

# RBC Investor & Treasury Services for Atlantic House

April 2020

**STRICTLY PRIVATE AND CONFIDENTIAL**



Investor &  
Treasury Services

Strong financial profile

TOP  
**15** BANK  
GLOBALLY<sup>(1)</sup>



OPERATIONS  
IN **36** Countries



CANADA'S  
**LARGEST**  
BANK<sup>(1)</sup>

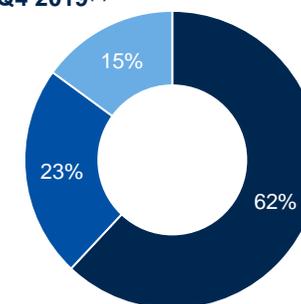
ONE OF NORTH AMERICA'S  
**leading diversified**  
financial services  
COMPANIES

**CAD 4.3**  
trillion in assets under  
administration (AUA)<sup>(2)</sup>

**Award winning**  
FUND ACCOUNTING  
AND TRANSFER  
AGENCY SERVICES<sup>(3)</sup>

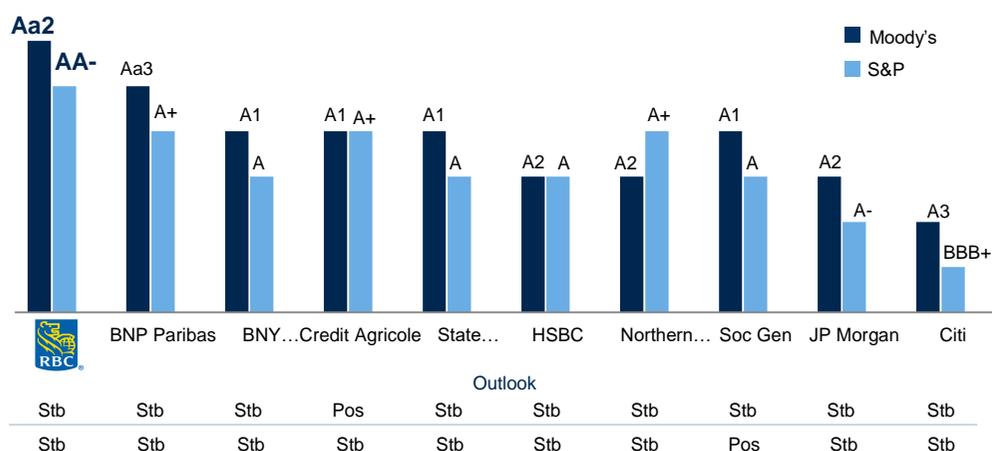
## Revenues by Geography

Q4 2019<sup>(5)</sup>



■ Canada ■ US ■ International

## Credit Ratings – Top Global Custodians<sup>(4)</sup>



## Financial Highlights<sup>(6)</sup>

CAD, where applicable	2018	2019
Total Revenue <sup>(7)</sup>	42.6 billion	46.0 billion
Net Income	12.4 billion	12.9 billion
Assets <sup>(8)</sup>	1,295 billion	1,436 billion
Common Equity Tier 1 Ratio <sup>(9)</sup>	11.5%	12.1%
Return on Common Equity <sup>(10)</sup>	17.6%	16.8%

(1) Bloomberg December 4, 2019; (2) As of Q4 2019; (3) Global Investor ISF, Investment Excellence Awards 2019 and R&M Fund Accounting & Administration Survey, 2018; (4) As December 4, 2019; (5) Latest twelve months ending October 31, 2019. Amounts exclude Corporate Support. These are non-GAAP measures. For more information, refer to the Business segment results and results by geographic segment sections of our 2019 Annual Report; (6) YTD 2019 reported in RBC's Annual Report October 31, 2019. From continuing operations. These are non-GAAP measures; (7) Amounts exclude Corporate Support; (8) Average balances; (9) This measure does not have a standardized meaning under generally accepted accounting principles (GAAP); (10) ROE may not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions

