



RBC DEXIA
INVESTOR SERVICES



Supporting **your growth**

RBC Dexia 2010 Year in Review



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Welcome

We are pleased to introduce the 2010 Year in Review, *Supporting Your Growth*, which reflects the many achievements and accomplishments that have helped define our employee and client experiences over the past year.

Since RBC Dexia's inception, five years ago, we have retained a strong emphasis on supporting the unique needs and ambitions of our many stakeholders, fostering partnerships that thrive and endure. We look to the year ahead with confidence knowing that our clients will be well serviced by our teams of professionals around the world, backed by the financial strength of our organisation and its rigorous risk management infrastructure.

2.8

USD trillion in client assets under administration

5,400

Employees globally

88

Markets in our global custody network

15

Offices worldwide

6,700

Funds administered

13

Fund administration markets

1.96

Million NAVs (annualised)

CEO's letter

José Placido, RBC Dexia Investor Services' Chief Executive Officer, comments and reflects on the growth and development of the organisation over the last several years.

It is with great pride that we acknowledge and celebrate RBC Dexia's fifth anniversary. Achieving this milestone gives us the opportunity to reflect on the many contributions and accomplishments that have combined to make RBC Dexia a successful organisation.

We began, in January 2006, by providing the marketplace with, 'A fresh perspective on investor services', which underscored the value of our global and local value proposition. Throughout the past five years, the intensity of our client focus has continued to grow, supported by our highly professional teams located worldwide. Our now familiar tag line, 'Your ambition. Our purpose.' continues to resonate and captures the essence of our commitment to you and our strong sense of purpose.

During our first five years, markets experienced significant change—none more dramatic than the turbulence of the

financial crisis and the subsequent European debt crisis. These events served to reshape market perceptions and acted as the catalyst for regulatory change. While investor confidence levels are recovering, they are tempered with the knowledge that markets are unpredictable. Within this context, RBC Dexia remains highly focused on supporting our clients with products, market commentary and insights and exceptional service to help them achieve their ambitions and capitalise on new opportunities.

With the energy and commitment of our employees, as well as the support of our two shareholders, RBC Dexia will continue to deliver an enhanced client experience.



José Placido
Chief Executive Officer

Chairman's letter



Stefaan Decraene, Chairman of the Board, remarks on RBC Dexia's recent accomplishments and prospects for the future.

On behalf of the Board of Directors, it is with great pleasure that I congratulate RBC Dexia Investor Services on the occasion of its fifth anniversary. When RBC Dexia was formed in 2006, both shareholders, RBC and Dexia, were excited about the prospects for this venture. And five years later, under the strong leadership of our management team and with the support of our employees, the firm has proved itself a formidable competitor within the investor services market.

RBC Dexia continues to rank as one of the top ten custodians worldwide. This is an accomplishment that reflects the collaborative culture that has evolved and the strong sense of pride that pervades every element of the business in each of our locations worldwide.

As members of the Board of Directors, our role is to continue to provide guidance and oversight to ensure that RBC Dexia is

well positioned for a future of change. Regulatory environments are becoming increasingly complex in response to demands for greater levels of protection and transparency. Within this framework, RBC Dexia continues to devote the time and resources necessary to carefully assess and understand the impacts of these changes. It is imperative that business evolves for the mutual benefit and protection of all constituents.

We look forward to the year ahead with enthusiasm, but understand that challenges, change and uncertainty are part of this new reality. We have confidence in RBC Dexia's prospects for growth, the commitment and dedication of our employees and the ongoing support of our clients.

Stefaan Decraene
Chairman of the Board

Performance & growth

Solid business performance

Read more about the themes that defined the investor services business in 2010 and our five-year record of growth.

Five-year record of growth January 2006 to December 2010

+47%

Client assets under administration
from USD 1.9 trillion to USD 2.8 trillion

+46%

Number of employees
from 3,700 to 5,400

+72%

Number of funds administered
from 3,900 to 6,700

+65%

Shareholder accounts
from 5.8 million to 9.6 million

There are several prominent themes that defined the investor services business in 2010—change being the common element. We're seeing regulatory environments change worldwide, managers are being challenged to introduce new innovative products and explore the potential of new revenue models all within the context of uncertain economic circumstances.

What hasn't changed? The stability, strength and sustainability of your investor services provider.

RBC Dexia's sales and relationship management efforts worldwide resulted in 110 new mandates and 106 existing client wins representing every facet of our business—from distribution support, fund accounting and transfer agency to securities lending, foreign exchange, risk and investment analytics and custody.

