

# Impact Bond

## Disciplined Fixed Income Investing Designed to Deliver Both Financial and Social Return

- Dedicated to creating measurable positive social impact
  - Affordable quality shelter
  - Good health and well-being
  - Education
  - Reduced inequalities
  - Decent work and economic growth
  - Community development
  - Partnerships for the goals
  - Environmental sustainability

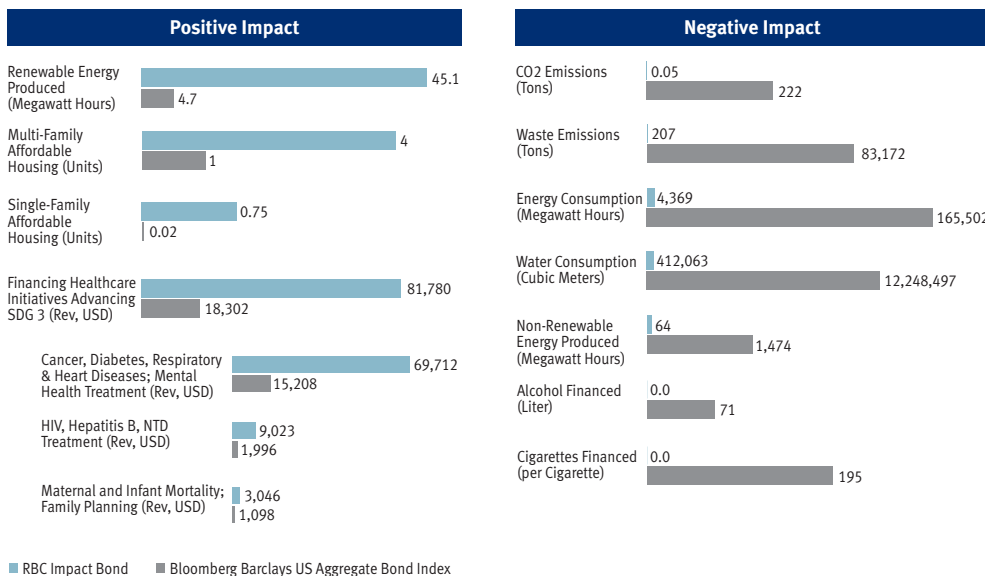
## Impact Measurement Framework

- Proprietary impact measurement framework that evaluates all investments for influence on the United Nations' Sustainable Development Goals (SDGs), a global agenda to end poverty, protect the planet, and ensure prosperity for all by the year 2030.



Source: <http://www.un.org/sustainabledevelopment/sustainable-development-goals>

## Impact Results - Strategy vs. Benchmark (Per \$1 Million Invested)



Comparison of the environmental and social impact for the Bloomberg Barclays US Aggregate Index vs. RBC Impact Bond Strategy, per \$1M invested. The comparison is based on the representative account, which is the account in the composite that most closely reflects the current portfolio management style for this strategy. Impact is measured using the investment team's proprietary impact measurement methodology. For more information on the impact measurement methodology, please contact us at <https://us.rbcgam.com/contact-us/form/default.fs>.

## Why Impact Investing?

- \$1.2 Billion Assets Under Management\*
- Unique combination of a proven fixed income strategy with measurable positive social outcomes
- Competitive market rate fixed income performance
- 20 years of experience in impact investing
- Tested investment philosophy and process
- Highly rated, liquid, market-priced securities

\*Assets under management include all assets managed in Access Capital Community Investing and Impact Bond, including accounts which do not appear in the composites.

## About RBC Global Asset Management

- Over \$330 billion Assets Under Management
- Offices in North America, Europe and Asia
- Over 300 investment professionals globally
- Part of Royal Bank of Canada (RBC), one of the highest rated and largest banks in the world\*\*

\*\*Ratings: S&P: AA-, Moody's: Aa2. Ranked 5th largest bank in North America and 10th globally based on market capitalization (Bloomberg, 6.30.19).