# A Trusted Investor & Treasury Services Business

Providing focused asset servicing capabilities for global institutional investors

## Value of Partnering with RBC I&TS

- Delivering services to safeguard client assets, maximize liquidity and manage risk in multiple jurisdictions with a focus on operational risk management
- An efficient global operating model with a focus on supporting our continued commitment to client service excellence
- An award-winning long term client partnership approach that provides local insight and a heightened focus on the evolving regulatory landscape

2,200+ Clients<sup>(1)</sup>

4.3 trillion AUA (CAD)<sup>(2)</sup>

4,500+ Employees<sup>(2)</sup>

## Broad Geographical Coverage

### North America



### Europe



### Asia-Pacific



## Comprehensive Product and Service Offering

### Securities Processing and Administration

- Global Custody
- Trustee and Depositary Services
- Canadian Sub-custody<sup>(3)</sup>
- Fund / Investment Administration
- Shareholder Services
- Benefit Payments<sup>(3)</sup>

### Information Management

- Performance Measurement
- Compliance Monitoring and Reporting

### Transaction Banking<sup>(3)</sup>

- Canadian Clearing and Cash Management Services
- Trade Finance
- Insourced Solutions for Banks
- Broker-Dealer Services

### Distribution

- Fund Order Settlement
- Fund Sales Intelligence

### Optimization

- Cash / Liquidity Management
- Foreign Exchange Services
- Global Securities Lending
- Fund Finance

### Global Operations

- Regulatory Solutions
- Operational Risk Management
- Product Development

(1) As of Q3 2019; (2) As of Q4 2019; (3) Canada only

## Custody Overview



Investor &  
Treasury Services

## Current Trends

- Commoditization of the global custody industry
  - Aggressive pricing on core products and narrow margins continue to produce structural profitability challenges
  - Competitive bidding process and historical mispricing of bundled relationships have produced NIAT-detrimental impacts for the full duration of multi-year custody contracts across the investor services landscape
- Increasingly complex regulations continue to challenge the custody industry with far-reaching changes which must be analyzed, project-managed and delivered
  - AIFMD, UCITS V, EMIR, Dodd Frank, and T2S, as well as broader financial services regulations, such as Basel III, Volcker Rule, Solvency II, MiFID II and MMF rules

## RBC I&TS' Credentials

Assets under custody	CAD 3,299 billion
Annual trades	24.7+ million
Markets in the network	87
Annual trade capture STP rate	87%

Q4 2019



### Global Custody Survey

- #1 Custodian Overall (unweighted) 2018
- #1 Custodian Overall – EMEA 2018
- #1 Custodian Overall – Asia Pacific (unweighted) 2018
- #1 Custodian for Mutual Funds/UCITS firms (unweighted)



### Investor Services Survey

- #1 Custodian Canada 2017
- #1 Custodian UK 2017

## Value of Partnering with RBC I&TS

- Ranked the safest bank of the top global custodians and the largest Canadian bank
- Independent global network of sub-custodians
- Culture for managing operational risk:
  - Integrated architecture
  - High levels of automation
  - Segregation of risk and control functions
- Flexible transmission methods:
  - Trading (SWIFT, online, file, etc.)
  - Reporting (standard and customized)

## Breadth and Capabilities

- Trade processing
- Settlement
- Corporate entitlements – income, corporate actions, proxy voting, class actions
- Global Market Information
- Full suite of value added services including:
  - Cash management
  - Foreign exchange
  - Securities lending

# Core Custody

## Trade Processing and Settlement

- Market leading selection, due diligence and continual monitoring of network
- 87 markets in the network
- Real time transaction processing
- Competitive trade and market deadlines
- Trade management, risk mitigation