Solid business performance (continued)

Tony Johnson, Global Head, Sales & Distribution commented that, “Clients are recognising the advantages, opportunities and efficiencies that can result from outsourcing certain obligations and processes. What differentiates RBC Dexia is our distinctive suite of services and technology that can readily accommodate the growing onshore and offshore requirements this sector demands today –all combined with our strong culture of client service excellence.”

RBC Dexia’s strong ratings (S&P: AA- and Moody’s: Aa3) are based on its stand alone financial strength as well as the support of its two shareholders, RBC and Dexia. RBC Dexia maintains a highly liquid balance sheet with a very conservative risk profile and is well capitalised, in excess of regulatory requirements—as at December 31, 2010 our Tier 1 Ratio was 29.97%. In addition, RBC Dexia has significant committed lines of credit from both of its shareholders.

In mid-2010, RBC Dexia’s Italian presence was significantly expanded with the closing of the UBI acquisition. As part of this transaction, RBC Dexia gained an additional EUR 20 billion in assets under custody (depository bank services), and added more than 70 new colleagues to our business in Italy (with the majority coming from UBI). RBC Dexia is now the fourth largest depository bank and second largest fund administrator in Italy.

RBC Dexia remains focused on driving an onshore/offshore proposition to global asset managers operating in multiple jurisdictions. In support of these efforts, we’ll look to build our investor services business both organically and through acquisitions. In terms of acquisitions, opportunities that add increased scale to our current markets or geographies, enhance our product offering or enable us to enter new markets represent the best fit.

We constantly review and pursue opportunities, which we believe will enhance our global franchise. In this regard, our two parents, RBC and Dexia are most supportive of our growth aspirations.

Similar articles:

- Outsourcing opportunities and strategies: Global fund manager survey report
- Trends in Fund Distribution: Fund distribution poll summary results
- Perspectives: The global power shift – New directions for the world economy

Worth reading:

- Perspectives: The age of austerity – Shockwaves. Bumps. Recovery?
- Restoring sovereign health
- Gaining momentum - Brazilian institutions widen investment fund scope



Product solutions

Throughout 2010, RBC Dexia introduced a number of innovative product solutions to help our clients achieve their ambitions. We are pleased to showcase several key initiatives.

It's a sophisticated yet complex world and asset managers are being impacted by many market forces. New legislation is being enacted or proposed that will impact their operations, and potentially investor returns, and conditions are further challenged by an ongoing low interest rate environment and fluctuating global economies. RBC Dexia introduced a series of product solutions in 2010 aimed at helping clients improve operational efficiencies, reduce risk and enhance portfolio returns:

Risk disclosure service

RBC Dexia launched a new risk disclosure service specifically designed to help Canadian pension plans meet the risk disclosure requirements of Canadian Institute of Chartered Accountants 3862. Developed by RBC Dexia's Risk and Investment Analytics group, the new risk disclosure service aggregates risk exposure information at the plan level and provides data on the required risk areas detailed in the CICA 3862 guideline.

Currency hedging service

RBC Dexia launched a new passive FX hedging service designed to protect our clients' investments against currency translation risk. RBC Dexia's solution offers transparent pricing and client-driven execution times that provide liquidity matching and fund valuation consistency, with complete flexibility to hedge at different levels of fund hierarchy. And the entire model is fully integrated with RBC Dexia's custody and fund accounting systems, as well as external data sources.

Foreign exchange integration

RBC Dexia continued to invest heavily in the growth of our global foreign exchange business throughout 2010. A cornerstone of this strategy is the harmonising of our foreign exchange trading technology and systems across the globe to ensure a seamless and consistent 24-hour client experience. 2010 saw key appointments in our FX group to add depth to our expertise. We are also finalising plans to open a dedicated foreign exchange trading desk in Hong Kong.

Credit financing

RBC Dexia recently extended its credit financing program to North-American and UK-based fund of hedge funds (FoHF) managers. Managers in Continental Europe already benefit from this service. This capability is particularly valuable to asset managers in search of liquidity solutions—it establishes credit facilities directly with RBC Dexia, as custodian, rather than within a third-party financing model which can be complex to structure and more expensive to operate.

Delivered from RBC Dexia's Market Product and Services operating hubs in Luxembourg and Toronto, this is an important product extension that supports managers active in the FoHF space. It also provides a framework that will enable RBC Dexia to take a more opportunistic approach on the credit requirements of its other clients' segments, globally.

Securities lending market expansion

In 2010, we expanded our securities lending services to include Denmark and Italy, allowing clients domiciled in these jurisdictions

Product solutions (continued)

to maximise revenue opportunities with an expanded product offering. Other new products under development include an enhanced client reporting capability that will offer online self-service reporting designed to provide clients with flexible, transparent and timely information on their lending program.