## Investment Team

**Brian Svendahl, CFA**  
Lead Portfolio Manager, Impact Investing,  
Managing Director, Co-Head, US Fixed Income  
Industry Experience: 27 years

**Scott Kirby**  
Senior Portfolio Manager - Government &  
Mortgage Research  
Industry Experience: 38 years

**Raye C. Kanzenbach, CFA**  
Senior Portfolio Manager - Municipal Research  
Industry Experience: 46 years

**Eric Hathaway, CFA**  
Senior Portfolio Manager  
Industry Experience: 18 years

**Ron A. Homer**  
Chief Strategist, US Impact Investing  
Industry Experience: 50 years

**Catherine Banat**  
Director, US Responsible Investing  
Industry Experience: 33 years

**Mindy Frye**  
Institutional Portfolio Manager  
Industry Experience: 17 years

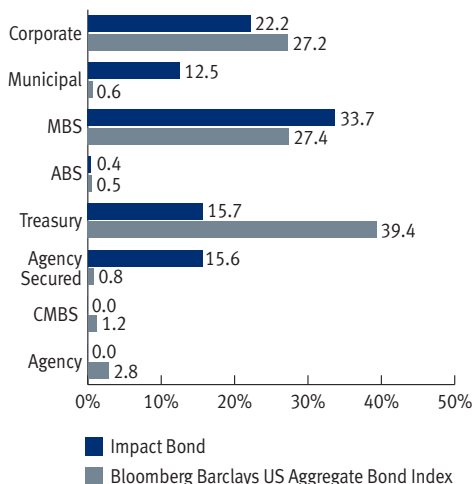
Supported by a team of 11 portfolio managers and research analysts

## Characteristics<sup>1</sup>

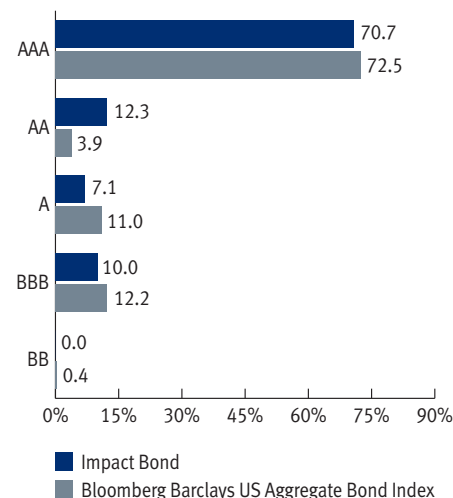
	Strategy	Benchmark
Effective Duration	5.7 years	5.7 years
Market Yield	2.7%	2.5%
Average Quality	AA+	AA

Source: RBC Global Asset Management, FactSet, Bloomberg  
<sup>1</sup> Supplemental information complements the “GIPS® Compliant Presentation” as provided. The information presented are those of the representative account in the strategy. There is no guarantee that every account will be identical to the information presented here.

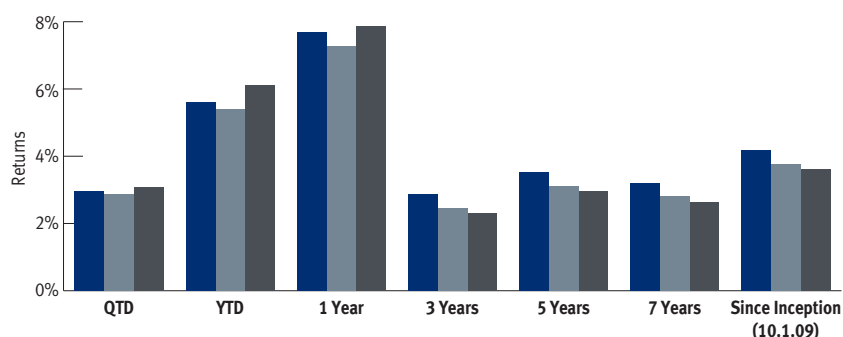
## Sector Distribution<sup>1</sup>



## Credit Distribution<sup>1</sup>



## Investment Performance



- Investment Grade Fixed Income
  - Seeks to manage credit risk by holding instruments that are primarily guaranteed by the US government or its agencies or by high credit-rated municipalities
- Daily Liquidity
- Benchmarked to the Bloomberg Barclays US Aggregate Bond Index

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	Since Inception (10.1.09)
Composite (Gross)	2.97	5.60	7.69	2.87	3.52	3.21	4.18
Composite (Net)	2.87	5.39	7.26	2.46	3.10	2.80	3.76
Benchmark	3.08	6.11	7.87	2.31	2.95	2.62	3.61

Past performance is not indicative of future results.

