RBC I&TS (UK)

Policy on Reporting Custody Asset Values

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1.   Purpose of this document

This document provides information regarding RBC Investor & Treasury Services UK[1] ('RBC I&TS', 'We', or 'us') the UK Policy on Reporting Custody Asset Values ("the Policy").

This includes a disclosure of the market data sourcing approach used by RBC I&TS to ensure clients are always provided with an accurate valuation on their custody client statements of holdings. Additionally, this document is intended to provide a clear indication of the steps taken to provide clients with the most accurate valuation on their securities holdings, where up-to-date market prices can't be sourced (which could potentially be due to a lack of market liquidity).

This document is published and updated as necessary on our website at https://www.rbcits.com/assets/rbcits/docs/disclaimers/BestExecutionPolicy.pdf.

2.   Scope of this Policy

The Policy details the methodologies applied to derive securities values which are reported to clients on periodic client statements of holdings for the provision of Custody services by RBC I&TS.

Instruments in scope of this policy:

- Equities;
- Exchange Traded Funds;
- Other funds (Mutual/Hedge/Unit Trust etc.);
- Bonds;
- Term Loans;
- Listed Warrants or equivalents (e.g. Participation Notes – Certificates)

Instruments out of scope of this policy:

3.   Purpose

To ensure clients of RBC I&TS are provided with clear, fair and not misleading information on our adopted approach to pricing & reporting securities, this policy illustrates the use of market prices sourced from multiple market data vendors and the procedures that have been implemented to ensure asset values reported on client statements are as accurate as possible.

4.   Pricing Methodology

Pricing approach per asset class

Equities / Exchange Traded Funds/ Warrants:

- Price Typology: Last Trade/Official Close for Listed Securities default, if there is no trading volume, to the Mid-price of the last available Bid and Ask of the day. Intrinsic Valuation Methodology also available for Warrants / P-Notes / etc.
- Pricing Source Hierarchy: Interactive Data / Market Data Vendor 1 / Market Data Vendor 2 /Market Data Vendor 3

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[1] RBC I&TS is a brand name of the RBC Global Financial Group. In the UK, RBC I&TS operates out of the following UK authorised entities: RBC Investor Services Trust, London Branch; RBC Investor Services Bank S.A., London Branch; Royal Bank of Canada, London Branch; and RBC Europe Limited. This policy outlines the Policy for the RBC Investor Services Trust, London Branch entity on reporting Custody Asset Values.

Fixed Income (Non-Asset Backed Security ['ABS'] & Index Linked):

- **Price Typology**: Mid-price. If there is no Mid-price default to Bid
- **Pricing Source Hierarchy**: Interactive Data / Market Data Vendor 1 / Market Data Vendor 2 /Market Data Vendor 3

ABS & Index Linked:

- **Price Typology**: Mid Factor Adjusted default to Bid Factor Adjusted (Custody Valuation done on Original Face) – Valuation is based on Market Price – Price Injection is Market Adjusted via Master Data Feed Paydown/Index Factor
- **Pricing Source Hierarchy**: Interactive Data / Market Data Vendor 1 / Market Data Vendor 2 /Market Data Vendor 3

Funds (Non Exchange Traded): Net Asset Value (NAV):

- **Price Typology**: NAV. If there is not NAV default to Trade
- **Pricing Source Hierarchy**: Interactive Data / Market Data Vendor 1 / Market Data Vendor 2 /Market Data Vendor 3 / Market Data Vendor 4

Term Loans:

- **Price Typology**: Mid-price. If there is no Mid-price default to Bid
- **Pricing Source Hierarchy**: Market Data Vendor 1 / LPC

When no current market price can be obtained for a particular security:

To ensure clients are provided with a clear indication of where a current market price couldn't be obtained for a particular security, the relevant security holding will be highlighted on client custody statements through the methodology described in Section 5 *MiFID II Disclosure of estimated securities valuations on client statements.*

5.   Disclosure of old securities prices on custody client statements

Per the requirements under FCA rules to provide custody clients of RBC I&TS with a periodic client statement of client holdings, including all the relevant disclosures, we have implemented a new methodology to disclose to clients where a security has been reported on a client statement with a value that has been derived from prices other than current market prices.

Inability to obtain updated market prices can occur for a number of reasons but is typically due to a lack of market liquidity. To assist clients in identifying which securities holdings reported on periodic client statements of holdings, estimated securities prices are marked with an asterisk (*). The value of a security is deemed to be 'estimated' when no current market price could be sourced. The approach to determining when the value of a certain security is 'estimated' is if the date of the last price update for that security exceeds the maximum number of day's threshold set at the security type grouping level.

The 'old price' thresholds adopted by RBC I&TS for the purpose of disclosing such securities on client statements are set at the following levels:

Old security price thresholds per security type grouping

E= Equities   5 Days
G= Government Debt   5 Days
M= Money Markets   5 Days
C= Corporate Debt   5 Days

6.   Policy Review Schedule

The RBC I&TS UK Policy on Reporting Custody Asset Values is reviewed at least annually.