Third party lending

To support the growth of our third party lending program, we expanded our team with the addition of a dedicated sales director responsible for sales strategy, execution and market expansion of RBC Dexia's third-party lending product offering.

Global cash agency project

RBC Dexia successfully expanded our cash agency program globally—a fully outsourced cash management service. RBC Dexia forecasts the closing cash balances available in clients' custody accounts and places the cash using an approved counterparty list provided by the client. By using our cash agency program, clients can diversify their concentration risk and invest either a fixed amount or a percentage of the balance per counterparty.

Distribution support product enhancement

In December 2010, RBC Dexia launched a program to enhance our distribution support proposition. Enhancements are being introduced in several phases, with completion of all elements expected by the end of March 2012. As the first step, we launched a new analytics service designed to complement our existing service capabilities for order routing, settlement, and safekeeping. This allows our clients to monitor their current investments and provide information to assist their investment decision process.

HST tax administration service

The implementation of the harmonised sales tax (HST) in Canada on July 1, 2010 imposed certain filing and reporting obligations. To help our clients meet these new reporting requirements, RBC Dexia introduced HST filing and reporting services—designed to suit the specific needs of both our fund administration and unitholder recordkeeping clients.

Similar articles:

- Decoding currency risk: a guide to evaluating and managing currency risk
- RBC Dexia Securities Lending Market Update
- Demystifying Securities Lending

Worth reading:

- Alternative options - painting a new picture for funds
- ETF fundamentals. The numbers are adding up.
- Wanted: Peace of Mind. Where do managed accounts fit in?

Multi-jurisdictional servicing

Institutional investors don't want to be limited by time zones or borders and the services that support their back, middle and front office operations need to align with this global marketplace. RBC Dexia's approach resonates with the market.

RBC Dexia is acutely aware that a successful multi-jurisdictional servicing model depends on the connectivity of its core operating framework—one that employs rigorous standards, consistent approaches and flawless execution with appropriate risk mitigation protocols in place at every turn. Our global operating model continues to adapt and evolve to a changing environment.

By carefully assessing where and how resources are deployed, RBC Dexia can provide a logical, scalable and sustainable model that can meet multi-jurisdictional client needs.

Our working groups are focused on ensuring that an appropriate balance is maintained between the provision of responsive local service and large scale enterprise-wide processing that drives synergies and capacity, within a sound risk management framework.

Joanna Meager, Global Head, Operations reflects, "The success of our global operating model clearly demonstrates the value of our approach. We're simplifying the layers and processes and ensuring that our clients have a clearer line of sight within our organisation—with client service and relationship management playing a pivotal role."

Central to managing a global operating model is having access to comprehensive metrics about our business. We review and act upon thousands of different data points across all parts of our operation, which enables us to identify opportunities to improve and enhance processes, manage quality and ensure industry leading service levels to our clients. In particular, Quality+ is a program operated enterprise-wide that seeks to continuously enhance quality throughout our business by measuring and action planning against multiple quality measures applied against each function.

Our network management strategy has also evolved throughout 2010 to ensure that we remain close to the 88 emerging and major markets that comprise our subcustodian network. We operate a global service model that provides 24-hour coverage from teams located in London, Luxembourg, Toronto and Singapore. As market circumstances change so rapidly, this closer proximity to subcustodians facilitates our oversight responsibilities, which are so critical from a risk management perspective, in particular our Continuous Risk Assessment (CRA) protocols, which is a multi-point program to ensure the continued safeguarding of clients assets. It is

mandatory for all providers to accept and agree the CRA, which includes a thorough due diligence process.

Similar articles:

- Outsourcing opportunities and strategies: Global fund manager survey report
- 360 article - It's all about fit. Subcustodian due diligence and monitoring
- Perspectives: The global power shift - New directions for the world economy

Worth reading:

- Continuous Risk Assessment - overview
- Target 2011: Preparing for the new UCITS IV implementation measures
- RBC Dexia's Expanding Fund Distribution Guides

Risk management

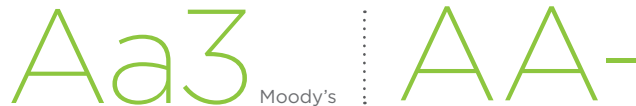
RBC Dexia continues to demonstrate resilience and stability in a changing operating environment, supported by a sound risk management framework.

RBC Dexia takes pride in ensuring that our interests and those of our clients are properly safeguarded and protected. But as new products evolve and market and regulatory demands change, organisational risk management processes must also adapt.