## Key Features

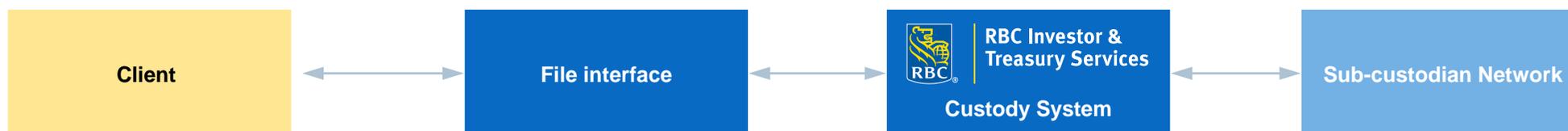
- Multiple trade receipt methods including being fully ISO 15022 SWIFT compliant
- Real time transaction processing and status updates
- Consistently high global STP rate for trade capture (94-97%)
- Global processing centres, pass the book approach adopted
- Competitive trade, market and cash deadlines
- Standard and bespoke custody reporting available
- Contractual settlement processing
- Pre-matching trades in applicable markets with full reporting available to clients
- Regular liaison with the global sub-custodian network

## Technology

- ISAE 3402 (SAS 70)
- Full ISO 15022 SWIFT compliant
- Secure web portal for instructing and reporting
- Risk management reporting

## Customized Client Support

- Dedicated client representative
- Entry point for custody questions
- Proactivity and support for:
  - Maximizing settlement efficiency
  - Opening accounts where local markets require segregated accounts
  - Validating and monitoring overdraft situation

