



Cash Management: High Quality Credit

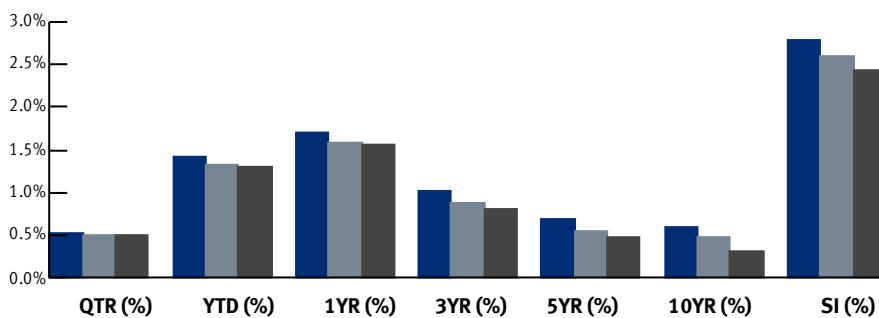
Quarterly Commentary

US economic growth continued to shine in the third quarter of 2018. GDP growth is once again projected for a strong quarter in the range of 4%. Domestic manufacturing is expanding at the strongest pace in 14 years. Employment remains robust, with nonfarm payrolls generating over 2 million new jobs in the last year and unemployment firmly below 4%. While wage gains have yet to match the strong job market, they have begun to show upward pressure. Lastly, consumer and business confidence remains healthy, indicating the positive trend of the US economy is likely to continue going into 2019.

The Federal Reserve's Open Market Committee (FOMC) voted to raise the overnight Fed Funds Rate in September by 25 basis points (bps) to a range of 2.00%-2.25%. The September rate hike was widely anticipated and was the third such move in 2018. With a December hike also likely if markets stay calm, the Fed is now on track to hike four times in 2018 and fulfill the projections of their "dot plot" rate hike forecast. The September policy statement continues to describe the risks to the economic outlook as roughly balanced. Treasury rates generally increased across the curve during the quarter; however, the curve continued to flatten.

For 2018, we anticipate US GDP to grow at a 3% pace as financial conditions remain accommodative, confidence remains high and business fundamentals remain strong. Looking toward 2019, the Fed will have to contend with a flattening yield curve and slowing economic growth both domestically and abroad. A climate of protectionism, potential trade wars and geopolitical risk will also weigh on the outlook for growth beyond 2019.

Investment Performance



	QTR (%)	YTD (%)	1YR (%)	3YR (%)	5YR (%)	10YR (%)	SI (%)
Composite (Gross)	0.53	1.42	1.71	1.01	0.68	0.60	2.78
Composite (Net)	0.50	1.32	1.59	0.89	0.56	0.49	2.59
Benchmark	0.50	1.29	1.57	0.80	0.49	0.32	2.42

Past performance is not indicative of future results.

Source: RBC Global Asset Management, FTSE

Inception of the performance record is 10.1.94.

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.

Strategy Overview

- \$11,611 Million Assets Under Management
- Inception: October 1994
- Benchmark: FTSE 3-Month Treasury Bill
- Vehicles: Separate Account

Investment Philosophy & Style

- A well constructed diversified portfolio managed within an active risk framework will enhance consistent income with low volatility
- Thorough understanding of the issuer, credit and debt structure
- Focus on security selection and curve exposure while actively managing duration, call and extension risk
- Invest in out-of-benchmark sectors when expected return justifies the opportunity
- Avoid making large duration calls

Risk Management

- Mandate and policy controls
- Full, multidisciplinary vetting of client policies and objectives
- Multiple levels of review
- Clear accountabilities and cross checks
- High quality focus reduces credit risk

Portfolio Construction

- Duration Range: 0-270 days
- Maturity Range: 0-13 months
- Investment Universe: US Treasury, Agency, bank deposits and acceptances, short-term municipal obligations
- Credit Quality: A1/P-1, fully customizable

Investment Team

Brandon T Swensen, CFA, Managing Director, Co-Head, US Fixed Income
Industry Experience: 20 years

Brian Svendahl, CFA, Managing Director, Co-Head, US Fixed Income
Industry Experience: 26 years

Supported by a team of 13 portfolio managers and research analysts

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 (Bloomberg, 9.30.18). Ranked 5th largest bank in North America and 10th globally based on market capitalization (Bloomberg, 9.30.18).