The approach adopted by RBC Dexia ensures that all elements of our business are managed within a strong risk mitigation framework, in a manner that aligns with our low appetite for risk. We ensure that all potential risk types are carefully identified, assessed, mitigated and measured, and reported in accordance with our regulatory obligations.

Over the past year, RBC Dexia has further strengthened its risk management capabilities allowing us to maintain a solid and stable risk profile in a growing business environment.

One of the key highlights from 2010 was the roll-out of an enhanced enterprise-wide risk management governance model that extends the application of best practices in operational risk mitigation programs. It features comprehensive oversight through a series of policies and operating frameworks that clearly



guide our businesses to ensure effective decision-making—all under the guidance of expert governance committees with the full support of RBC Dexia's senior management.

In addition, the management of credit and counterparty risk was strengthened through an update of the Credit Risk Management Framework, which favours covered exposures. RBC Dexia's market risk exposure profile continues to be very low and a strong liquidity management framework was implemented. We maintained particularly strong risk fundamentals throughout 2010, with no credit losses or related provisions.

We continue to fulfill our trusted role as an investor services provider, supported by our rigorous system of internal controls and policies, as articulated in the semi-annual Report on Key Internal Controls and Safeguards, CICA Section 5970/ AICPA SAS70.

RBC Dexia is supervised by the CSSF overall as well as local regulators in each of the geographies in which we operate. Clients can be assured that

we comply with all relevant regulatory requirements and obligations and we will continue to keep pace with market momentum and change.

Similar articles:

- Decoding currency risk: a guide to evaluating and managing currency risk
- RBC Dexia's Report on Key Internal Controls and Safeguards
- Risk and Investment Analytics - valued-added reporting capabilities

Worth reading:

- Liability benchmarking for pension plans
- The value of liquidity. Can it be measured?
- Making each vote count. How Canada's proxy voting process measures up

Shaping tomorrow

Transformational technology

The high performance investor services business demands high performance technology. RBC Dexia is creating systems that will enable us to meet our clients' business requirements now and in the future.

RBC Dexia's technology solutions provide the reliable, timely and accurate information that our clients require to move their businesses ahead. Moreover, our systems are designed to facilitate the integration of our data within our clients' business processes in a flexible, easy-to-use environment.

Technology requirements constantly evolve in response to changing market conditions, new product developments and the plethora of regulatory initiatives underway. At RBC Dexia, we are making a significant investment in new technology to ensure that our systems are well positioned to quickly respond to changing dynamics and that our clients are positioned to take advantage of emerging opportunities.

Key multi-year program highlights include:

- enhanced custody service offering
- robust multi-currency accounting capability

- state-of-the-art global derivatives platform
- flexible reporting service including continued expansion of our innovative web portal

We're creating systems that will enable us to meet our clients' ongoing business requirements now and in the future.

Custody

RBC Dexia continues to move forward with our enhanced custody solution. Development of the custody system's core components is complete and we are currently in the testing phase. Client transitions are planned to begin in 2012 and will continue on a phased basis.

Accounting

RBC Dexia's new custody offering will be integrated with a robust multi-currency accounting capability. Progress continues on the accounting system including detailed requirement documentation and validation, together with construction and testing of

Transformational technology (continued)

the accounting rules. Implementation will be aligned with the custody initiative.

Derivatives

RBC Dexia is finalising development of our global derivatives platform, providing clients with state-of-the-art solutions for their evolving derivatives needs. We are currently in the final stages of testing and are targeting client transitions in late 2011.

RBC Dexia Online

RBC Dexia continues to enhance our innovative online capabilities. In late 2010, we introduced full transactions capabilities to RBC Dexia Online. In addition, we developed and implemented a new set of brand standards to enhance the tool's look and navigation. We have also introduced eLearning tutorials, which deliver training directly to our clients' desktops.

In addition to these larger initiatives, RBC Dexia's information technology teams worldwide contributed to the development of an extensive series of enhancements, upgrades and customised solutions to improve service quality and strengthen day-to-day support for our clients.

Similar articles:

- 360 feature - Focus on 2011
- Outsourcing opportunities and strategies: Global fund manager survey report
- Perspectives: The age of austerity – Shockwaves. Bumps. Recovery?

Worth reading:

- Islamic Finance Reaches Out
- Raising the bar – Asian investment trends poll
- Crossroads to reform – Australian investment industry poll results



Regulatory initiatives

We track the prominent regulatory themes and initiatives that are shaping the investor services business worldwide.

The post-crisis wave of regulatory initiatives continues to gain momentum on both sides of the Atlantic. An influx of regulatory changes can pose challenges and, as a result, market participants need to be positioned appropriately to deal with the pace and amount of work but also allot time and resources to contribute to the dialogue and consultation necessary to add clarity and perspective.

