canada (“RBC”). RBC is publicly held and traded on the New York Stock Exchange and Toronto Stock Exchange.

This Brochure describes the investment advisory services of RBC GAM-US. To comply with the Advisers Act, RBC GAM-US provides this Brochure to persons who receive or who may receive investment advisory services from RBC GAM-US.

### **Advisory Services**

RBC GAM-US seeks to develop a full understanding of each client’s investment needs and meet those needs with equity, fixed income and cash management solutions. These solutions are available to a broad range of institutional clients through the following vehicles:

- Institutional separate accounts (“Separate Accounts”)
- Open-end investment companies registered under the Investment Company Act of 1940, as amended (“mutual funds”)
- Other pooled investment vehicles (such as private funds)
- Wrap Fee Programs (“Wrap Fee Accounts”)
- Model Portfolios

RBC GAM-US is a part of RBC Global Asset Management (“RBC GAM”), the asset management division of RBC. RBC GAM operates as a global firm and leverages the talent and investment capabilities across RBC GAM to create solutions for its clients. When used herein, the RBC GAM group of companies includes the following affiliates, all indirect wholly owned subsidiaries of RBC: RBC GAM-US, RBC Global Asset Management Inc. (“RBC GAM Inc.”), RBC Global Asset Management (UK) Limited (“RBC GAM-UK”), BlueBay Asset Management LLP, BlueBay Asset Management USA LLC (collectively “BlueBay”) and RBC Investment Management (Asia) Limited (“RBC GAM-Asia”).

RBC GAM-US may utilize the services of its non-U.S. advisory affiliates to perform services through various intercompany arrangements, including sub-advisory relationships, personnel sharing and “participating affiliate” arrangements. In participating affiliate arrangements, non-U.S. advisory affiliates’ employees may provide services to us as “associated persons” subject to our supervision and oversight. Each participating affiliate will act according to a series of SEC no-action relief letters mandating that participating affiliates remain subject to the regulatory supervision of both RBC GAM-US and the SEC.

RBC GAM-US may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of advisory accounts) to any affiliate that is registered with the SEC as an investment adviser or utilize the services of any participating affiliate to perform such services. To the extent RBC GAM-US delegates advisory or other functions to affiliates that are registered with the SEC as investment advisers, a copy of the brochure of each such affiliate is available on the SEC’s website and will be provided to clients or prospective clients upon request.

RBC GAM-US engages an unaffiliated sub-adviser to provide advisory services to a pooled investment vehicle. RBC GAM-US also provides investment advisory services for investment companies, wrap fee accounts and model portfolios offered by other investment managers or sponsors.

### **ADVISORY SERVICES**

#### *Separate Accounts*

RBC GAM-US provides discretionary and non-discretionary investment management solutions to clients in the form of Separate Accounts. Fees and services for each arrangement are individually negotiated. Separate Account clients may impose restrictions on investing in certain securities or types of securities if those restrictions are consistent with the strategy’s investment style and process. These restrictions are specified in each client’s written investment policy or other governing documents. RBC GAM-US assesses compliance with each client’s investment policy or other governing documents through automated and manual reviews. The fees and services for each such arrangement are generally based upon a percentage of assets under management. For additional information on fees, refer to Item 5 or the Fee Schedule Appendix.

### *Mutual Funds and Other Pooled Investment Vehicles Including Private Funds (collectively "Funds")*

RBC GAM-US serves as the investment adviser to affiliated and unaffiliated mutual funds and pooled investment vehicles. In connection with its advisory services to Funds, RBC GAM-US or its related persons that provide services to Funds receive advisory, management, service and/or distribution fees from the Fund and/or investment advisers to the Fund. Clients should carefully review each applicable prospectus or offering documents for more detailed information regarding Funds advised or sub-advised by RBC GAM-US.

### *Wrap Fee Program ("Wrap Fee Accounts")*

RBC GAM-US provides investment advisory services to Wrap Fee Accounts offered by a broker-dealer or another investment adviser ("program sponsor") pursuant to an investment management agreement ("IMA") between RBC GAM-US and the program sponsor. Participants in Wrap Fee Accounts pay a single inclusive fee ("wrap fee") to the program sponsor that typically includes custody, investment consultation, trading and investment advisory services. The program sponsor pays a portion of the wrap fee to RBC GAM-US for its services.

The services provided by RBC GAM-US to Wrap Fee Accounts are tailored to the requirements of each wrap fee program and differ from the services we provide to separately managed institutional accounts. For example, client reports are not provided for Wrap Fee Accounts. Wrap fee program clients should review all materials relating to their programs.

### *Model Portfolio Provider*

As a model portfolio provider, RBC GAM-US provides program sponsors, including affiliates, with non-discretionary recommendations to assist the sponsor in the development of one or more portfolios that the sponsor may determine to be suitable for its clients (each a "model portfolio"). RBC GAM-US's role is generally limited to providing portfolio recommendations to the program sponsor.

Program clients are clients of the program sponsor and not of RBC GAM-US. The program sponsor is responsible for investment decisions and for performing many other services and functions typically handled by RBC GAM-US in a traditional discretionary managed account program. Depending on the particular facts and circumstances, RBC GAM-US may also have a separate advisory relationship with model-based program clients. RBC GAM-US is not responsible for overseeing the provision of services by a model-based program sponsor and cannot assure the quality of its services. Clients should review the program sponsor's firm brochure regarding the terms, conditions and fees, while also considering the advantages and disadvantages as described by the program sponsor. If this Brochure is being delivered to program clients with whom there is no advisory relationship or under circumstances where it is not legally required to be delivered, it is provided for informational purposes only. Refer to Item 12 for additional information on sponsored fee-based program accounts.

### **Client Servicing Arrangements**

RBC GAM-US may also provide client servicing to certain U.S. client accounts on behalf of foreign affiliates. The affiliate pays RBC GAM-US a portion of its management fee, but this arrangement does not increase the fee the client pays.

### **Assets Under Management**

Client assets under management for RBC GAM-US as of October 31, 2019:

Discretionary	\$39,742,953,246
Non-Discretionary	\$ 299,018,563
Total:	\$40,041,971,809

## **Item 5 – Fees and Compensation**

### **Rates / Fee Schedule**

While fees are individually negotiated, clients will generally pay a percentage of assets under management in accordance with the Fee Schedule Appendix. Fees and services are negotiated based on factors such as client type, asset class, specific investment strategy utilized, whether a pre-existing relationship is present, portfolio complexity, account size or other special circumstances or requirements. However, in certain limited circumstances, for eligible clients and certain strategies, fixed or performance-based fees may also be negotiated, and related accounts may be aggregated for fee calculation purposes. Some

clients may pay higher or lower fees than other clients. For information on account minimums, refer to Item 7 and the Fee Schedule Appendix.

### **Billing**

RBC GAM-US typically bills clients for advisory fees on a monthly or quarterly basis, either in advance or arrears. Alternatively, clients may select to have fees deducted from their assets. Advisory fees are typically based upon a percentage of the market value of assets in the account on the date of valuation or the average of the market value of the assets in the account during the billing period.

For accounts that pay in advance, if a client terminates their investment advisory contract with RBC GAM-US prior to quarter-end, the advisory fee will be prorated based on the portion of the quarter the account was opened, and any unused portion of any fees paid in advance will be returned to the client.

### **Valuation/Calculation**

Valuations of account assets are determined in accordance with RBC GAM-US's valuation procedures, which generally rely on third-party pricing services, but also permit the use of other valuation methodologies in certain circumstances. Our valuation may differ from valuations reflected on a client's custodial statement. In certain limited circumstances, and only upon request of the client, RBC GAM-US may rely on the valuation determined by the client's custodian when determining the valuation of that client's account assets. Since such valuations can differ, the client may pay more or less in fees depending on the valuation methodology utilized.

### **Other Fees and Expenses**

Clients incur certain charges imposed by custodians, brokers and other third parties such as fees charged by other managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, brokerage commissions and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to our fee. Additionally, certain clients pay RBC GAM-US other fees and expenses in addition to its advisory fee. Refer to the offering documents of the relevant fund for more information on Fund fees.

RBC GAM-US offers certain clients additional investment reporting through a relationship with Clearwater Analytics. When requested, RBC GAM-US will include these services in a client's IMA for an additional fee.

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

RBC GAM-US investment teams manage multiple accounts for multiple clients with different investment mandates and fee structures. RBC GAM-US generally receives an asset-based fee for our advisory services. In certain limited cases, and at the request of qualified clients, we may enter into performance-based fee arrangements. Performance-based fees may include carried interest, override, incentive allocation, performance fees and other similar forms of performance-based fees. Performance-based fee arrangements may vary among clients and investment strategies.

The simultaneous management of advisory accounts that bear performance-based compensation and advisory accounts that only bear an asset-based fee, or that bear a performance-based fee that is calculated in a different manner, creates a conflict of interest for the portfolio manager when allocating certain investment opportunities, given the possibly greater compensation from accounts that bear performance-based fees.

To address these conflicts, RBC GAM-US has adopted procedures that are reasonably designed to ensure that clients are treated fairly and equitably, and to prevent the conflicts described above from influencing the allocation of investment opportunities among clients. The conflicts of interest of managing accounts with both types of fee structures are mitigated by the firm's trade allocation policies that ensure all trades are allocated in a fair and consistent manner. Refer to Item 12 for more information on allocation of investment opportunities.

## **Item 7 – Types of Clients**

We provide portfolio management services to corporations, public and private pension plans, Taft-Hartley and union plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, foreign funds such as UCITS funds, individuals (including high net worth individuals), wrap program sponsors and other U.S. and international institutions.

Our accounts are generally subject to a standard minimum account size and, in certain circumstances, a quarterly revenue requirement. For additional information on fees, refer to Item 5 or the Fee Schedule Appendix.

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

In providing discretionary investment management services and recommendations to non-discretionary clients, individual portfolio managers may emphasize one method of security analysis over another. The primary methods of analysis we employ are fundamental analysis (*i.e.*, the analysis and interpretation of basic company and industry data) and quantitative analysis (*i.e.*, the analysis and interpretation of numerical, measurable characteristics). Each investment team at RBC GAM-US maintains key research personnel who are responsible for researching investment opportunities and reporting their findings and views on specific issuers and securities to other investment personnel and portfolio managers on their respective investment teams.

Our Portfolio Risk and Analytics team is responsible for developing independent measures of absolute and benchmark relative risk, creating and aggregating performance attribution analysis and reporting performance and risk profiles through formal investment scorecards. On a quarterly basis, performance and risk characteristics are presented to management.

### **Investment Strategies**

We employ various investment strategies through our investment mandates and based on the objectives and strategies of the clients involved. Client portfolios with similar investment mandates, strategies and guidelines are generally managed similarly. Long-term and short-term strategies may be used, if permitted by the applicable client investment guidelines. Investing in securities involves risk and clients should be willing to bear such risks, including incurring losses. More frequent trading can positively or negatively affect performance and increase transactional costs.

