



Cash Management: High Quality Credit

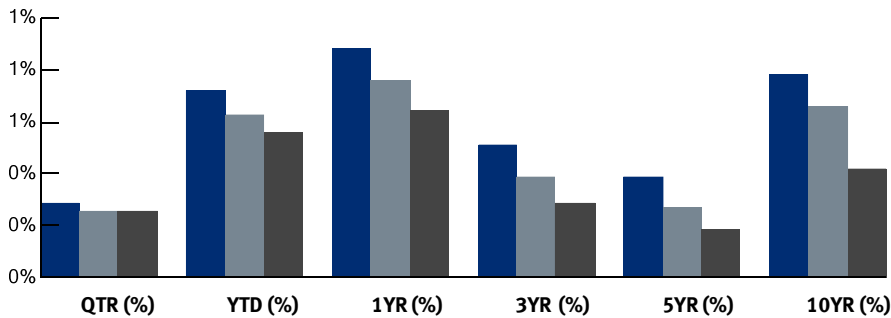
Quarterly Commentary

The third quarter was relatively quiet as volatility continued to be generally subdued and equity markets and other risk assets continued to outperform. The US economy has proven to be resilient in the face of growing geopolitical concerns with North Korea and a series of hurricanes that have devastated parts of Texas, Florida and Puerto Rico. Politically, not much has been accomplished during a year that began with a robust policy agenda from the Trump administration and a Republican-controlled congress. The repeated, ineffective attempts at repealing the Affordable Care Act have laid bare a difficult road for accomplishing any meaningful legislation. Tax reform will be the primary focus going in to the fourth quarter, but the probability of passing legislation will be diminished until political leadership can demonstrate that they can make any substantial progress.

After hinting at quantitative tightening in June, the Federal Reserve (Fed) released details of its plan to decrease the \$4.5 trillion balance sheet at their most recent meeting in September. They will allow Treasury and Agency mortgage-backed securities to roll-off naturally up to imposed caps that will gradually increase over time.

We anticipate US rates to rise moderately in the near future with overall market rates remaining below historical averages. We believe this trend is warranted by political gridlock, lack of inflation and moderate growth that will lead to a cautious Fed. We also anticipate real US GDP of 2.0-2.25% in 2017/18, inflation failing to materialize in the near term, the Fed continuing on a measured pace and improved carry and positive bond returns from modestly higher rates.

Investment Performance



	QTR (%)	YTD (%)	1YR (%)	3YR (%)	5YR (%)	10YR (%)
Strategy (Gross)	0.29	0.72	0.88	0.51	0.39	0.78
Strategy (Net)	0.26	0.63	0.76	0.39	0.27	0.66
Benchmark	0.26	0.56	0.64	0.29	0.19	0.42

Past performance is not indicative of future results.

Source: RBC Global Asset Management, Citigroup Yield Book, Citigroup, Moody's, S&P

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 and have been rounded up. Performance and composite information presented is supplemental to the "GIPS® Compliant Presentation" which contains additional information regarding calculation of performance data.

Strategy Overview

- \$11,820 Million Assets Under Management
- Inception: October 1994
- Benchmark: Citigroup 3-Month Treasury Bill
- Vehicles: Separate Account, US Mutual Fund

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
Investment Experience: 19 years

Brian Svendahl, CFA, Managing Director, Co-Head, US Fixed Income
Investment Experience: 25 years

Supported by a team of 13 portfolio managers and research analysts

About RBC Global Asset Management

- Over \$320 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: A1 (Bloomberg, 9.30.17). Ranked 5th largest bank in North America and 10th globally based on market capitalization (Bloomberg, 9.30.17).

Portfolio Characteristics¹

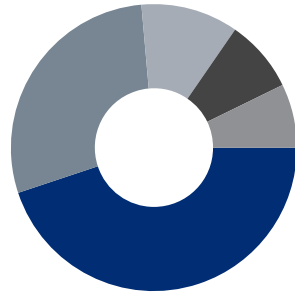
Average Weighted Maturity
Yield to Maturity

Strategy
47 days
1.2%

Benchmark
89 days
0.1%

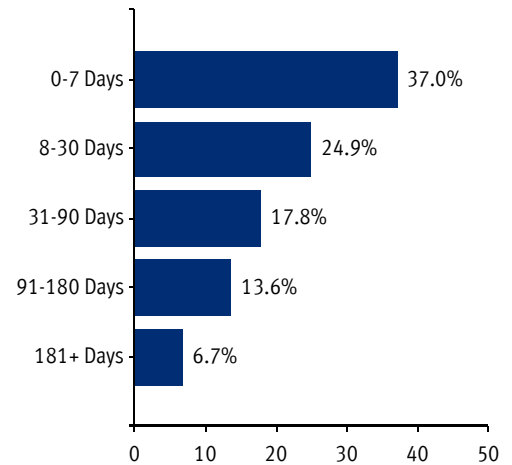
Distribution¹

Sector



Repo	8.2%
Corporate	7.2%
Commercial Paper	44.9%
Municipal	28.7%
CD	11.0%

Schedule of Maturities¹



Past performance is not indicative of future results.

Source: RBC Global Asset Management, Citigroup Yield Book, Citigroup, Moody's, S&P

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.

GUS/9.30.17/ST052/FEB18/A

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GIPS® Compliant Presentation, as of September 30, 2017

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

Inception Date: October 1, 1994

Benchmark: Citigroup 3-Month T-Bill Index (USD)

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									
2007	5.29	4.93	4.74	0.30	0.27	11	0.09	14,913.8	207,926.9
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
YTD 2017	0.72	0.63	0.56	0.09	0.09	5	0.04	3,272.1	319,111.8

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\$388 billion (US\$289 billion) in assets under management as at December 31, 2016. 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, 2016. 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 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 Citigroup 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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