Moreover, it is important to understand that the impacts and consequences of such initiatives are highly interconnected and complex. Local legislation can have an immediate yet unintended effect in other parts of the world. As a result, RBC Dexia closely monitors the possible implications on both our business and our clients' business to ensure that everyone's interests are best served.

Several of the more prominent regulatory themes under the scrutiny and watch of our Industry Initiatives team, include the following:

The Foreign Account Tax Compliance Act (FATCA)

The US-originate FATCA is a key piece of legislation which applies to foreign accounts held by US citizens. Its aim is to capture all potential tax revenue payable on their worldwide income. FATCA became law in March 2010, but the detailed regulations and guidance on logistics are still being issued by the US Treasury and the Internal Revenue Service. The provisions generally apply to payments made on or after January 1, 2013. FATCA could, potentially, force all foreign investment companies (including investment funds) to sign an agreement with the IRS or be subject to punitive withholding taxes on US generated income

The Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act was passed in response to the financial crisis and increases the powers of the Securities and Exchange Commission (SEC). It will require managers of funds with more than 15 clients in the United States with assets totalling more than USD 25m to register with the SEC, by July 21, 2011.

Firms that fall under Dodd-Frank must develop a compliance manual, a code of ethics, an employee investment policy and a compliance monitoring program. The SEC also has broad inspection powers.

Both Dodd-Frank and FATCA are excellent examples of local legislation that have a significant worldwide impact in the investment community.

UCITS IV and V

UCITS IV implementation details have been published and translation into national law is underway and will be finalised for July 1, 2011. Luxembourg was the first EU country to translate the directive into its law, as of December 17, 2010.

The aim of forthcoming UCITS V is to align the UCITS regime with the AIFM directive in relation to fund manager remuneration and the duties and liabilities of depositories. Under this proposal asset managers would have to implement remuneration policies that promote sound risk management and do not encourage risk-taking. Bonuses would have a three-year deferral

Regulatory initiatives (continued)

period. In addition, it is proposed to clarify the UCITS depository function and to ensure consistency between the legislation applicable to the depositories of UCITS and to depositories of alternative investment funds, as outlined in the AIFM directive. The European Commission aims to produce draft legislation by July 2011.

Alternative Investment Fund Managers Directive (AIFMD)

The aim of the Alternative Investment Fund Managers (AIFM) directive is to regulate alternative investment entities that fall outside of the UCITS regime and was introduced in response to the financial crisis. The crisis underlined the extent to which AIFMs were vulnerable to a wide range of risks likely to threaten the stability and integrity of European financial markets, albeit recognising AIFMs were not the root cause. However, its approach has been criticised as being “one size fits all”.

The AIFM directive is due to be implemented in the first quarter of 2013 for European Union-based fund managers, and 2015 for non-European Union fund managers operating within EU borders.

A strong focus within AIFMD pertained to the depository liability debate. Industry efforts were aimed at finding an acceptable balance between calls

for increasing investor protection on one side and depository liability rules on the other that would still allow depositories to continue to support their clients’ global investment strategies—taking into account the realities and complexities the global investment environment imposes.

EU Securities Law Directive

The Securities Law Directive is aimed at harmonising the rules governing holding and disposition of securities held through securities accounts and the processing of rights attached to such securities. This is likely to be a highly complex and technical debate.

Under the proposed directive, among others, beneficial owners may be granted the ability to leap-frog these intermediaries and assert their ownership rights; or account providers may be imposed duties and liabilities that go beyond what they can reasonably control based on current market practice. The cost of administering this is likely to be passed on to asset managers and end investors. This is currently in the pre-consultation stage. A draft European Union directive is likely sometime this year.

RBC Dexia is strongly committed to developing and shaping the market for the benefit of all stakeholders. And our membership and participation in professional associations is an essential part of is our proactive

efforts. RBC Dexia contributes to more than 140 professional industry associations, in over 14 locations worldwide including the Association of Global Custodians (AGC), Association of the Luxembourg Fund Industry (ALFI) and the International Securities Lending Association, to name a few. RBC Dexia was also one of the first to join the European Fund and Asset Management Association (EFAMA) as part of their newly created associated membership. In addition, since October 2010, RBC Dexia is chairing the European Focus Committee of the Association of Global Custodians.

Our level of engagement and expertise on current trends and issues is reflected in our growing series of technical publications and guides.

Similar articles:

- Stemming tax evasion: US FATCA rules impose new obligations
- A new world order
- RBC Dexia’s dedicated UCITS IV website

Worth reading:

- Outsourcing opportunities and strategies: Global fund manager survey report
- Perspectives: The global power shift – New directions for the world economy
- Perspectives: The age of austerity – Shockwaves. Bumps. Recovery?