Source: RBC Global Asset Management, FactSet, Bloomberg  
 Inception of the performance record is 10.1.09.

Returns are presented in gross and net of fees and include the reinvestment of all income. All returns for periods greater than one year are shown on an annualized basis. Performance and composite information presented is supplemental to the “GIPS® Compliant Presentation” which contains additional information regarding calculation of performance data.

These materials are general and has not been tailored for any specific recipient or recipients and is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any investment strategy. We are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity. This material is not intended to cause the recipient to become a fiduciary within the meaning of Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975(e)(3)(B) of the Internal Revenue Code of 1986, as amended. While we have a financial interest in a transaction because we earn revenue from the sale of our products and services, we do not receive a fee or other compensation directly from you or your in-scope clients for the provision of investment advice (as opposed to other services) in connection with any such transaction.

Past performance is not indicative of future results. There can be no guarantee that any investment strategy discussed in this Presentation will achieve its investment objectives. As with all investment strategies, there is a risk of loss of all or a portion of the amount invested and there is no guarantee that any references to goals, targets, objectives or expectations discussed in the Presentation will be achieved or that the processes will succeed. Any risk management processes discussed refer to efforts to monitor and manage risk, but should not be confused with and does not imply no or low risk. The use of diversification within an investment portfolio does not assure a profit or guarantee against loss in a declining market. No chart, graph, or formula can by itself determine which securities an investor should buy or sell or which strategies should be pursued.

This Presentation contains the opinions of RBC Global Asset Management and unless otherwise indicated, all information herein is subject to change without notice. This Presentation may contain information collected from independent third party sources and has not been independently verified for accuracy or completeness by RBC Global Asset Management or its affiliates. This Presentation may not be reproduced in whole or part, and may not be delivered to any other person without the consent of RBC Global Asset Management. Not all products, services or investments described herein are available in all jurisdictions and some are available on a limited basis only, due to local regulatory and legal requirements.

RBC Global Asset Management (U.S.) Inc. (“RBC GAM-US”) is a federally registered investment adviser founded in 1983. RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) and comprises the following affiliates, all of which are indirect wholly owned subsidiaries of RBC: RBC Global Asset Management (U.S.) Inc. (RBC GAM-US), RBC Global Asset Management Inc. (Canada), RBC Global Asset Management (UK) Limited (RBC GAM-UK), BlueBay Asset Management LLP, BlueBay Asset Management USA LLC, and RBC Global Asset Management (Asia) Ltd. (RBC GAM Asia).

# GIPS® Compliant Presentation as of June 30, 2019

## RBC GAM U.S. Fixed Income - Impact Bond

Inception Date: October 1, 2009

Benchmark: Bloomberg Barclays US Aggregate Bond Index

Currency: USD

### Annual Returns

Year End	Composite Gross Return (%)	Composite Net Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$ millions)	Firm Assets (\$ millions)
2009 <sup>1</sup>	0.14	0.04	0.20	N/A	N/A	1	—	15.2	228,136.6
2010	5.48	5.06	6.54	N/A	N/A	3	—	15.4	252,397.6
2011	9.36	8.92	7.84	N/A	N/A	1	—	15.2	244,857.4
2012	6.07	5.64	4.21	2.35	2.38	1	—	19.5	279,416.3
2013	-1.94	-2.33	-2.02	2.66	2.71	1	—	18.6	296,003.0
2014	6.67	6.25	5.97	2.62	2.63	1	—	19.9	302,064.4
2015	2.35	1.94	0.55	2.66	2.88	1	—	20.3	276,979.3
2016	2.35	1.94	2.65	2.54	2.98	1	—	20.8	289,538.6
2017	4.12	3.70	3.54	2.27	2.78	1	—	21.6	331,885.2
2018	0.98	0.58	0.01	2.65	2.84	2	0.80	31.0	305,983.2
2019 YTD	5.60	5.39	6.11	2.84	2.99	1	—	23.1	345,911.9