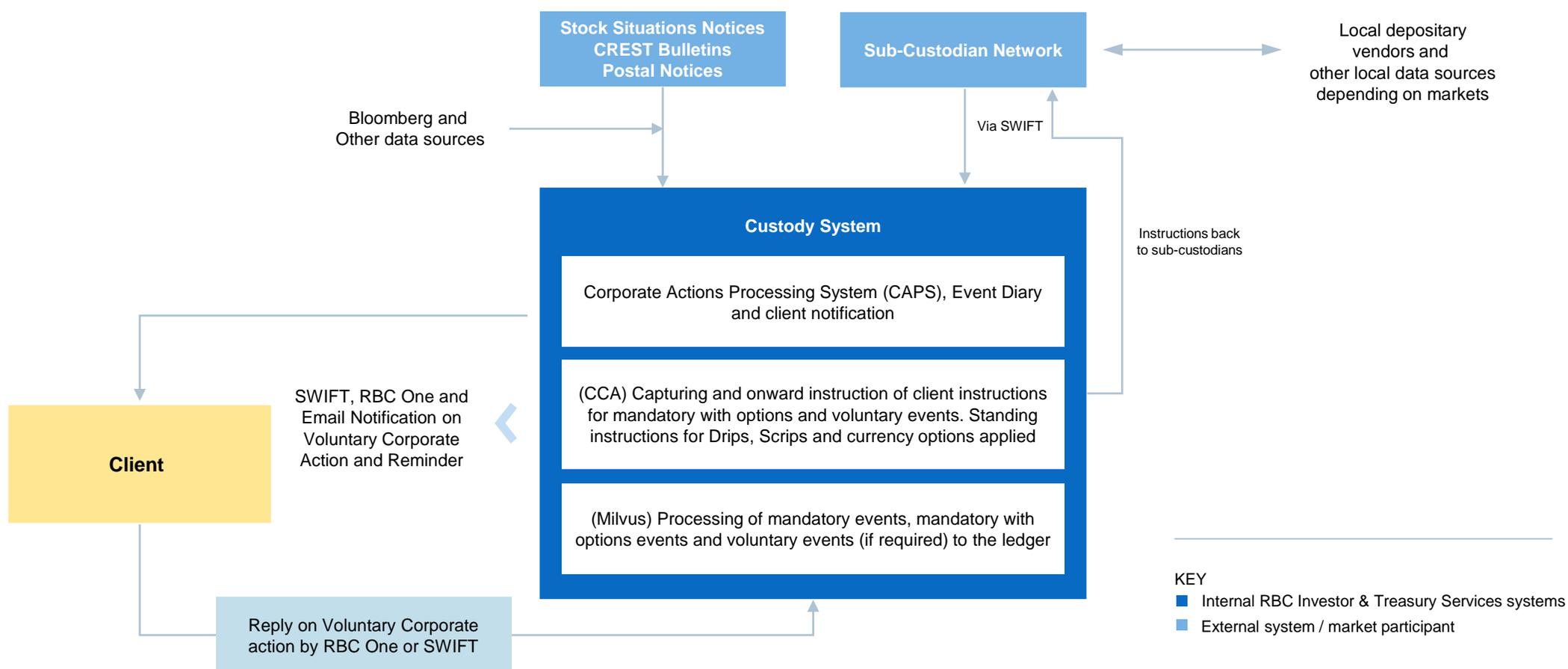


### KEY

- Internal RBC Investor & Treasury Services systems
- External system / market participant