An exceptional client experience

RBC Dexia's award-winning service reflects our employees' commitment to ensuring our clients benefit from a unique high quality experience.

The provision of outstanding client service and support—that helps our clients achieve their ambitions—is at the very core of RBC Dexia's value proposition. It guides our business strategy, motivates our employees and nurtures our client relationships.

Since our inception in 2006, these mutually dependent connections have continued to strengthen, resulting in a level of service that is unmatched within the industry and in client partnerships that thrive.

But this is a highly competitive business. To continue to distinguish and distance ourselves from our competitors in a changing marketplace, particularly on the strength of our client service, it is important to be flexible—to continually adapt service models that ensure we're closely aligned with our clients and the markets in which they operate.

In 2010 and early 2011, we announced a number of strategic appointments that emphasise our focus on supporting the needs of our clients. Four new managing directors were appointed, in Luxembourg, Switzerland, Hong Kong and Singapore. Our managing directors are

now responsible for driving our strategy and growing our business in those markets, but also overseeing relationship management activities. Building strong, local multi-level relationships provides us with a deeper understanding of our clients' needs, and provides our clients with the level of flexibility and high-touch service they require in this changing world.

We will continue to evolve our client service approach in a progressive and thoughtful manner that demonstrates to clients that we are committed to their business as strategic long-term partners.

Similar articles:

- 360 magazine - March 2011
- Outsourcing opportunities and strategies: Global fund manager survey report
- Crossroads to reform - Australian investment industry poll results

Worth reading:

- The three R's: reform, risk, returns - Pension quick poll results
- Italian poll results
- Adapting to market change: Alternatives poll results



Knowledge & research

RBC Dexia issued an extensive range of publications throughout 2010 to help guide and inform you, utilising social media to drive even more discussions.

Meaningful conversations with our clients begin with relevant topics and insightful perspectives. The publications, reports and papers released by RBC Dexia in 2010 provided the foundation for many of those discussions featuring information on a range of topics designed to help shape and enhance your business—easily accessible as part of our online Intellectual Capital Library.

And to extend the dialogue, in November 2010, RBC Dexia launched its social media presence on Twitter and LinkedIn, opening up a new and exciting channel for us to reach and engage a broader audience. Since the launch, nearly 300 Twitter followers and 250 LinkedIn group members have been re-tweeting our tweets, commenting on our posts and discussing topics introduced through our intellectual capital. In the coming year, we'll look to expand our social media presence with additional features on LinkedIn, explore other popular channels and seek out new ways to engage our clients, employees and other stakeholders. Be sure to stay on top of our latest tweets and discussions by following us

on Twitter and joining our LinkedIn group.

Select feature publications released by RBC Dexia in 2010 are noted below. Visit our Intellectual Capital Library for the complete archive:

Perspectives: In the three editions released throughout the year, RBC Dexia looked at new directions for the world economy (April 2010), we assessed the health of pension systems worldwide (July 2010) and explored the investor influence (October 2010). Perspectives includes commentary from clients, academics and other influential market participants.

360 magazine: RBC Dexia's online magazine combines insights on the top issues of the day—from product development and market analysis to the impact of regulatory measures—as well as the latest news at RBC Dexia. 360 was issued three times in 2010 and the first edition for 2011 is accessible online.

Overall landscape of the French asset management industry at the dawn of UCITS IV: In this exclusive report, developed

in collaboration with French consulting firm amGroup, we present the views of about 30 leading asset managers in France—the second largest market in Europe. The report features candid commentary on the challenges in this market and growth prospects for the future of the funds industry.

Analysis of trends in the asset management industry in Italy:

The Italian asset management industry has undergone significant structural change within the last decade. RBC Dexia's survey, undertaken in partnership with Ernst & Young, analyses the strategic development and evolutionary trends within the Italian asset management industry.

Decoding currency risk - a guide to evaluating and managing

currency risk: Investors have long benefited from holding diversified foreign investments. But the potential rewards available to them for mitigating the accompanying currency risk are less understood. This paper 'decodes' the mystery of currency risk, setting out the methods and framework for investment managers to evaluate and manage this source of,

Knowledge & research *(continued)*

potentially unrewarded, investment return risk.

Crossroads to reform - Australian investment industry poll results:

This poll explores views of a range of financial institutions on the likely impact of current industry reform proposals on the Australian market.

Pension quick poll - The three

R's: reform, risk, returns: RBC Dexia's second pension quick poll reveals that defined benefit plans sponsors view pension reform efforts as average or poor. And risk issues, predominantly liquidity risk, continue to pose significant challenges.