### **Methods of Analysis**

The following chart illustrates the general descriptions of the RBC GAM-US investment strategies, including the primary methods of security analysis (security research process) and the material risks associated with each strategy. More detailed information regarding risks can be found in the Risk Disclosure Appendix. Clients who invest in funds managed by RBC GAM-US should carefully read the relevant prospectus or offering memorandum for specific information applicable to that particular vehicle.

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

Equity Strategies	Investment Approach	Material Risks
<b>Alpha Plus U.S. Equity</b>	The investment strategy intends to invest in S&P 500 futures as a substitute for direct investments to achieve full economic exposure to large cap U.S. equities and utilize a portion of remaining capital to invest in a fund or a strategy that will establish long positions in equity securities of issuers listed on global equity markets that the Manager believes will outperform against short positions in equity securities of issuers listed on global equity markets that the Manager believes will underperform. The Manager may also invest in other alternative strategies to provide returns that exceed the financing cost of the derivatives portfolio. The Fund will maintain sufficient cash and short term securities to be used as collateral and/or to meet payment obligations.	Active Management Risk Derivatives Risk Leverage Risk Market Risk Counterparty Risk Divergence Risk Foreign Investment Risk Currency Risk Liquidity Risk Conflicts of Interest Risk Securities Lending, Repurchase and Reverse Repurchase Risk Quantitative Investment Strategy Risk Short Sale Risk Risks of Using a Prime Broker to Hold Assets Concentration Risk Cybersecurity Risk
<b>Asia ex-Japan Equity</b>	Using a combination of bottom-up fundamental analysis and a quantitative scoring model, the investment process seeks companies that display high or improving returns on capital, a strong balance sheet, and consistent cash flow generation. The philosophy is built on the belief that a disciplined and unconstrained view of the benchmark can build differentiated excess returns over time, and it aims to do this with a high-conviction portfolio of 40-60 stocks.	Active Management Risk Concentration Risk Currency Risk Emerging Markets Risk Foreign Investment Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Growth Investing Risk Liquidity Risk Market Risk
<b>Canadian Equity Value</b>	The objective of the Canadian Equity Value strategy is to provide long-term capital growth by investing primarily in equity securities of Canadian companies priced below their true value and offering long-term opportunities for growth. The Canadian Equity Value team continuously reconsiders the potential reward as well as risk for each of the companies in their investment universe as market prices shift and /or new information materializes, and dynamically repositions the portfolio. The portfolio is built to add value primarily through security selection and through larger number of positions rather than concentrated positions.	Active Management Risk Counterparty Risk Currency Risk Foreign Investment Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Market Risk Mid-Sized Company Risk Value Investing Risk

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

Equity Strategies	Investment Approach	Material Risks
<b>China Focus Equity</b>	Using a combination of bottom-up fundamental analysis and a quantitative scoring model, the investment process seeks China-domiciled companies that display high or improving returns on capital, a strong balance sheet, and consistent cash flow generation. The philosophy is built on the belief that a disciplined and unconstrained view of the benchmark can build differentiated excess returns over time, and it aims to do this with a high-conviction portfolio of 30-40 stocks.	Active Management Risk Concentration Risk Currency Risk Emerging Markets Risk Foreign Investment Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Growth Investing Risk Liquidity Risk Market Risk
<b>Global Resources</b>	Invests in companies that are involved directly or indirectly in the exploration, development, production or distribution of natural or other resources. The investment process is primarily based on fundamental research, although quantitative and technical factors are also considered.	Active Management Risk Currency Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Foreign Investment Risk Government Intervention in Financial Markets Liquidity Risk Market Risk Small Company Risk
<b>Microcap Core</b>	Fundamental, bottom-up security selection from a universe of microcap companies with 60-90 equity holdings. Seeks to provide returns while taking a low-risk approach to microcap investing. We believe portfolios of neglected microcap companies with low valuations having long-term attractive business fundamentals, and near-term profitability improvement potential should produce strong risk-adjusted returns.	Active Management Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Growth Investing Risk Liquidity Risk Market Risk Small and Micro Company Risk Value Investing Risk
<b>Mid Cap Growth</b>	Seeks long-term capital appreciation through careful security selection utilizing a bottom-up fundamental approach. We believe that profitable companies with consistent, sustainable revenue and earnings growth along with high margins and returns on equity relative to industry peers will outperform companies with erratic revenue and earnings growth and below average profitability. We believe our low turnover; diversified portfolio is designed to generate superior risk-adjusted returns over a market cycle.	Active Management Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Growth Investing Risk Liquidity Risk Market Risk Mid-Sized Company Risk Small Company Risk



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

Equity Strategies	Investment Approach	Material Risks
<b>Mid Cap Value</b>	<p>Founded on fundamental, bottom-up analysis and experienced, team-based, active portfolio management, this strategy integrates two keys to identifying value:</p> <ul style="list-style-type: none"> <li>▪ Long-term view and a</li> <li>▪ Fundamental, research-driven process.</li> </ul> <p>We combine a disciplined search for value across changing conditions with strong risk controls and believe that returns in the long term can be generated through selection based on attractive, sustainable business fundamentals, strong finances, strong management and low valuation.</p>	<p>Active Management Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Liquidity Risk  Market Risk  Mid-Sized Company Risk  Value Investing Risk</p>
<b>Small Cap Core</b>	<p>Utilize fundamental, bottom-up security selection. We seek to provide returns while taking a low-risk approach to investing in small cap companies. We believe portfolios of neglected companies with low valuations, long-term attractive business fundamentals and potential for improved profitability in near term should produce strong absolute and risk-adjusted returns.</p>	<p>Active Management Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Growth Investing Risk  Liquidity Risk  Market Risk  Small and Micro Company Risk  Small Company Risk  Value Investing Risk</p>
<b>Small Cap Growth</b>	<p>Seeks long-term capital appreciation through careful security selection utilizing a bottom-up fundamental approach. We believe that profitable companies with consistent, sustainable revenue and earnings growth along with high margins and returns on equity relative to industry peers will outperform companies with erratic revenue and earnings growth and below average profitability. We believe our low turnover and diversified portfolio is designed to generate superior risk-adjusted returns over a market cycle.</p>	<p>Active Management Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Growth Investing Risk  Liquidity Risk  Market Risk  Small Company Risk</p>
<b>Small Cap Value</b>	<p>Using fundamental, bottom-up security selection and experienced active portfolio management the strategy looks to identify undervalued companies in the small cap universe, while taking a low-risk approach to investing in small cap companies. We believe portfolios of companies with long-term attractive business fundamentals, strong finances, strong management, potential for improved profitability and low valuations should produce strong absolute and risk-adjusted returns over time.</p>	<p>Active Management Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Liquidity Risk  Market Risk  Small Company Risk  Value Investing Risk</p>

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

Equity Strategies	Investment Approach	Material Risks
<b>SMID Cap Growth</b>	Seeks long-term capital appreciation through careful security selection utilizing a bottom-up fundamental approach. We believe that profitable companies with consistent, sustainable revenue and earnings growth along with high margins and returns on equity relative to industry peers will outperform companies with erratic revenue and earnings growth and below average profitability. We believe our low turnover; diversified portfolio is designed to generate superior risk-adjusted returns over a market cycle.	Active Management Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Growth Investing Risk Liquidity Risk Market Risk Mid-Sized Company Risk Small Company Risk
<b>QUBE U.S. Equity</b>	The strategy is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors.	Active Management Risk Quantitative Investment Strategy Risk Market Risk Foreign Investment Risk Currency Risk Liquidity Risk Specialization Risk Multiple Series Risk Securities Lending, Repurchase & Reverse Repurchase Transaction Risks Cybersecurity Risk
<b>QUBE Low Volatility All Country World Equity</b>	The strategy seeks to provide long-term capital growth by investing primarily in equity securities of global companies using a quantitative approach. The strategy seeks to achieve a reduced level of volatility of returns compared with the broader global equity market, including both developed and emerging markets. The strategy is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the global market.	Active Management Risk Capital Erosion Risk Currency Risk Cybersecurity Risk Emerging Markets Risk Foreign Investment Risk Liquidity Risk Market Risk Multiple Series Risk Quantitative Investment Strategy Risk Securities Lending, Repurchase & Reverse Repurchase Transaction Risks Specialization Risk
<b>QUBE Low Volatility Global Equity</b>	The strategy seeks to provide long term capital growth by investing primarily in equity securities of global companies using a quantitative approach. The strategy seeks to achieve a reduced level of volatility of returns compared with the broader global equity market. The strategy is managed using a quantitative investment model designed to select individual stocks while controlling portfolio level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The portfolio manager will diversify across industries within the global market.	Active Management Risk Capital Erosion Risk Currency Risk Cybersecurity Risk Foreign Investment Risk Liquidity Risk Market Risk Multiple Series Risk Quantitative Investment Strategy Risk Securities Lending, Repurchase & Reverse Repurchase Transaction Risks Specialization Risk

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

Equity Strategies	Investment Approach	Material Risks
<b>QUBE Low Volatility U.S. Equity</b>	The strategy is managed using a quantitative investment model designed to select individual stocks while controlling portfolio-level risk. This involves building a portfolio that maximizes exposure to factors associated with outperformance, while controlling for exposure to risk factors. The strategy seeks to achieve a reduced level of volatility as compared to the broader U.S. equity market through both security selection and portfolio construction.	Active Management Risk Quantitative Investment Strategy Risk Market Risk Foreign Investment Risk Currency Risk Liquidity Risk Specialization Risk Capital Erosion Risk Multiple Series Risk Securities Lending, Repurchase & Reverse Repurchase Transaction Risks Cybersecurity Risk

Fixed Income Capabilities	Investment Approach	Material Risks
<b>Cash Management (Liquidity Management)</b>	This approach, which focuses on the preservation of capital and immediate liquidity, is customized for primary liquidity accounts with high cash flow needs and an investment horizon of 0 to 6 months. Strategies included in this approach: <ul style="list-style-type: none"> <li>• Cash Management: Treasury</li> <li>• Cash Management: Government</li> <li>• Cash Management: High Quality Credit</li> </ul> Duration range: 0.01 years to 0.75 years	Active Management Risk Call Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Government Obligations Risk Interest Rate Risk Issuer/Credit Risk Liquidity Risk Market Risk
<b>Ultra-Short Duration (Liquidity Management)</b>	This approach, which focuses on enhanced return and preservation of capital, is customized for transitional liquidity accounts with medium cash flow needs and an investment horizon of 6 months or longer. Strategies included in this approach: <ul style="list-style-type: none"> <li>• Ultra-Short Duration: Government</li> <li>• Ultra-Short Duration: High Quality Credit</li> <li>• Ultra-Short Duration: Full Style</li> </ul> Duration range: 0.75 years to 1.25 years	Active Management Risk Call Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Government Obligations Risk Interest Rate Risk Issuer/Credit Risk Liquidity Risk Market Risk Prepayment Risk