# Corporate Actions

## Process flow



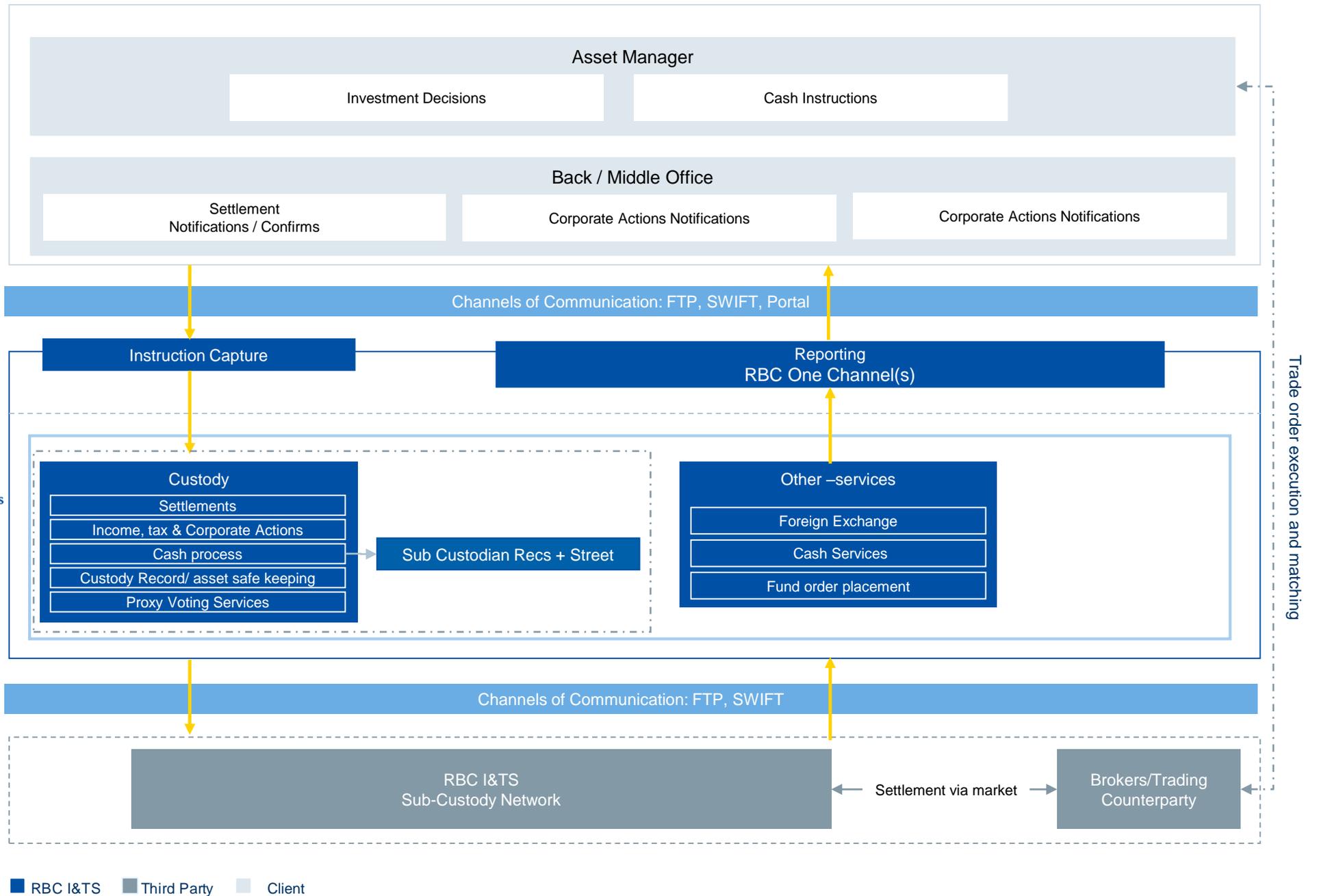
### RBC I&TS

- Receipt of full corporate action event and market information on an event by event basis
- Review and release the announcement within 24 hours of receipt
- Automated reminders sent right up to the event deadline D-2, D-1
- Monitor pending trades
- 80% of event set ups are achieved STP
- Cut-off is placed as short as possible against the market deadline

### Sub-Custodians

- Service Level Agreements in place with each sub-custodian
- Second source for validation
- Release announcement to RBC I&TS within 12 hours

# Target Functional Client Operating Model



## Global Order Routing and Fund Settlement Platform (GFP/MFEX)

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- ✓ Access funds through a single interface
  - ✓ Flexible communication including, via web, file upload, SWIFT, FTP and fax – removing manual intervention and risk
  - ✓ Eliminate administrative burden, e.g. account opening/subscription form managed by RBC I&TS/MFEX
  - ✓ Fund range includes products from 70 domiciles around the world
- MFEX is a market leader in the contract management and rebates collection business, with an internal Agile IT development team to support any future needs
  - Legal and compliance outsourcing services, handling all contracts, including the legal and due diligence discussions with fund companies, resulting in the Client to be able to focus on the commercial relationship with fund companies, including when no rebates are paid
  - Rebates web portal, LinX, enables full transparency of rebates history
  - Where MFEX has the contracts with fund companies, MFEX can commit to make a single payment to clients of 100% of the current rebates paid 60 days after the quarter has finished.
  - Access to Global Fund Watch which includes all fund companies within the MFEX platform, allowing access to all due diligence related information
  - MFEX will collect rebates on a best-of basis, meaning the Client will always receive as much as they do under their own contracts
  - Access to all future product enhancements including the digital dematerialised agreements and e-approvals, transparency on the collection process through LinX