Fund distribution: RBC Dexia is committed to helping its clients assess their business capabilities and enable them to make informed decisions about the set up of their funds and distribution strategies. RBC Dexia's Expanding Fund Distribution and Regulated Investment Vehicle guides offer market critical information to help clients increase their fund distribution capacity across multiple jurisdictions. These thought-leadership publications carry key economic statistics, insights into investor trends, market participant league tables and details on the requirements for marketing and distribution. They also include comprehensive information on fund features, available categories and forms, fund comparison guidelines, regulatory analysis

and the practical aspects of launching a fund.

To further demonstrate our insight and leadership in the marketplace, RBC Dexia engages with the media, participates in industry roundtables, presents at global forums and sponsors exclusive proprietary symposiums and information sessions. In 2010, we participated in 53 events worldwide.



Quality & excellence

RBC Dexia closely monitors and measures all facets of our business through our Quality+ program. Our clients share their feedback on our service through our proprietary survey as well as leading external surveys.

Quality+

RBC Dexia's quality programs and initiatives instil a sense of pride and passion within our firm. They touch every aspect of our business and extend to each of our offices in the world. It is a multi-faceted approach to excellence that seeks to embed quality in our daily business activities, build a broad awareness and understanding of client impacts, and rewards and recognises success.

Our overarching Quality+ program embodies three distinct streams:

- 1.** the voice of the client: reinforces our focus on client satisfaction by gathering and analysing client data and exploring ways to better serve those clients
- 2.** the voice of process: focuses on efficiencies and effectiveness, where performance is gauged against clear targets and operational key performance indicators (KPIs) at all levels, which then triggers improvement actions and ensure that client requirements are met.

- 3.** the voice of business: aligns people and ideas fostering commitment and collaboration in implementing and sustaining new working methodologies

RBC Dexia's monthly Quality+ meetings, now held in all our offices worldwide, provide a unique forum that allows us to share, showcase and recognise best practices around the world. Our operational and service delivery teams present their performance against a series of client-defined indicators that provide a transparent and accurate view on performance over the month. It's part of our ongoing focus on delivering exceptional client experiences.

RBC Dexia listens and responds

Developing a detailed understanding of our clients' unique needs provides clarity of direction and focus for the future. Our Client Consultation Surveys are integral to the process. Since 1999, we have regularly surveyed clients in order to: measure satisfaction, identify shifts in client priorities and satisfaction,

pinpoint opportunities for service enhancements and highlight emerging trends that may shape future requirements.

In 2010, we surveyed clients in Europe and Asia/Pacific. The results reflect a solid 60% response rate with the majority of clients rating their satisfaction as '4' or '5' on a five-point scale. When asked about experiences over the most recent 12 months, 83% of clients in Europe and Asia/Pacific said that RBC Dexia had maintained or improved overall satisfaction in the past year.

The survey process includes the careful assessment of all recommendations followed by business-specific action plans. In 2011, we'll survey our Canadian clients utilising the same rigour and discipline that provides the rich perspective and deep appreciation of our clients' needs worldwide.

Quality & excellence (continued)

Accolades

RBC Dexia is honoured to have been ranked in the top quartile in a number of independent international surveys. Recent awards include the following:

Global Investor (2010)

#2 overall for quality of global custody services, including top spot in seven key categories:

- #1 overall for Americas (unweighted)
- #1 overall for EMEA (unweighted)
- #1 by Institutional Asset Managers Americas (unweighted)
- #1 by Institutional Asset Managers EMEA (weighted & unweighted)
- #1 single custodian overall (unweighted)
- #1 single custodian overall for Americas (unweighted)

Global Investor (2010)

#2 overall for quality of foreign exchange services, including top spot in seven key categories:

- #1 in Europe, both weighted and unweighted
- #1 in Real Money
- #1 in Trading/Execution Developed Markets
- #1 in Hedging Capabilities
- #1 in Alpha Generation
- #1 in Global 24 Connectivity

R&M Consultants (2011)

- #1 overall global custodian in the world
- #1 in Europe
- #1 in UK
- #1 in Canada
- #1 in North America
- #1 in Rest of World
- #1 with Asset Managers, in four key categories (overall, direct, indirect/both, UK)

Global Custodian (2010)

- “Top-Rated” for global custody services (2005-2010)
- “Top-Rated” for custody services in Canada

Funds Europe (2010)

- European Custodian of the Year

ICFA (2010)

- Fund Administrator of the Year: Luxembourg
- European Transfer Agent of the Year
- European custody client relationship manager of the year



Supportive & dynamic team

Employee experience

We're proud of the more than 5,400 RBC Dexia employees in 15 countries who deploy their talents daily in fields varying from fund accounting and relationship management to client solutions and information technology.