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

Fixed Income Capabilities	Investment Approach	Material Risks
<b>Short Duration (Liquidity Management)</b>	<p>This approach, which has greater emphasis on maximizing return potential compared to the cash management or ultra-short approaches, is customized for core cash accounts with low cash flow needs and an indefinite investment horizon. Strategies included in this approach:</p> <ul style="list-style-type: none"> <li>• Short Duration: 1-3 Year Government</li> <li>• Short Duration: 1-3 Year High Quality Credit</li> <li>• Short Duration: 1-3 Year Full Style</li> <li>• Short Duration: 1-5 Year Government</li> <li>• Short Duration: 1-5 Year High Quality Credit</li> </ul> <p>Duration range: 1 years to 3 years</p>	<p>Active Management Risk  Call Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Government Obligations Risk  Interest Rate Risk  Issuer/Credit Risk  Liquidity Risk  Market Risk  Prepayment Risk</p>
<b>Intermediate</b>	<p>This approach, which has greater emphasis on maximizing return potential compared to the cash management, ultra-short or short duration approaches, is customized for core cash accounts with low cash flow needs and an indefinite investment horizon. Strategies included in this approach:</p> <ul style="list-style-type: none"> <li>• Intermediate Government Fixed Income</li> <li>• Intermediate Core Fixed Income</li> <li>• Intermediate Municipal Fixed Income</li> <li>• Government Fixed Income</li> <li>• Core Fixed Income</li> <li>• U.S. TIPS</li> <li>• Mortgage Backed Securities</li> <li>• U.S. Investment Grade Corporate</li> </ul> <p>Duration range: 3+ years</p>	<p>Active Management Risk  Call Risk  Concentration Risk  Counterparty Risk  General Economic and Market Conditions Risk  Government Intervention in Financial Markets  Government Obligations Risk  Interest Rate Risk  Issuer/Credit Risk  Liquidity Risk  Market Risk  Prepayment Risk  Tax Risk</p>
<b>Socially Responsible and Community Investment</b>	<p>This approach enables eligible investors to target their investments by geographic location and social purpose, taking into account desired income levels in order to align values with investments. Through impact-driven investment, investors can add an impact dimension to investment grade debt portfolios. Customization of securities backed by single family, multi-family and small business loans allow for tailoring of purpose. Specifications of social, community and environmental goals can be integrated into client portfolios across all fixed income security types.</p> <p>Duration range: generally intermediate (3-5 years) but can be customized shorter or longer.</p> <ul style="list-style-type: none"> <li>• Access Capital Community Investing</li> <li>• Small Business Administration-guaranteed loan pools and certificates</li> </ul>	<p>Active Management Risk  Call Risk  Counterparty Risk  CRA Strategy Risk  General Economic and Market Conditions Risk  Geographic Risk  Government Intervention in Financial Markets  Government Obligations Risk  Interest Rate Risk  Issuer/Credit Risk  Liquidity Risk  Market Risk  Prepayment Risk  Qualification for CRA Credit</p>

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

Fixed Income Capabilities	Investment Approach	Material Risks
<b>Impact Bond</b>	<p>The Impact Bond strategy enables investors to invest in a fixed income strategy with a dual-emphasis on maximizing return potential and maximizing impact across multiple impact initiatives.</p> <p>Through impact investing, investors can add an impact dimension to investment grade debt such as agency guaranteed single family and multi-family mortgage-backed securities, other government bonds, and municipal securities. Duration range: 3+ years</p>	<p>Active Management Risk Call Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Government Obligations Risk Interest Rate Risk Issuer/Credit Risk Liquidity Risk Market Risk Prepayment Risk Tax Risk</p>
<b>Impact Liquidity</b>	<p>The Impact Liquidity strategy enables investors to invest in a fixed income strategy that focuses on capital preservation while maximizing impact across multiple impact initiatives. Through impact investing, investors can add an impact dimension to investment grade debt such as agency guaranteed single family and multi-family mortgage-backed securities, other government bonds, and municipal securities. This approach is customized for primary liquidity accounts with high cash flow needs and an investment horizon of 0 to 12 months. Duration range: 0.01 years to 1.0 years</p>	<p>Active Management Risk Call Risk Concentration Risk Counterparty Risk General Economic and Market Conditions Risk Government Intervention in Financial Markets Government Obligations Risk Interest Rate Risk Issuer/Credit Risk Liquidity Risk Market Risk</p>

### **Fixed Income Research Process**

Our buy, hold and sell decisions are based on each security's expected risk/return profile, fundamentals, valuation and the ability for a considered transaction to support the portfolio in prudently attaining the client's specific objectives. In addition, some insurance and other clients also have accounting-driven objectives related to portfolio yields and gains/losses, which we include in our decision to trade securities. All investment decisions are based on our investment philosophy and process that consider quantitative, qualitative, technical and client-specific factors.

### **Customized Portfolios**

The investment strategies referenced in the chart above are not inclusive of all management capabilities of RBC GAM-US. We customize our strategies to meet unique client needs, which may include a concentrated version of a strategy, a combination of two or more strategies, or a completely custom mandate.

### **Derivatives**

We will use futures in an effort to "hedge" or "neutralize" various risks associated with positions in a client's portfolio. Our attempts to partially or fully hedge a portfolio may not be successful and may cause the portfolio to incur a loss.

**Risk of Loss**

RBC GAM-US seeks to mitigate the risks inherent with providing investment advisory services. Investing in securities involves risk of loss that clients should be prepared to bear. For more information on the potential risks identified in the table above, please refer to Risk Disclosure Appendix.

**Item 9 – Disciplinary Information**

RBC GAM-US and our management personnel do not have any reportable disciplinary events to disclose.

**Item 10 – Other Financial Industry Activities and Affiliations**

RBC GAM-US is registered as a Commodity Pool Operator (“CPO”) and Introducing Broker (“IB”) with the National Futures Association (“NFA”). In addition, certain RBC GAM-US employees are registered with the NFA as Associated Persons and/or Principals.

As discussed in Item 4 above, RBC GAM-US is a wholly owned subsidiary of RBC USA Holdco Corporation, which is an indirect wholly owned subsidiary of RBC. RBC has a global portfolio of companies under its control, including several other investment advisers and other advisory affiliates material to the investment advisory services we provide:

- RBC Global Asset Management Inc. (“RBC GAM Inc.”)
- RBC Global Asset Management (UK) Limited (“RBC GAM-UK”)
- RBC Investment Management (Asia) Limited (“RBC GAM-Asia”)
- BlueBay Asset Management LLP,
- BlueBay Asset Management USA LLC,
- RBC Capital Markets, LLC (“RBC CM”), a dually registered investment adviser and broker dealer; and
- City National Rochdale, LLC

As described below, many of our affiliates engage in activities that are material to our advisory business or to our clients. RBC GAM-US 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:

- RBC GAM-US has employees who are registered representatives of an affiliated broker-dealer, RBC CM, and may engage in the sale and distribution of security products to clients of RBC GAM-US and/or RBC-CM.
- RBC GAM-US generally does not trade with our affiliated broker-dealers. However, with specific client consent or direction, RBC GAM-US will enter into investment transactions on behalf of the client in which an affiliated entity either (1) acts on a principal basis or (2) otherwise provides services for which the affiliate is compensated or otherwise financially benefits, where legally permissible to do so.
- In certain circumstances, we may recommend that our advisory clients engage in securities transactions for which an affiliate of ours serves as an underwriter, remarketing agent, or liquidity provider. Such purchases will be made in accordance with the (1) Prohibited Transaction Exemption 75-1 Part III, for accounts subject to ERISA, (2) Rule 10f-3 under the Investment Company Act of 1940, as amended, for mutual funds, and (3) Section 206 of the Advisers Act. The recommendation or transaction in such securities involves a conflict of interest because the services provided by our affiliate means we may receive a benefit in connection with transactions in the securities. We have adopted policies and procedures in order to mitigate these conflicts of interest and obtain specific client consent where required by securities laws. In addition, prior to engaging in any affiliated trade, we will review the transaction to ensure that it is in the best interest of the client, considering factors such as our duty to seek best execution, and any additional compensation that may be received by the affiliate prior to the recommendation of the transaction.
- From time to time, we effect cross-transactions between advisory clients. Any cross-transactions involving mutual funds are subject to the funds’ compliance procedures for such trades. We will not receive any compensation for effecting a transaction between advisory clients. The desire to liquidate, change asset allocation, or otherwise raise cash in a client account may necessitate selling a security that is attractive to another client account. Such cross-transactions will be effected only if, in our judgment, the transaction is beneficial to both the client account(s) selling the security and the client account(s) purchasing the security. The ability to effect a cross-transaction between client accounts presents a conflict of interest for us because it provides us with an opportunity to potentially advantage one client over another. Our policies and procedures are designed to mitigate this conflict of interest. Cross-transactions are not permitted for employee benefit plans governed by ERISA or when otherwise restricted by the client.
- Some of our directors, executive officers and employees are also directors, officers or employees of one or more affiliates. Our Code of Ethics and related policies, and those of our affiliates, are designed to mitigate the conflicts of interest that exist between the allocation of resources and time between entities and the obligations to our clients and the incentive to take actions that benefit one or more of our affiliates.
- RBC GAM-US may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of advisory accounts) to Participating Affiliates. The Participating Affiliate will act according to a series of SEC no-action relief letters mandating that Participating Affiliates remain subject to the regulatory supervision of both RBC GAM-US and the SEC and other regulatory guidance.
- RBC GAM-US relies on its affiliate, RBC GAM Inc., to review and validate proxy recommendations and votes from our proxy research and service provider to ensure they are in line with our proxy voting guidelines. Refer to Item 17 for more information on Proxy Voting.
- RBC GAM-US serves as sub-adviser to separate accounts, private investment funds, foreign registered mutual funds or other pooled investment foreign funds such as UCITS funds for our affiliates. Our affiliates recommend these products to their eligible clients. For our role as sub-adviser for managing these assets, we collect a sub-advisory fee from our affiliates.
- Our affiliate, RBC CM, sweeps a portion of its client account cash balances into the RBC Funds Trust money market fund. RBC CM recommends to its clients the purchase of shares of one or more of the other RBC Funds Trust mutual funds.
- We have clients who custody their assets with our affiliates RBC CM and RBC Investor & Treasury Services. Both entities are qualified custodians. Refer to Item 15 for more information on custody with affiliates.