Key credentials for fund order platform <sup>(1)</sup>

43+ billion

Assets under Administration

650+

Managers on the platform

200,000+

Trades per month

72,000+

Access to target funds

920

Distribution Agreements

(1) As of Q1 2019

# Transitions

## A structured, client-centric, risk-adverse approach

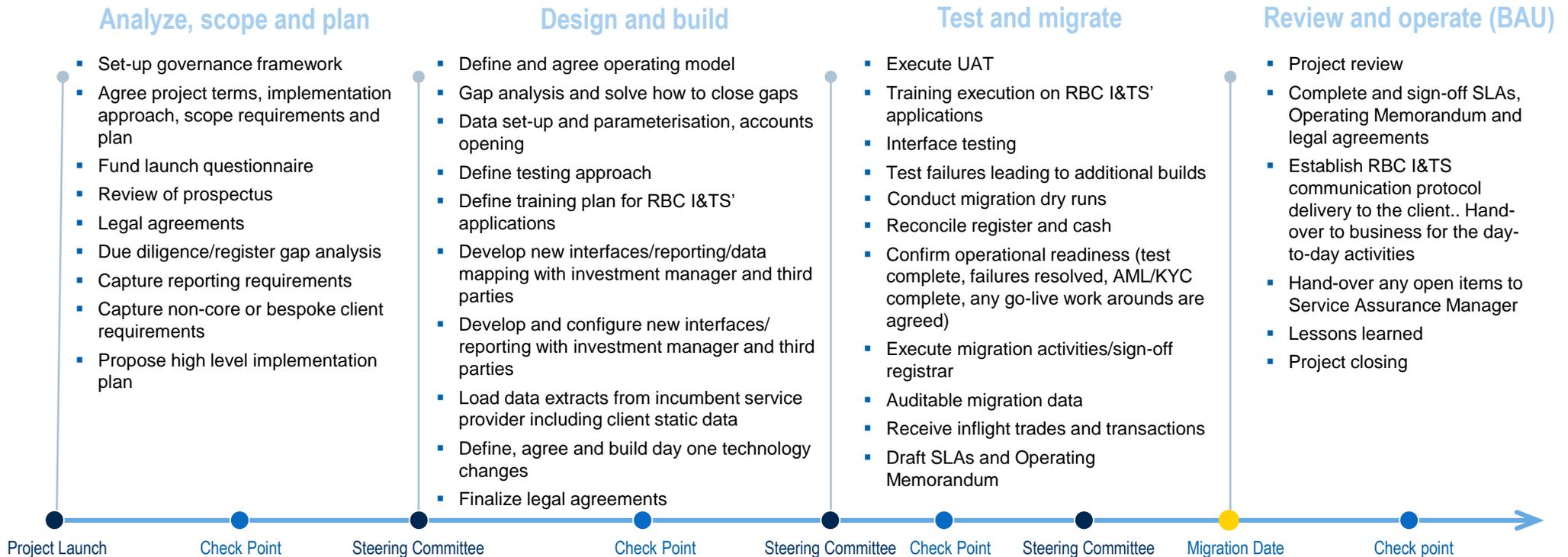
### Open, clear communication

- Formalized governance structures and oversight/steering committees with defined roles and responsibilities for RBC I&TS, the client and third parties
  - Single point of contact for onboarding activities
  - Open communication with dedicated work stream leads
- Defined communication protocols
- Defined artefacts to support onboarding as well as provide project traceability, client information requests and activity live date

### Risk management

- Defined escalation protocol
- Audit trail through the onboarding life cycle tool
- Early documentation and planning around complexities/potential risks

### Methodology



# RBC I&TS' Relationship Model

Industry knowledge, client-centric insight and technical expertise

## Client Coverage

### Executive Engagement

- Dedicated executive sponsorship to align our global service functions to your expectations

### Relationship Management

- Business advisor focused on leading your global client team and accelerating your growth plans
- Responsible for:
  - Connecting key stakeholders across our businesses
  - Ownership of service contracts, commercials and documentation
  - Leading the executive-to-executive Strategic Relationship Review
  - Supporting your new product and service growth

### Product Management

- Act as a partner across our platform to set the strategy and design of your service requirements
- Responsible for:
  - Designing product changes, taking into account your needs and how they fit in with our operating model
  - Developing new products to support your operating model

## Service Delivery

### Client Onboarding

- Accountable for the on-boarding process and execution of your funds change portfolio
- Manage the processes related to:
  - Execute against agreed change requests and manage the internal processes and resource required through to delivery
  - Executing fund launches and documenting operational process flow
  - Liaising with the relevant internal teams to ensure timeliness of deliverables

### Client Management

- Accountable for your overall satisfaction with our service, leading the virtual client team, connecting and sharing industry best practices and regulatory updates
- Your main point of contact for:
  - Development of the operational models and continuous improvement
  - Executing on mutually agreed action plans
  - Educating our delivery teams on how you do business
  - Overall responsibility for change delivery
  - Escalation of operational queries

### IT Relationship Management

- Accountable for the delivery of effective IT solutions
- Your main point of contact for:
  - Development of IT solutions and operating models to align RBC I&TS and the client's business
  - Executing on mutually agreed IT action plans
  - Educating our delivery teams on how you do business
  - IT/ data delivery queries

### Operational Service Delivery

- Your dedicated, subject matter experts who know and understand your business
- Your first point of contact for:
  - Oversight and resolution of day-to-day queries
  - Delivery of services

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