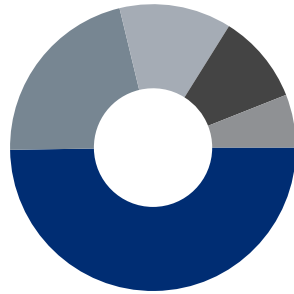
Portfolio Characteristics¹

Average Weighted Maturity
Yield to Maturity

Strategy	Benchmark
42 days	95 days
2.4%	2.2%

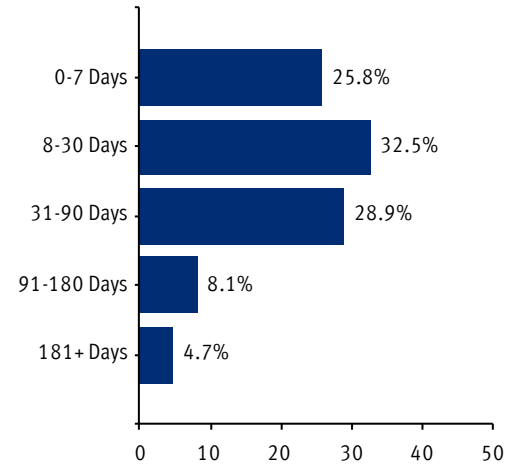
Distribution¹

Sector



Repo	6.0%
Commercial Paper	49.8%
Municipal	21.5%
Corporate	12.7%
CD	10.1%

Schedule of Maturities¹



Past performance is not indicative of future results.

Source: RBC Global Asset Management, FTSE, FactSet

¹Supplemental 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.

This presentation should not be construed as a recommendation to buy or sell any financial instruments. The information contained herein should not be relied upon as the sole investment-making decision.

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GIPS® Compliant Presentation, as of September 30, 2018

RBC GAM U.S. Money Market - High Quality Cash Management

Inception Date: October 1, 1994

Benchmark: FTSE 3-Month T-Bill Index

Currency: USD

Annual Returns	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)
Year End									
2008	3.10	2.88	1.80	0.33	0.42	10	0.18	15,558.2	164,090.1
2009	0.77	0.69	0.16	0.55	0.55	10	0.22	23,708.7	228,136.6
2010	0.32	0.23	0.13	0.39	0.25	10	0.07	21,007.5	252,397.6
2011	0.27	0.18	0.08	0.10	0.02	10	0.05	17,113.1	244,857.4
2012	0.28	0.19	0.07	0.07	0.01	10	0.06	18,054.1	279,416.3
2013	0.21	0.09	0.05	0.07	0.01	9	0.03	16,786.0	296,003.0
2014	0.17	0.05	0.03	0.07	0.01	5	0.01	12,111.9	302,064.4
2015	0.23	0.11	0.03	0.01	0.01	5	0.03	10,573.6	276,979.3
2016	0.55	0.43	0.27	0.05	0.03	5	0.05	2,947.3	289,538.6
2017	1.01	0.89	0.84	0.10	0.11	5	0.05	3,265.5	331,885.2
YTD 2018	1.42	1.32	1.29	0.17	0.18	5	0.05	3,526.5	332,659.9

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\$331 billion) in assets under management as at December 31, 2017. 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. 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. The U.S. Money Market - High Quality Cash Management composite has been examined for the periods January 1, 2008 - December 31, 2017. The verification and performance examination reports are available upon request.

Composite Description: The High Quality Cash Management Composite consists of accounts that invest primarily in high quality taxable securities maturing in thirteen months or less.

Benchmark: The benchmark for this composite is the FTSE 3-Month T-Bill Index, which is an unmanaged index that measures the performance of U.S. Treasury Bills with a maturity of 3 months. It excludes Agency securities and commercial paper, which may be purchased by accounts invested in this strategy. 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. Prior to July 01, 2001, the impact of all fund expenses is included for three funds in the composite. 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 0.12% applied monthly. Prior to January 1, 2013 net of fee performance was calculated using actual fees.

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: None of these strategies is currently employed by any accounts in this composite.

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

Fee Schedule: 0.12% on first \$100 million; 0.10% on assets exceeding \$100 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 currently no minimum account size for inclusion in this composite. Prior to January 1, 2005 the minimum size for inclusion was \$500 thousand.

Creation Date: This composite was created on and has an inception date of October 1, 1994.

Composite History: Prior to December 1, 2016 this composite was called the Core Cash Management composite. Prior to March 1, 2005, this composite was called the Cash Management Composite. The composite was redefined to include registered money funds as of April 1, 2006.

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