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

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- RBC GAM-US participates as an investment adviser or model portfolio provider to RBC CM, a wrap-fee sponsor for certain Wrap Fee Accounts. We do not receive any additional compensation other than a portion of the management fee RBC CM charges each client. Refer to Item 4 for more information on Wrap Fee Accounts.
- 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.
- In the regular course of business, RBC GAM-US and our affiliates may invest our clients' assets in publicly traded securities issued by clients or prospective clients. In such circumstances, neither RBC GAM-US nor our affiliates receive compensation from the issuer for investing client assets in the issuer's securities.
- RBC GAM-US enters into solicitation (referral) agreements with broker/dealers and investment advisers, including affiliates, whereby RBC GAM-US pays the referring entity a referral fee for successful referrals of clients. RBC GAM-US also has agreements with broker/dealers and investment advisers, including affiliates, whereby RBC GAM-US receives a referral fee in exchange for referring clients. In all cases, these arrangements are disclosed to clients and do not result in additional fees paid by the client. For Mutual Funds, RBC GAM-US enters into revenue sharing agreements when an RBC mutual fund is available on an investment platform or portal. At times, RBC GAM-US will share from its legitimate profits, a portion of the management fee with the broker/dealer or investment adviser (which may be an affiliate) for the referral and any services provided. Refer to Item 14 for information on client referral arrangements.
- BlueBay Asset Management LLP and BlueBay Asset Management USA LLC serve as investment sub-advisers to certain U.S. registered mutual funds for which RBC GAM-US serves as the investment adviser.
- RBC GAM-UK serves as the investment sub-adviser to certain U.S. registered mutual funds and separate accounts for which RBC GAM-US serves as the investment adviser.
- RBC GAM-UK serves as the investment sub-adviser to certain privately offered pooled investment vehicles for which RBC GAM-US serves as the managing member. Please refer to applicable offering documents for more specifics around RBC GAM-US's role in such investment vehicles.
- RBC GAM-US receives recommendations from consultants who are hired by their clients to evaluate and recommend investment advisers. RBC GAM-US does not compensate consultants for these referrals or recommendations. However, RBC GAM-US has other relationships with some of these consultants or their affiliates that include (1) paying for research or educational services and (2) providing investment management services to a pooled investment vehicle sponsored by an affiliate of the consultant. RBC GAM-US evaluates these relationships periodically to assess that (1) payments made are for legitimate business needs and (2) consultants (or their affiliates) do not receive preferential treatment for advisory services RBC GAM-US provides.
- Because RBC GAM-US is a subsidiary of RBC US Group Holdings LLC (a bank holding company and financial holding company), it is subject to the restrictions of the Bank Holding Company Act ("BHCA") on engaging in business activities and making investments that are not financial in nature. These restrictions include numerical limits on the size of its investments, temporal limits on the duration of its investments, and qualitative limits on its involvement in the management of investee companies. If RBC GAM-US's regulators were to make a determination that it "controls" an advisee investment fund, such a fund may be subject to the same BHCA restrictions as RBC GAM-US. These restrictions may have a material adverse effect on the activities of such a fund.

We do not believe these relationships create material conflicts of interest between RBC GAM-US and our clients.





## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **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.

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

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

Attention: Client Service

50 South Sixth Street, Suite 2350

Minneapolis, MN 55402

#### **The RBC GAM-US Code of Ethics**

- Requires employees to obtain pre-clearance approval on personal trades in covered securities for their own accounts and for accounts they control or in which they have an interest.
- Imposes a blackout period restricting employee trading for seven days before and seven days after a security is traded in a client account. A “*de minimis*” exception may be granted for certain non-investment professional employees when specific criteria are met.
- Places restrictions on short-term trading. Employees may not purchase a security and sell it for a profit within a 30-day period. This restriction may be waived by the compliance department in appropriate circumstances as appropriate.
- Requires employees to report personal securities holdings at the time of hire, as well as annually thereafter, and to report personal securities transactions quarterly.
- Requires employees to certify their compliance with the Code of Ethics quarterly.

### **Participation or Interest in Client Transactions**

#### **Investment Adviser to Affiliated Open End Investment Company**

RBC GAM-US serves as investment adviser to RBC Funds Trust (“RBC Mutual Funds”), a registered open-end investment company. In addition, RBC GAM-US serves as the RBC Mutual Funds’ co-administrator and provides certain administrative services necessary for the operation of the RBC Mutual Funds.

Certain RBC GAM-US employees who are registered representatives of RBC CM will recommend to investors the purchase of shares of one or more of the RBC Mutual Funds, but only to the extent that such securities are suitable for the investor. Other than the investment advisory fee paid by each of the Funds, we do not collect any additional fees for the sale of these mutual funds.

#### **Other Fund Activities**

From time to time, to the extent consistent with a client’s investment objectives and strategies, RBC GAM-US may invest client assets in affiliated or unaffiliated Funds. Clients may also choose to participate in their custodians’ sweep programs, which may offer mutual funds. Mutual funds typically pay fees for investment advisory, administrative and distribution services. For RBC GAM-US affiliated mutual funds, RBC GAM-US receives investment advisory fees from each fund. More information regarding fees associated with a Fund can be found in the Fund’s underlying prospectus, statement of additional information, or offering memorandum.

## Item 12 – Brokerage Practices

### **Best Execution**

As an investment adviser, RBC GAM-US is obligated to exercise its fiduciary obligation to seek best execution of client transactions under the circumstances of the particular transaction. RBC GAM-US seeks best execution through established policies and procedures, as well as assessing factors such as price, volume, market conditions, counter-party risk and relying on services that will best help achieve best execution through regular monitoring of trade execution quality.

Our policies and procedures are also designed to address the conflicts of interest that may arise as a result of managing multiple types of accounts, including client accounts that pay RBC GAM-US higher fees or performance fees. Refer to the broker selection process referenced below for additional information on factors we consider in executing transactions.

RBC GAM-US hires sub-advisers to manage certain mutual funds, private funds and Separate Accounts. RBC GAM-US reviews the brokerage practices of each sub-adviser during compliance due diligence meetings to verify that each sub-adviser maintain reasonable policies and procedures and that the sub-adviser seeks best execution on trades made in accounts of RBC GAM-US clients.

### **Research and Other Soft Dollar Benefits**

RBC GAM-US uses client commissions (“Soft Dollars”) to pay for and receive brokerage and research products (“Eligible Research”) of the type described in Section 28(e) or pursuant to Securities and Exchange Commission (“SEC”) guidance. RBC GAM-US benefits from the use of client brokerage commissions to obtain research because we don’t have to produce or pay for the research; however, using client commissions to pay for and receive brokerage and research products is only done when we have determined that the commission is reasonable in relation to the value of the execution, brokerage and/or research services provided by the broker. By policy, RBC GAM-US does not use client commissions to pay for market data services or other non-research services permissible under Section 28(e). Further, RBC GAM-US has fully unbundled its Eligible Research relationships, thus mitigating conflicts of interest for the trading desk.

All Eligible Research consumed by RBC GAM-US and paid for with client commission will be facilitated through Commission Sharing Arrangement (CSA) aggregation with a third-party vendor.

In addition to SEC and CFA guidelines, in determining whether to use client commissions to pay for Eligible Research, RBC GAM-US uses the following criteria when assessing whether a research product and/or service is soft dollar eligible. It must:

1. Be capable of adding value to the investment or trading decisions by providing new insights that inform the investment manager when making such decisions about its customers' portfolios;
2. Whatever form its output takes, represent original thought, in the critical and careful consideration and assessment of new and existing facts, and must not merely repeat or repackage what has been presented before;
3. Have intellectual rigor and must not merely state what is commonplace or self-evident; and
4. Present the investment manager with meaningful conclusions based on analysis or manipulation of data.

The research we obtain with client commissions is not necessarily used for the specific account that generated the commissions. A client who does not permit its commissions to be used for research benefits from research paid for by other clients' commissions.

Annually, our investment teams evaluate the cost of a research product or service that qualifies as Eligible Research and intends to be paid with Soft Dollars. The Equity Trading Oversight Committee (“ETOC”) annually reviews and makes any determinations of eligibility required under Section 28(e) of the Securities Exchange Act of 1934, or other applicable law or guidance as noted above.

### **Brokerage for Client Referrals**

We engage in referrals with broker-dealers on our approved list. We do not direct trades as a result of these arrangements, nor do we consider the marketing efforts of broker-dealers on behalf of the funds for which we serve as investment adviser in selecting broker-dealers to execute trades for our Clients. Such marketing efforts include the sales of mutual funds, the inclusion of our products on a broker-dealers wrap fee program platform (other than to the extent such program requires RBC GAM-US to trade with such broker-dealer), and referrals of clients or prospects. This practice is not intended to prevent trading with broker-dealers that make marketing efforts on behalf of the funds; it simply prevents such efforts from being a

consideration when selecting executing broker-dealers. See Broker Selection below for a description of the selection process. Refer to Item 14 for additional information on client referrals.

### **Broker Selection**

By granting RBC GAM-US investment discretion through an IMA, clients are also granting us authority to determine the broker or dealer for executing securities transactions in the client's account. Our objective for each transaction is to seek the broker most capable of executing the brokerage services necessary to seek best execution, while taking into consideration factors such as: ability to minimize trading costs, level of trading expertise, infrastructure, financial condition and counterparty risk, confidentiality provided by broker-dealer, ability to facilitate liquidity, overall responsiveness, willingness to commit capital, regulatory history, competitiveness, execution quality, promptness of execution and ability to source securities. These considerations (and others as relevant) guide our selection of the appropriate venue (e.g., an ECN or alternative trading system ("ATS"), a traditional broker, algorithm or a crossing network, etc.) in which to place an order and the proper strategy with which to trade.

RBC GAM-US maintains an approved list of broker-dealers for each asset class. Each respective oversight committee determines broker-dealer approvals and maintains their own criteria for assessing and approving broker-dealers, as well as ongoing monitoring procedures for approved broker-dealers. Criteria includes but is not limited to the following: (1) financial condition; (2) regulatory history; (3) competitiveness; (4) execution quality; (5) promptness of execution; (6) ability to facilitate liquidity; (7) ability to source securities; and (8) overall responsiveness.

Under most wrap fee programs, clients are not charged separate commissions or other transaction costs on each trade so long as the wrap program sponsor (or its broker-dealer affiliate) executes the trade. A portion of the wrap fee generally is considered as "in lieu of commissions" or other transaction costs. Where permitted by wrap program terms, we may execute a transaction through a broker-dealer other than the wrap program sponsor where we believe that such trade would result in the best price and execution under the circumstances. However, in most situations trades will be executed with the introducing wrap program sponsor (or its broker-dealer affiliate) to avoid additional brokerage costs or other transaction costs in addition to the wrap fee.

For fixed income wrap fee programs, RBC GAM-US typically trades away from the program sponsor. For additional information regarding trading practices for fixed income wrap fee programs, see the Fixed Income Aggregation and Allocation section below.

### **Client Direction**

Upon written direction, clients may request that we execute a portion of their trades through a particular broker-dealer. Typically, the client has an arrangement with such broker-dealer, which results in the client receiving some benefit from the broker-dealer in exchange for the directed brokerage. Although we generally discourage such direction, we do permit client direction in certain circumstances, subject to our duty to seek best execution, ensuring that clients are apprised of the potential risks associated with directed brokerage, which may result in:

- Higher commissions, larger spreads or less favorable net prices than would be the case if RBC GAM-US selected the brokers;
- Loss in benefits that accrue in aggregating orders with similar trades for other client accounts; or
- Disparity in returns to those of other client accounts with similar strategies that do not direct brokerage.