The expertise, diversity and cultural richness of our employees are strengths in catering to the needs of a sophisticated global clientele.

Five years of growth creates opportunities to build on those strengths while enriching our employees' experience. In 2010, we were pleased to continue programs from our early days, such as Catalyst, which has become synonymous with high performance at RBC Dexia, while introducing new initiatives that enhance the capabilities and well-being of our employees. Along with our corporate programs, this year also ushered in more grass-roots employee initiatives. Whether it was London management taking to the front lines in their own version of Back to the Floor, or Luxembourg employees organising an in-house career fair, a clear sense of collaboration and creativity defined employee-led efforts in 2010. These initiatives may reflect the unique culture and needs of the countries in which we operate but they all share a common purpose:

to provide a supportive and rewarding environment where individuals can discover their true potential and deliver their personal best.

Career

Following on the success of our leadership development program, RBC Dexia launched a parallel Career initiative in 2010, targeted to our management group.

The Managers Program creates a modern global standard for how we manage the performance and engagement of our employees. Using multi-rater assessment, best practices, and individualised training, each RBC Dexia manager can tailor the development of their coaching, team-building, communication and business skills.

Since its launch a year ago, approximately 800 managers have been enthusiastic participants in the Managers Program.

Employee experience (continued)

Workplace

As one of RBC Dexia's workplace highlights we conducted our second global employee survey in late 2010, which elicited an 83% response rate. Listening to our employees and understanding what's working well and where we need to build further is a commitment we take seriously. Responding to the feedback and taking actions is a key priority over the course of 2011.

Wellness programs have become a defining feature of RBC Dexia's workplace offerings. Our employee running clubs, for example, have grown from a single group in Luxembourg in 2007 to seven countries with active clubs today. In other geographies, we've introduced workplace yoga and pilates classes, wellness information sessions, and a host of other initiatives that have been embraced by employees.

Benefits

RBC Dexia offers a competitive range of benefits that go beyond the basics to provide a supportive environment for our employees, at each stage of life. This encompasses employee care programs, flexible benefits, volunteer grants, pension plans and retiree benefits.

In 2010, we expanded the range of employee discount programs.

Today, many employees can take advantage of preferred rates on financial products and services, merchant products and services, and municipal transit among other offers.

Rewards

Fostering a culture of high performance has always been a cornerstone of RBC Dexia. And we believe a job well done deserves recognition in as many ways as possible. Competitive incentive pay, on-the-spot rewards and peer-nominated performance programs along with market-based pay round out a strong reward package.

Our Catalyst Awards for high performers continues to grow in popularity. 2010 marked the third year that individuals and teams have been recognised by their peers for outstanding achievement. Last year, we had 559 nominations, 153 term winners (112 individuals and 41 teams) and our annual award winners included 31 individuals and seven teams from across our organisation—all setting the standard for excellence at RBC Dexia.



Charitable & community support

At RBC Dexia, many of our employees support local communities by volunteering their personal time and skills to worthy causes. We are proud of the involvement of our employees in community projects and programs and encourage their ongoing engagement through the RBC Dexia employee volunteer grant program. This program provides monetary donations directly to the charitable organizations that our employees are involved in.

In addition to supporting a number of national and regional charities, we also respond to requests to contribute to the well-being of our local communities. Specifically, employees have the opportunity to apply for grants, which are issued to qualifying projects.

This clear sense of purpose and ambition to help others was demonstrated by the high level of volunteer activity exhibited by RBC Dexia employees in 2010 around the world.

To showcase these efforts, RBC Dexia's annual employee calendar for 2011 adopted charitable giving

as its focus for the year. Each month features pictures and stories of local efforts aimed at enriching the lives of others and building brighter futures, in many parts of the world. The calendars proudly adorn each desk in every RBC Dexia location worldwide.

From a corporate perspective, RBC Dexia's corporate giving program is based on three guiding principles: causes that support children and youth, programs that reflect emerging needs and projects that have a direct impact on their communities. In 2010 we continued to generously support programs such as the Worldwide Orphans Foundation, Pathways to Education Canada, Theodora Foundation and HeartKids.

RBC Dexia also responds to immediate crises that arise worldwide. We most recently supported urgent earthquake relief efforts in Japan, provided aid towards Queensland flood relief efforts in Australia, and also contributed to Haitian humanitarian efforts through the Canadian Red Cross in early 2010.

We are deeply committed to these programs and are pleased to be in a position to support the ambitions and desires of those in need.