<sup>1</sup>October 2009 through December 2009

**Description of the Firm:** For the purposes of Global Investment Performance Standards (GIPS®), RBC Global Asset Management is the asset management division of Royal Bank of Canada (RBC), operating under the following brands: RBC Global Asset Management (RBC GAM) in Canada, the U.S. (institutional), the U.K. and Hong Kong; Phillips, Hager & North Investment Management (institutional); and BlueBay Asset Management (institutional). With offices around the world, RBC GAM offers a full range of global investment solutions in cash management and fixed income, equity, balanced, alternative and specialty investment strategies through mutual funds, hedge funds, pooled funds and separately managed accounts. The RBC GAM group of companies has more than C\$417 billion (US\$305 billion) in assets under management as at December 31, 2018. RBC purchased Phillips, Hager & North Investment Management, including the assets of BonaVista Asset Management, on May 1, 2008, and BlueBay Asset Management on December 17, 2010. A complete list and description of the firm's composites and performance results is available upon request.

**Compliance Statement:** RBC GAM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. RBC GAM has been independently verified for the periods January 1, 2002 through December 31, 2017. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

**Composite Description:** The Impact Bond Composite consists of all fully discretionary fixed income accounts invested with an ESG and/or ETI focus that are benchmarked to the Bloomberg Barclays U.S. Aggregate Index or an index deemed materially equivalent. Accounts may invest in any security type that supports the social impact criteria.

**Benchmark:** The benchmark for this composite is the Bloomberg Barclays U.S. Aggregate Index, which is an unmanaged index that measures the performance of U.S. investment grade fixed income securities. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

**Gross of Fees:** Gross of fees performance returns are presented before management fees, but after all trading expenses. Returns are presented net of withholding taxes on dividends, interest income and capital gains where applicable.

**Net of Fees:** Net of fee performance is calculated using the maximum stated annual fee of 0.40% applied monthly.

**Performance Calculations:** Results are based on all fully discretionary accounts meeting the composite definition, including those accounts no longer with the firm. Returns are shown in U.S. Dollars, and include the reinvestment of all income. Additional information regarding policies for valuing portfolios, calculating performance, and preparing presentations is available upon request. Past performance is not indicative of future results.

**Composite Dispersion:** The composite dispersion of annual returns is indicated by the performance of individual accounts representing the equal weighted standard deviation of returns. Dispersion of returns is calculated for portfolios included in the composite for the full year.

**3-Year Standard Deviation:** Periods with less than 3 years of data will show "n/a".

**Derivatives, Leverage and Short Positions:** Portfolios in the composite may employ the use of over the counter and exchange traded derivatives where investment guidelines allow. Derivatives contracts such as, but not limited to, U.S. Treasury bond futures, Eurodollar futures, interest rate futures, and interest rate swaps may be used for hedging market risk and to manage and adjust duration profiles. Derivatives are never used for speculative purposes, however, they may represent a significant percentage of the portfolio when calculated using the notional amount. The registered fund in the composite may use leverage by entering into reverse repurchase agreements. The use of leverage increases investment risk and is limited to 33 1/3% or less of total market value. Short positions are not used, with the exception of the aforementioned derivative and leverage strategies.

**Cash Flow Policy:** This composite does not have a significant cash flow policy.

**Fee Schedule:** 0.40% on first \$25 million of assets; 0.30% on next \$25 million of assets; 0.25% on assets over \$50 million. Advisory fees are described on this page and in Form ADV Part 2A. RBC GAM reserves the right to negotiate all advisory fees.

**Minimum Account Size:** There is no minimum account size for this composite.

**Creation Date:** This composite was created on October 1, 2017 and has an inception date of October 1, 2009.

GIPS® is a registered trademark owned by CFA Institute.