Similarly, in the case of client accounts that are custodied at broker-dealers, we have discretion to select brokers or dealers other than the custodians when necessary to fulfill our duty to seek best execution of transactions for client accounts. However, brokerage commissions and other charges for transactions not effected through the custodian are charged to the client.

On occasion, we instruct the executing broker to credit a portion of a block trade to another broker, a common practice known as a step-out. Generally, this occurs when numerous allocations are blocked into one single trade order, whereas one or more of the clients participating in the block have placed trade direction to one or more brokers other than the executing broker. A step-out, in this case, allows our traders to block a trade order where all participating allocations receive the same price and facilitates specific client direction to trade with a specified broker(s).

### **Aggregation and Allocation**

RBC GAM-US provides discretionary investment advisory services to many different types of client accounts. Certain portfolio management decisions may affect more than one account, such as taking an investment action with respect to all of the accounts we manage in a certain style, resulting in multiple trading orders for the same security in different client accounts. In these cases, we will combine or aggregate purchase or sale orders for more than one client when we believe such aggregation is consistent with our duty to seek best execution. Such aggregation may reduce commission costs or market impact costs on a per-share and per-dollar basis. The decision to aggregate is made only after we determine that the aggregation will not result in favoring any account over another; it will not advantage or disadvantage any account; there will be no additional compensation or remuneration received solely as the result of the aggregation; and each participating account will receive the average price and will share pro-rata in the transaction costs.

### *Equity Aggregation and Allocation*

RBC GAM-US's equity allocation practices are based on the premise that all clients are given a fair opportunity to invest in a security that is appropriate for the specific client. Each portfolio manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific client. Our teams will not intentionally favor or disfavor any client, class of client, or investment fund in the allocation of investment opportunities so that over a period of time, such opportunities are allocated among clients fairly and equitably.

RBC GAM-US reviews equity allocation to monitor the fair and equitable treatment of all client accounts.

RBC GAM-US may determine that an equity order will not be aggregated with other orders for a number of reasons, including that the account's governing documents do not permit aggregation; a client has directed that trades be executed through a specific broker-dealer; aggregation is impractical because of specific trade directions received from the portfolio manager (e.g., a limit order); the order involves a different trading strategy; or if the aggregation is not consistent with seeking best execution. If multiple orders cannot be aggregated for equity clients, we have adopted procedures that seek to ensure client account orders are treated fairly and equitably over time.

Our U.S. Equity Investment Teams may encounter occasions when equity clients pay disparate transaction costs due to minimum charges per account imposed by either the broker effecting the transaction or the client's custodian. If there is an open order and an order for the same security is subsequently received for a different account, such subsequent order will generally be aggregated with the open order, consistent with the considerations set forth above.

### *Implementation 1: Order of Execution Sequence and Rotation (Microcap Core, Mid Cap Growth, Mid Cap Value, Small Cap Core, Small Cap Value, and SMID Cap Growth Strategies)*

The U.S. Equity Investment Team groups equity accounts and uses random order sequencing for certain grouped accounts in an effort to ensure that all accounts are treated fairly over time. We categorize equity accounts into three groups:

- Group 1: accounts that can be aggregated because they have no trading limitations or any such trading limitation can be successfully addressed using step-outs;
- Group 2: client-directed accounts (some trades may be aggregated within this group if they share a common directed broker) and wrap programs (accounts aggregated at the sponsor level); and
- Group 3: model portfolios, where we do not provide trade execution services, but merely transmit model portfolio information to the model sponsors or their designee, who then decide whether and when to execute such instructions.

Group 1 accounts are typically aggregated and traded as a group, and are always traded first.

Group 2 accounts are traded after Group 1 trading is complete. A random order sequence determines the order in which Group 2 accounts are traded. If there is more than one client-directed account or wrap program, the random order sequence determines the order of accounts within each group.

Clients in Group 2 may obtain a price that is different, in some cases more favorable and in some cases less favorable, from Group 1 or Group 2 trades that are executed first due to external factors (market volatility, macro-economic events, security-specific news, monetary policy announcements, etc.) that influence daily market movements. It is RBC GAM-US's belief that, over time, both Groups 1 and 2 trades are treated fairly and equitably and share equally in the exposure to external market factors.

With respect to third-party wrap programs, it has been our experience that the broker-dealers to which we are required to direct transactions under such programs generally achieve prices consistent with best execution standards; no assurance is given that this will continue in the future. Depending upon the level of the wrap fee charged by a wrap sponsor, the amount of portfolio activity in a client's account, the value of the custodial and other services that are provided under a wrap arrangement and other factors, the fees a wrap program client pays could exceed the aggregate cost of such services if they were to be provided separately and if RBC GAM-US was able to use a broader group of brokers and negotiate commissions. Wrap program clients should review all materials available from their third-party sponsor concerning the program, the sponsor and the program's terms, conditions and fees. Refer to Item 4 for additional information on wrap fee programs.

Group 3 trades are communicated to the model sponsor or designee at a frequency determined by the sponsor after trading is complete for Groups 1 and 2.

With respect to Group 3, RBC GAM-US has no influence over whether or when model changes are implemented by the model sponsor or designee. Given this sequencing, account trades using the model portfolio changes that are executed at the discretion of the model sponsor are subject to price movements, particularly if they are trading after large block trades, involve thinly traded or illiquid securities or occur in volatile markets. This may result in model portfolio recipients obtaining a price that is different from and in some cases less favorable than those account trades that are executed first. Refer to Item 4 for additional information on model portfolios.

### *Implementation 2: Concurrent Order Dissemination (Small Cap Growth Strategy)*

The U.S. Equity Investment Team disseminates model portfolio updates and executes trades among all equity groups concurrently.

Even though RBC GAM-US provides our recommended changes to model sponsors concurrently with the execution of trades from Groups 1 and 2, RBC GAM-US may have already commenced trading before the model sponsor has received or had the opportunity to fully evaluate or act on our recommendations. In this circumstance, trades ultimately placed by the model sponsor may be subject to price movements, particularly with large orders or where the securities are thinly traded, which may result in the model sponsor clients receiving prices that are less favorable than the prices obtained by RBC GAM-US for Groups 1 and 2. Alternatively, a model sponsor may initiate trading based on our recommendations before or at the same time RBC GAM-US is trading for Groups 1 and 2. Particularly with large orders or where securities are thinly traded, this could result in Groups 1 and 2 receiving prices that are less favorable than prices that might otherwise have been obtained absent the other manager's trading activity.

### *Partial Fills*

On occasion, an aggregated order involving multiple equity accounts does not receive sufficient securities to fill all of the accounts. For those equity clients, if an aggregated order cannot be filled in one day (a "partial fill"), the executed portion of the order is automatically allocated to the participating accounts pro-rata on the basis of order size.

### *Fixed Income Aggregation and Allocation*

RBC GAM-US is committed to ensuring that clients are treated fairly and equitably in the allocation of investment opportunities. RBC GAM-US clients customize their investment policy statements, which can lead to accounts with significantly different requirements and needs between client accounts managed in the same strategy. In determining how to allocate orders among client accounts, including fixed income wrap fee accounts, RBC GAM-US will first assess whether the security is appropriate for an account based on the client's guidelines. Bonds with limited availability will be allocated pro-rata to eligible accounts. Exceptions to pro-rata allocation may be made depending on the facts and circumstances of the trade, including client account considerations such as size, cash levels, investment restrictions, and position size. Allocation of bonds with unconstrained availability will be allocated pro-rata based on specific client account needs, duration, sector allocation, security characteristics, cash positions and position size. Not all eligible accounts will participate in every investment opportunity and trades may be allocated to the accounts with the greatest client account need.

We primarily place fixed income over-the-counter ("OTC") transactions through broker dealers, market-makers and electronic communication networks ("ECNs"). Trades that are not executed through an electronic trading platform are evaluated using multiple sources to determine if the price is favorable under the circumstances. At times, multiple offerings or bids for a security are unavailable and an order needs to be worked at a certain level with a specific broker-dealer. All trading activity is pursued with the intent of seeking best execution as fiduciary for the benefit of our clients unless directed otherwise.

To the extent that we participate in new issues, private placements, or initial public offerings (IPOs) (“new issues”), we seek to treat eligible client accounts fairly and equitably. Generally the trade order will be placed before the offering prices and all participating accounts are identified, while also taking into consideration each client’s investment objectives, restrictions and tax circumstances; a client’s tolerance for risk and high portfolio turnover; the nature, size and investment merits of the limited offering; the size of a client’s account and the client’s cash availability and other holdings; and other current or expected competing investment opportunities. For equity accounts, if the allocation for the new issue is less than that requested, the securities received will be allocated pro-rata based on the amount initially requested for each account. In allocating new issues to fixed income clients, we first determine that the securities are consistent with guidelines and a particular style of account. We then address specific account needs, which generally include, among other factors, a review of portfolio duration, sector exposure, security characteristics, maturity, credit ratings, cash positions and typical size of positions within the account.

### **Correcting Trade Errors**

As a fiduciary, RBC GAM-US has an obligation to place trades correctly and will incur the cost of correcting any trade error caused by its failure to do so. We do not use soft dollars, directed trades, or attempt to correct an error using another client account. When an error is identified before settlement, we may move the trade to our error account. Any funds remaining in our error account are donated to a charitable organization on a periodic basis.

If the client incurs a gain because of a trade error correction, the gain will be maintained in the client account unless RBC GAM-US is specifically instructed that the client does not wish to retain the gain. If the client incurs a loss as a result of correcting a trade error, RBC GAM-US will contribute sufficient funds or securities to the client account to establish the same financial position as would have been the case absent the trade error.

## **Item 13 – Review of Accounts**

### **Overview**

RBC GAM-US provides monitoring and oversight of the discretionary accounts we manage through our trade order management and portfolio compliance platforms. Portfolio Managers, Client Service, investment policy compliance personnel, investment risk personnel, as well as other relevant RBC GAM-US employees, periodically review accounts. Reviews monitor for consistency with the investment mandate applicable to the account in terms of (1) allocation and diversification of portfolio assets; (2) duration and maturity for fixed income accounts; (3) effect of client cash flows on the management of the portfolio to its targeted benchmark; (4) compliance with any specific restrictions established by the client; (5) the performance of individual securities or asset classes compared against targeted benchmark; (6) material economic or market events; (7) changes in a client’s financial profile as communicated to RBC GAM-US; and/or (8) changes that are recommended in overall investment policy or strategy by RBC GAM-US portfolio managers.

Investment policy compliance is monitored through the use of the Charles River Investment Management System (“CRIMS”), a trade order management and investment policy compliance system. Each client’s investment policy statement is modeled in CRIMS. Investment policy compliance personnel monitor and regularly review system results with the investment and service teams to verify the portfolio holdings are in line with the client’s investment policy statement.

Additionally, to help monitor investment risk at the strategy level, RBC GAM-US maintains a Portfolio Risk and Analytics team, responsible for developing independent measures of absolute and benchmark relative risk, creating and aggregating performance attribution analysis and reporting performance and risk profiles through formal investment scorecards. On a quarterly basis, performance and risk characteristics are provided to management.

Generally, unless more frequent meetings are requested by the client, we seek to meet with each client on an annual basis to review goals, objectives, holdings, and portfolio performance to ascertain the continued appropriateness of the client’s investment strategy.

### **Client Reporting**

RBC GAM-US delivers client reports as directed by each client. Our client reports generally include portfolio and benchmark performance and characteristics; portfolio holdings; portfolio activity for the period; and market commentary.

At least quarterly, client reports are made available through our secure client-only website (and if requested, are delivered in hard copy). Clients receive e-mail notifications when new client reports are posted and available. RBC GAM-US encourages clients to review their reports and to promptly notify us if they identify any discrepancies or have questions.

## **Item 14 – Client Referrals and Other Compensation**

### **Referrals**

We engage in third-party referral arrangements, which include arrangements with our affiliates and in limited circumstances, unaffiliated broker/dealers and investment advisers. These arrangements create a conflict of interest by providing an incentive for the affiliate or third-party solicitor to recommend us over another investment adviser. All referral and marketing relationships meet the requirements of Rule 206(4)-3 and 206(4)-5 under the Advisers Act.

While limited, we engage non-affiliated solicitors through referral arrangements. RBC GAM-US will engage in arrangements that pay a retainer and/or a portion of the advisory fee that we receive from the referred client. Any non-affiliated solicitor referral arrangement we have in place is disclosed in writing to the client and is in compliance with the other requirements of Rule 206(4)-3 and 206(4)-5 under the Advisers Act. Client fees are not increased as a result of any referral fees.

### **Other Compensation**

We also have arrangements with our affiliates, which allow us to receive cash compensation for referring clients to them. We disclose these types of referral arrangements to the client. Clients do not pay higher fees as a result of any referral arrangement.

### **Payments to Others**

As part of its ordinary business, RBC GAM-US or related persons may send small corporate gifts or pay for meals and entertainment, such as golf fees or tickets to cultural or sporting events for clients who engage in business with us or our affiliates. RBC GAM-US employees also receive small corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits are subject to value limitations as outlined in our Gifts and Entertainment Policy.

RBC GAM-US also makes charitable contributions and sponsors charitable events at the request of others. Payments may vary by organization, depending on the nature of our and our affiliated investment advisers' managed account activities with the recipient and the amount of client assets under RBC GAM-US or its affiliated investment advisers' management. Payments are subject to internal review and approval by RBC GAM-US or its affiliates.

All gifts given by RBC GAM-US or our employees to our business partners or received by RBC GAM-US personnel must comply with all applicable regulations and are subject to review by the Compliance Department.

## **Item 15 – Custody**

We previously disclosed in Item 5 (Fees and Compensation) that clients may select to have fees deducted from their assets. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

In the event of an inadvertent receipt of a check or other financial instrument payable to a client, RBC GAM-US reserves the right, when permissible, to send the check or instrument to the client or its custodian rather than back to the original sender when we believe that such procedure provides the best overall protection for the underlying assets.

RBC GAM-US does not have actual or constructive custody of client accounts.

Under SEC rules regarding investment advisers and custody, RBC GAM-US may be deemed to have custody of client assets in select and limited cases, including instances where clients have selected to custody their assets with one of our affiliates, as well as for certain private funds. For client assets, RBC GAM-US complies with all disclosure and regulatory requirements related to such custody and has contracted with an external third-party auditor to conduct surprise annual audits in compliance with applicable SEC rules. For private funds, RBC GAM-US engages an independent public accountant to audit the financial statements, which are then provided to each private fund investor within 120 days of fiscal year end.

### Item 16 – Investment Discretion

Before RBC GAM-US will accept discretionary authority for a client, the client and RBC GAM-US must enter into an IMA that grants us authority to execute trades on behalf of the client. Clients may impose reasonable restrictions, such as those regarding particular security classes, specific issuers and other guidelines, such as asset allocation ranges, as well as statutory restrictions. Any subsequent changes to objectives, guidelines, or restrictions should be provided to RBC GAM-US in writing.

With the exception of account restrictions discussed above, for accounts that have granted us investment discretion, we are generally authorized to make the following determinations, consistent with each client's investment goals and policies, without client consultation or consent before a transaction is effected:

- Which securities or other investments to buy or sell;
- The total amount of securities or other investments to buy or sell;
- The broker or dealer through whom securities are bought or sold;
- The commission rates at which securities or other investment transactions for client accounts are effected; and
- The price at which securities or other investments are to be bought or sold, which may include dealer spreads or mark-ups and transactions costs.

However, there are instances where RBC GAM-US accepts accounts for which it has discretionary authority to purchase and sell securities for the account, but not the authority to select the executing broker-dealer for the transactions. Refer to Item 12 for more information on client direction.

The client's Custody Agreement may contain authorizations with respect to the transfer of client funds or securities broader than those described above or in the client's IMA. The authority of RBC GAM-US is limited to the authority set forth in the client's IMA regardless of any broader authorization described in the client's Custody Agreement. Any monitoring performed by the client's custodian is governed by the client's relationship with its custodian.

### Item 17 – Voting Client Securities

Many of our clients have granted us discretion to vote proxies on their behalf. In order to assist us in exercising that discretion, we rely on services provided by a third-party vendor, which acts as our primary resource for proxy research and voting recommendations. RBC GAM-US offers two proxy voting guidelines to clients, as well as the option for the client to independently engage a third-party proxy voting service, or to vote their own proxies directly by withholding proxy discretion from RBC GAM-US. The two proxy voting guidelines we make available are as follows:

- RBC GAM Custom Guidelines. These guidelines are based on enhanced corporate governance rules.
- Taft-Hartley Advisory Services. These guidelines are based on the AFL-CIO proxy voting policy.

By offering two proxy voting guidelines to our clients, we recognize that votes may differ between the two guidelines based on the client's guideline selection.

1. RBC GAM Custom Guidelines ("Custom Guidelines"). For the Custom Guidelines, we engage (a) Institutional Shareholder Services Inc. ("ISS") as its voting service provider and (b) our affiliate, RBC GAM Inc. to perform administrative functions, including the review of ISS' recommendations and votes to confirm adherence to the Custom Guidelines.
2. Taft-Hartley Advisory Services ("T-HAS"). For the T-HAS Guidelines, we engage Taft-Hartley Services of ISS as our research and voting service for clients who elect T-HAS as their proxy voting guidelines.



We have satisfied ourselves that ISS and T-HAS research groups have implemented adequate policies and procedures, including information barriers, that separate the proxy research and recommendation staff from staff and clients of its sister division, ISS Corporate Services, Inc. ("ICS"), which provides corporate governance advice and services to corporate issuers. Because of these measures, we are confident that ISS and T-HAS can make recommendations for voting proxies in an impartial manner and in the best interests of our clients.

The engagement of third-party vendors to assist us with our proxy voting process is not intended to be a delegation of our proxy voting responsibilities and does not relieve us of our fiduciary obligations to clients with respect to the voting of proxies. Accordingly, we retain the right to vote clients' proxies in a manner that is different from what our vendors recommend, where we believe that to do so would be in the client's best interest and is not contrary to the terms of the IMA.

We have established a Proxy Working Group, which is responsible for establishing, monitoring and reviewing our policies and guidelines with respect to proxy voting, but does not generally consider the manner in which specific proxies are or have been voted and does not have oversight over other proxy voting services that are elected by clients or clients who vote proxies directly. The Proxy Working Group is also responsible for providing oversight of our relationship with the providers of our proxy voting policy and proxy research.

Clients may obtain a copy of our proxy voting policy and procedures upon request by contacting us directly. Clients may also obtain information from RBC GAM-US about how we voted any proxy on behalf of their account(s).

### **Item 18 – Financial Information**

To the best of our knowledge, RBC GAM-US has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. RBC GAM-US has not been the subject of a bankruptcy proceeding at any time during the past ten years.

## Fee Schedule Appendix

US EQUITIES	
<b>Mid Cap Growth &amp; Mid Cap Value</b> 0.75% on first \$25 million of assets 0.65% on next \$25 million of assets 0.60% on assets exceeding \$50 million <i>Minimum Account Size: \$10 million</i>	<b>SMID Cap Growth</b> 0.90% on first \$25 million of assets 0.75% on next \$25 million of assets 0.65% on assets exceeding \$50 million <i>Minimum Account Size: \$10 million</i>
<b>Small Cap Growth &amp; Small Cap Value</b> 0.90% on first \$25 million of assets 0.80% on next \$25 million of assets 0.70% on assets exceeding \$50 million <i>Minimum Account Size: \$10 million</i>	<b>Small Cap Core</b> 1.00% on first \$10 million of assets 0.90% on next \$15 million of assets 0.80% on next \$25 million of assets 0.70% on assets exceeding \$50 million <i>Minimum Account Size: \$10 million</i>
<b>Microcap Core</b> 1.15% on first \$25 million of assets 1.00% on assets exceeding \$25 million <i>Minimum Account Size: \$10 million</i>	<b>Alpha Plus U.S. Equity Fund</b> 0.70% on all assets <i>Minimum Account Size: \$75 million</i>
<b>QUBE U.S. Equity and QUBE Low Volatility U.S. Equity</b> <i>SEPARATE ACCOUNT ONLY</i> 0.40% on first \$50 million of assets 0.30% on next \$50 million of assets 0.25% on assets exceeding \$100 million <i>Minimum Account Size: \$25 million</i>	<b>QUBE U.S. Equity and QUBE Low Volatility U.S. Equity</b> <i>Investment Adviser Fees 3c7 ONLY</i> 0.40% on first \$25 million of assets 0.35% on next \$25 million of assets 0.30% on next \$50 million of assets 0.25% on assets exceeding \$100 million <i>Minimum Account Size: \$10 million</i>
<b>QUBE Low Volatility Global Equity and QUBE Low Volatility All Country World Equity</b> <i>SEPARATE ACCOUNT ONLY</i> 0.45% on first \$50 million of assets 0.40% on next \$50 million of assets 0.35% on assets exceeding \$100 million <i>Minimum Account Size: \$50 million</i>	<b>QUBE Low Volatility Global Equity and QUBE Low Volatility All Country World Equity</b> <i>Investment Adviser Fees 3c7 ONLY</i> 0.45% on first \$25 million of assets 0.42% on next \$25 million of assets 0.40% on next \$50 million of assets 0.35% on assets exceeding \$100 million <i>Minimum Account Size: \$10 million</i>
NON-US EQUITIES	
<b>Global Resources</b> 0.80% on first \$100 million of assets 0.70% on assets exceeding \$100 million <i>Minimum Account Size: \$50 million</i>	<b>Canadian Equity Value</b> 0.55% on first \$100 million of assets 0.45% on assets exceeding \$100 million <i>Minimum Account Size: \$100 million</i>
<b>Asia Ex-Japan Equity</b> 0.75% on all assets <i>Minimum Account Size: \$40 million</i>	<b>China Focus Equity</b> 0.80% on all assets <i>Minimum Account Size: \$75 million</i>

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

### FIXED INCOME

#### Cash Management

0.12% on first \$100 million of assets  
0.10% on assets exceeding \$100 million  
*Minimum Account Size: \$100 million*

#### Ultra-Short Duration

0.20% on first \$50 million of assets  
0.15% on next \$50 million of assets  
0.10% on assets exceeding \$100 million  
*Minimum Account Size: \$50 million*

#### Short Duration

0.25% on first \$25 million of assets  
0.15% on next \$25 million of assets  
0.10% on next \$50 million of assets  
0.08% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Intermediate Government Fixed Income & Government Fixed Income

0.30% on first \$25 million of assets  
0.20% on next \$25 million of assets  
0.15% on next \$50 million of assets  
0.10% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Core Fixed Income

##### U.S. Investment Grade Corporate

0.30% on first \$50 million of assets  
0.20% on next \$50 million of assets  
0.15% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Access Capital Community Investment & Impact Bond

0.40% on first \$25 million of assets  
0.30% on next \$25 million of assets  
0.25% on assets exceeding \$50 million  
*Minimum Account Size: \$25 million*

#### Intermediate Core Fixed Income

0.30% on first \$25 million of assets  
0.25% on next \$25 million of assets  
0.20% on next \$50 million of assets  
0.15% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Intermediate Municipal Fixed Income

0.30% on first \$25 million of assets  
0.25% on next \$25 million of assets  
0.20% on next \$50 million of assets  
0.15% on assets exceeding \$100 million  
*Minimum Account Size: \$15 million*

#### Treasury Inflation Protected Securities (U.S. TIPS)

0.20% on first \$50 million of assets  
0.15% on next \$50 million of assets  
0.12% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Mortgage Backed Securities

0.30% on first \$25 million of assets  
0.25% on next \$25 million of assets  
0.20% on next \$50 million of assets  
0.15% on assets exceeding \$100 million  
*Minimum Account Size: \$25 million*

#### Impact Liquidity

0.15% on first \$100 million of assets  
0.12% on next \$200 million of assets  
0.10% on assets exceeding \$300 million  
*Minimum Account Size: \$100 million*

## Risk Disclosure Appendix

**Active Management Risk.** The portfolio is actively managed. The Adviser and each individual portfolio manager will apply investment techniques and risk analyses in making investment decisions, but there can be no guarantee that these decisions will produce the desired results.

**Call Risk.** The possibility that during periods of falling interest rates, a bond issuer will “call” – or repay – a high-yielding bond before its maturity date. If a security is called, the proceeds may have to be reinvested at lower interest rates resulting in a decline in income.

**Capital Erosion Risk.** If markets fell substantially and did not recover for a significant period, a portfolio’s net asset value would likely drop in line with the market decline. A long-term decline in net asset value may force us to temporarily reduce distributions in an attempt to return the net asset value closer to the initial unit price to avoid a significant erosion of capital and a long-term effect on the fund’s ability to generate income. Erosion of capital may also occur during the year if distributions of a particular series exceed the fund’s income for that series.

**Concentration Risk.** Investments are expected to be closely tied to a specific name, industry, or benchmark. As a result, performance may be more volatile than the performance of a portfolio that does not concentrate its investments in a particular economic industry or sector.

**Conflicts of Interest Risk.** Affiliates of the Investment Adviser may participate in the primary and secondary market for loan obligations. Because of limitations imposed by applicable law, the presence of the Investment Adviser’s affiliates in the loan obligations market may restrict an Underlying Fund’s ability to acquire some loan obligations or affect the timing or price of such acquisitions. Also, because the Investment Adviser may wish to invest in the publicly traded securities of a borrower, it may not have access to material non-public information regarding the borrower to which other lenders have access.

**Counterparty Risk.** The possibility that counterparty could fail, or a clearinghouse, guarantor or any service provider to the portfolio. The inability or unwillingness of others to honor obligations could result in credit losses incurred from late payments, failed payments and default. In times of general market turmoil, even large, well-established financial institutions may fail rapidly with little warning.

**CRA Strategy Risk.** CRA qualified securities in geographic areas sought by a portfolio may not provide as favorable return as CRA qualified securities in other geographic areas. In addition, a portfolio may sell securities for reasons relating to CRA qualification, at times when such sales may not be desirable for investment purposes. Further, a portfolio may hold short-term investments that produce relatively low yields pending the selection of long-term investments believed to be CRA-qualified.

**Currency Risk.** The possibility that could arise from the change in price of one currency against another.

**Cybersecurity Risk.** As the use of technology has become more prevalent in the course of business, portfolios have become potentially more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause portfolios to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity breaches may involve unauthorized access to a fund’s digital information systems (e.g., through “hacking” or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity breaches of a fund’s third-party service providers (e.g., administrators, transfer agents, custodians and sub-advisors) or of issuers that a fund invests in can also subject a fund to many of the same risks associated with direct cybersecurity breaches. Like with operational risk in general, the funds have established risk management systems designed to reduce the risks associated with cybersecurity. However, there is no guarantee that such efforts will succeed, especially since the funds do not directly control the cybersecurity systems of issuers or third-party service providers.

**Derivatives Risk.** Derivatives are financial instruments that have a value, which depends upon, or is derived from, the value of something else, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Losses

involving derivative instruments may be substantial, because a relatively small price movement in the underlying security (ies), option, future, index or currency may result in a substantial loss for the portfolio. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the portfolio. Derivative instruments will typically increase a portfolio's exposure to material risks to which it is otherwise exposed, and may expose the portfolio to additional risks, including correlation risk, counterparty credit risk, hedging risk, leverage risk, and liquidity risk.

- *Correlation risk*      Related to hedging risk and is the risk that there may be an incomplete correlation between the hedge and the opposite position, which may result in increased or unanticipated losses.
- *Counterparty credit*      The risk that a counterparty to the derivative instrument becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties and the portfolio may obtain no recovery of its investment or may only obtain a limited recovery, and any recovery may be delayed.
- *Hedging risk*      The risk that derivative instruments used to hedge against an opposite position may offset losses, but they may also offset gains. There is no guarantee that a hedging strategy will eliminate the risk, which the hedging strategy is intended to offset, which may lead to losses within the portfolio.
- *Leverage risk*      The risk that losses from the derivative instrument may be greater than the amount invested in the derivative instrument.
- *Liquidity risk*      The risk that the derivative instrument may be difficult or impossible to sell or terminate, which may cause the portfolio to be in a position to do something the portfolio managers would not otherwise choose, including accepting a lower price for the derivative instrument, selling other investments or foregoing another, more appealing investment opportunity. Derivative instruments, which are not traded on an exchange, may have increased liquidity risk.

Certain derivatives have the potential for unlimited losses, regardless of the size of the initial investment.

**Divergence Risk.** The Fund portfolio seeks to achieve a return that corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider or any agents that may act on its behalf will compile the Underlying Index accurately, or that the Underlying Index will be determined, composed or calculated accurately. While the Index Provider provides descriptions of what the Underlying Index is designed to achieve, neither the Index Provider nor its agents provide any warranty or accept any liability in relation to the quality, accuracy or completeness of the Underlying Index or its related data, and they do not guarantee that the Underlying Index will be in line with the Index Provider's methodology. Errors in respect of the quality, accuracy and completeness of the data used to compile the Underlying Index may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, particularly where the indices are less commonly used as benchmarks by funds or managers. Such errors may negatively or positively impact the Fund and its shareholders. For example, during a period where the Underlying Index contains incorrect constituents, the Fund would have market exposure to such constituents and would be underexposed to the Underlying Index's other constituents. Shareholders should understand that any gains from Index Provider errors will be kept by the Fund and its shareholders and any losses or costs resulting from Index Provider errors will be borne by the Fund and its shareholders. Apart from scheduled rebalances, the Index Provider or its agents may carry out additional ad hoc rebalances to the Underlying Index in order, for example, to correct an error in the selection of index constituents. When the Underlying Index is rebalanced and the Fund in turn rebalances its portfolio to attempt to increase the correlation between the Fund's portfolio and the Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its shareholders. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider or its agents to the Underlying Index may increase the costs to and the tracking error risk of the Fund.

**Emerging Markets Risk.** The Fund primarily invests in emerging markets. The securities markets of most emerging market countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries. These risks are not normally associated with investments in more developed countries.

**Foreign Investment Risk.** Portfolios may invest in companies that operate or are listed on stock exchanges in countries other than Canada or the United States. Investments in these companies may be affected by global economic and political factors, as well as the economic and political factors of the particular country or geographic region in which the issuer operates, including lower levels of foreign government regulation, public information and/or economic, political and social stability in these countries. Many countries have less stringent accounting, auditing and reporting standards. Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or make prices more volatile. Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or

other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments, and companies operating in foreign markets may have limited product lines, markets or resources available to them. As a result, funds or portfolios that specialize by investing in securities of companies that are listed on stock exchanges in countries other than Canada or the United States, or in companies that operate in countries other than Canada or the United States, may experience larger and more frequent price changes in the short term. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign investment risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the portfolio could have exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. The risks of foreign investments are generally higher in emerging markets.

**General Economic and Market Conditions Risk.** The success of the portfolio's investment program may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of investments. Unexpected volatility or illiquidity could impair profitability or result in losses.

**Geographic Risk.** The Advisor will take into account the goal of holding securities in designated geographic areas in determining which securities to purchase and sell. Accordingly, investment decisions will not be exclusively based on the investment characteristics of the securities, which may or may not have an adverse effect on investment performance.

**Government Intervention in Financial Markets Risk.** Instability in the financial markets has led the U.S. Government to take unprecedented actions to support certain financial institutions and certain segments of the financial markets that experienced extreme volatility. Regulatory organizations may take future legislative or regulatory actions that may affect the operations of a portfolio or its investments or preclude a portfolio's ability to achieve its investment objective.

**Government Obligations Risk.** Obligations of U.S. Government agencies, authorities, instrumentalities and sponsored enterprises (such as Fannie Mae and Freddie Mac) have historically involved little risk of loss of principal if held to maturity. However, the maximum potential liability of the issuers of some of these securities may greatly exceed their current resources and no assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law. In September 2008, the U.S. Treasury and the FHFA announced that Fannie Mae and Freddie Mac would be placed into a conservatorship under FHFA. The effect that this conservatorship will have on the entities' debt and securities guaranteed by the entities is unclear.

**Growth Investing Risk.** Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections.

**Interest Rate Risk.** The values of some or all investments may change in response to movements in interest rates. If interest rates rise, the values of debt securities will generally fall and vice versa. In general, the longer the average maturity or duration of an investment portfolio, the greater the sensitivity to changes in interest rates.

**Issuer/Credit Risk.** The possibility that issuers of securities may default on the payment of interest or principal on the securities when due, which would cause a portfolio to lose money.

**Leverage Risk.** Leverage may result from certain transactions, borrowing and reverse repurchase agreements. Leverage may exaggerate the effect of a change in the value of the Fund's portfolio securities, causing the Fund portfolio to be more volatile than if leverage was not used.

**Liquidity Risk.** Investments in illiquid securities or repurchase agreements with maturities longer than seven days may be difficult or impossible to sell at desirable prices due to lack of marketability.

**Market Risk.** One or more markets in which the portfolio invests may go down in value, sometimes sharply and unpredictably, and the value of the securities may fall or fail to rise. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. The success of a portfolio's investment program may be affected by general economic and market conditions. These conditions may affect the level and volatility of securities prices and the liquidity of investments. Unexpected volatility or illiquidity could impair profitability or result in losses.

In addition, global economies and financial markets are becoming increasingly interconnected, and political, economic and other conditions and events (including, but not limited to, natural disasters, pandemics, epidemics, and social unrest) in one country, region, or financial market may adversely impact issuers in a different country, region or financial market. Furthermore, the occurrence of, among other events, natural or man-made disasters, severe weather or geological events, fires, floods, earthquakes, outbreaks of disease (such as COVID-19, avian influenza or H1N1/09), epidemics, pandemics, malicious acts, cyber-attacks, terrorist acts or the occurrence of climate change, may also adversely impact the performance of a portfolio. Such events may result in, among other things, closing borders, exchange closures, health screenings, healthcare service delays, quarantines, cancellations, supply chain disruptions, lower consumer demand, market volatility and general uncertainty. Such events could adversely impact issuers, markets and economies over the short- and long-term, including in ways that cannot necessarily be foreseen. A portfolio could be negatively impacted if the value of the portfolio was harmed by such political or economic conditions or events. Moreover, such negative political and economic conditions and events could disrupt the processes necessary for a portfolio's operations.

**Mid-Sized Company Risk.** Stocks of mid-sized companies may carry greater risks than those of larger companies because mid-sized companies may have less management experience, competitive strengths and financial resources than larger companies. Mid-sized companies may also be more vulnerable to adverse business or economic events and may be more volatile than larger companies.

**Multiple Series Risk.** . Most of the funds and portfolios are available in more than one series of units. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that series, thereby reducing its unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the unit price of the other series may also be reduced.

**Prepayment Risk.** The value of some mortgage-backed and asset-backed securities may fall because of unanticipated levels of principal prepayments that can occur when interest rates decline. Principal and interest payments on such securities depend on payment of the underlying loans, though issuers may support creditworthiness via letters of credit or other instruments.

**Qualification for CRA Credit Risk.** For an institution to receive CRA credit with respect to investments, the portfolio must hold CRA qualifying investments that relate to the institution's delineated CRA assessment area. All investments are expected to be considered eligible for regulatory credit under the CRA. There is no guarantee, however, that an investor will receive CRA credit if, for example, a state banking regulator does not consider an account eligible for regulatory credit. If CRA credit is not given, there is a risk that an investor may not fulfill its CRA requirements.

**Quantitative Investment Strategy Risk.** The Alpha Plus U.S. Equity, QUBE U.S. Equity, QUBE Low Volatility All Country World Equity, QUBE Low Volatility Global Equity, and QUBE Low Volatility U.S. Equity strategies are managed using a quantitative investment process, which is an investment style in which mathematical or statistical models are used as inputs for investment decisions.

Quantitative investment strategies use complex statistical models in an effort to control portfolio-level risk and to select individual stocks. Rigorous risk control and a disciplined approach to stock selection are defining characteristics of quantitative investment strategies. Although these are generally considered positive characteristics, they also introduce unique risks. The mathematical and statistical models that guide risk control and disciplined stock selection are reliant on historical data. When markets behave in an unpredictable manner, quantitative models can generate unanticipated results that may impact the performance of a portfolio.

**Securities Lending, Repurchase & Reverse Repurchase Transaction Risks.** Certain of the portfolios may enter into securities lending arrangements and repurchase and reverse repurchase transactions in accordance with the rules of the CSA. Securities lending, repurchase and reverse repurchase transactions may be entered into to generate additional income or as a short-term cash management tool to enhance the net asset value of a portfolio.

In a securities lending transaction, a fund or portfolio lends its securities to a borrower in exchange for a fee. A repurchase agreement takes place when a fund or portfolio sells a security at one price and agrees to buy it back later from the same party at a higher price. The difference between the higher price and the original price is like the interest payment on a loan. A reverse repurchase agreement is the opposite of a repurchase agreement and occurs when a fund or portfolio buys a security at one price and agrees to sell it back to the same party at a higher price. The other party to a securities lending transaction,

repurchase agreement or reverse repurchase agreement delivers collateral to the fund or portfolio in order to secure the transaction.

Securities lending, repurchase and reverse repurchase transactions come with certain risks. If the other party to the transaction cannot complete the transaction, the portfolio may be left holding the collateral delivered by the other party to secure the transaction. In a securities lending or repurchase transaction, the fund could lose money if the value of collateral held and cash received does not increase as much as the securities loaned or agreed to be repurchased. In a reverse repurchase transaction, the portfolio could lose money if the value of the securities purchased drops relative to the cash and collateral delivered. To minimize these risks, the other party must provide collateral that is worth at least 102% of the value of the mutual fund's securities or cash and of the type permitted by the CSA. The value of the transactions and the collateral are monitored daily and the collateral adjusted appropriately by the securities lending agent of the funds.

The portfolios will not enter into securities lending, repurchase or reverse repurchase transactions, but certain of the underlying funds may do so. Any funds (including underlying funds) that do enter into securities lending or repurchase transactions may not commit more than 50% of their net asset value to securities lending or repurchase transactions at any time. Securities lending transactions may be ended at any time, and all repurchase transactions and reverse purchase transactions must be completed within 30 days.

**Short Sale Risk.** The Portfolio may use derivatives, including futures and swaps, to implement short positions. Taking short positions involves leverage of the Portfolio's assets and presents various risks. If the value of the underlying instrument or market in which the Portfolio has taken a short position increases, then the Portfolio will incur a loss equal to the increase in value from the time that the short position was entered into plus any related interest payments or other fees. Taking short positions involves the risk that losses may be disproportionate and may exceed the amount invested.

**Small and Micro Company Risk.** Stocks of smaller and less seasoned companies involve greater risks than those of larger companies. These companies may not have the management experience, financial resources, product diversification and competitive strengths of larger companies. Smaller companies may be more sensitive to changes in the economy overall. Historically, small company stocks have been more volatile than those of larger companies. As a result, an account's value may be subject to rapid and substantial changes. Small company stocks tend to be bought and sold less often and in smaller amounts than larger company stocks, which could result in a limited ability to sell a large quantity of stock of a smaller company. Small company risk can be intensified when investing in micro-cap companies. The prices of micro-cap stocks are generally more volatile and their markets are less liquid relative to larger companies. An investment may involve considerably more risk of loss and its returns may differ significantly from investing in larger companies.

**Small Company Risk.** Stocks of smaller and less seasoned companies involve greater risks than those of larger companies. These companies may not have the management experience, financial resources, product diversification and competitive strengths of larger companies. Smaller companies may be more sensitive to changes in the economy overall. Historically, small company stocks have been more volatile than those of larger companies. As a result, an account's value may be subject to rapid and substantial changes. Small company stocks tend to be bought and sold less often and in smaller amounts than larger company stocks, which could result in a limited ability to sell a large quantity of stock of a smaller company. The prices of small cap stocks are generally more volatile and their markets are less liquid relative to larger companies. An investment may involve considerably more risk of loss and its returns may differ significantly from investing in larger companies.

**Specialization Risk.** Some portfolios specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach, like growth, value or socially responsible investing. Specialization allows a portfolios to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favor. However, if the particular sector, country or investment style is out of favor, the value of the portfolio may underperform relative to less specialized investments. Portfolios that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

**Tax Risk.** The risk that the issuer of a security will fail to comply with certain requirements of the Internal Revenue Code, which would cause adverse tax consequences. Changes in federal or state tax laws could cause the prices of tax-exempt securities to fall and/or could affect the tax-exempt status of the securities. A portion of distributions may be subject to the federal alternative minimum tax.



**Value Investing Risk.** Value stocks may not increase in price as anticipated if they fall out of favor with investors or the markets favor faster-growing companies.

### Privacy and Information Sharing

RBC GAM-US takes care to protect information regarding its clients. This Privacy Notice is for our institutional clients, and is intended to tell you where we obtain information about your institution and who has access to it once it is received by RBC GAM-US. We provide a separate privacy notice to Wrap Fee Accounts or Natural Person Separate Account Clients, which describes the types of information collected and shared.

**Our commitment to Your Privacy.** RBC GAM-US is sensitive to the privacy concerns of our clients. We have a longstanding policy of protecting the confidentiality and security of information we collect about you. We are providing you with this notice to help you better understand why and how we collect certain information, the care with which we treat that information and how we use that information.

**Where we get information.** Most of the information we collect about your institution comes directly from you – for example, information received from you in telephone conversations, through written correspondence or in documents such as subscription agreements, IMAs or other forms that you complete or documents you provide us in order to receive our services. We also maintain records of each of your transactions and holdings at RBC GAM-US.

We also may receive information about your institution from companies affiliated with RBC GAM-US. We are part of a family of companies known as RBC, comprised of Royal Bank of Canada and its subsidiaries. If you are a client of another RBC company, we may receive information about you from that source.

**To whom we disclose the information.** We do not sell information about our clients. We provide information about current or former clients from the sources described above only as follows:

- a. As necessary to process your business. For example, we transmit account and transactional information to our affiliates, brokers and your custodian. Third parties in this category are prohibited by agreement from using information about you except for the narrow purpose for which we gave it to them. We also share information with our affiliates for everyday business purposes, for operational support, project execution, globalized functions or other purposes. All RBC employees are bound by the RBC Code of Conduct, which imposes a duty of confidentiality.
- b. Marketing purposes. We do not share your information with non-affiliated third parties for marketing purposes. With your express consent, we may share client information with our affiliates for the purpose of allowing them to offer other investment products and solutions to you.
- c. Where required or permitted by law or regulation. Examples include responses to a subpoena, court order or regulatory demand or reporting requirements.
- d. As authorized by you. You may direct us, for example, to send your client reports to a third party.

**Confidentiality and security.** We consider all information we have about your institution to be confidential (unless you tell us otherwise), including the fact that you are a RBC GAM-US client. Your information is only to be handled in the manner described in this notice, and we will apply the same policies to former clients as to current clients. We maintain physical, electronic and procedural safeguards to maintain the confidentiality of your information.

**Further Information.** We reserve the right to change our privacy policies and this Privacy Notice at any time. The examples contained within this Privacy Notice are illustrations only and are not intended to be exclusive. You may have additional rights under other foreign or domestic laws that may apply to you.