



# Royal Bank of Canada

## RBC to Acquire BlueBay Asset Management

### Creating a leading global wealth and asset management business

October 18, 2010

#### Caution regarding forward-looking statement



Certain statements contained in this presentation may be deemed to be "forward-looking statements" under certain securities laws, including the "safe harbor" provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements about the expected effects of the acquisition of BlueBay, the expected timing and scope of the acquisition and other statements other than in relation to historical facts. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan", and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions and other forward looking information, including statements about the acquisition of BlueBay by RBC will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include, but are not limited to, the possibility that the proposed acquisition does not close when expected or at all because required regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, that RBC and BlueBay may be required to modify the terms and conditions of the proposed transaction to achieve regulatory approval, or that the anticipated benefits of the transaction are not realized as a result of such things as the strength of the economy and competitive factors in the areas where BlueBay does business; the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial judgments and legal proceedings; RBC's ability to complete the acquisition of BlueBay and to integrate it with RBC successfully; reputational risks, and other factors that may affect future results of RBC and BlueBay, including timely development and introduction of new products and services, changes in tax laws, and technological and regulatory changes. We caution that the foregoing list of important factors is not exhaustive. Additional information about these and other factors can be found in RBC's 2009 Annual Report.

Except as required by law, Royal Bank of Canada assumes no obligation to update the forward-looking statements contained in this presentation.

## Executing on our strategy



Leverage our position as a top 10 global wealth manager and continue to expand our asset management solutions



- The recommended acquisition of BlueBay Asset Management plc is a key step towards building a leading global wealth and asset management business
- BlueBay's salient features mirror RBC Wealth Management's and bring benefits to our clients:
  - Attractive high-margin business with strong growth potential
  - High quality recurring revenue and earnings
  - Broadens investment solutions for our clients in Canada, the U.S. and the U.K.

Fits firmly into RBC's strategic direction



Global leadership in Capital Markets and Wealth Management

## Who We Are – RBC Global Asset Management (RBC GAM)



- RBC Wealth Management's investment management business
  - Canada's largest fund company with industry leading net sales of long-term funds<sup>(1)</sup>
  - Approximately C\$ 200B AUM<sup>(1)</sup> – 50/50 split between retail and institutional
  - Among the top institutional money managers in Canada
  - Competitive US institutional presence with established consultant and direct business development teams
- Partnering with RBC Wealth Management to provide a full suite of solutions
  - The largest and most comprehensive wealth management business in Canada with 23% market share<sup>(2)</sup>
  - Sixth largest US full service wealth management firm with over 2,000 financial consultants
  - Top 15 global private bank with wealth management operations in U.K., EMEA, Latin America and Asia<sup>(3)</sup>
  - A leading global trust business
- A history of shared success in forming strategic partnerships

## Overview of BlueBay

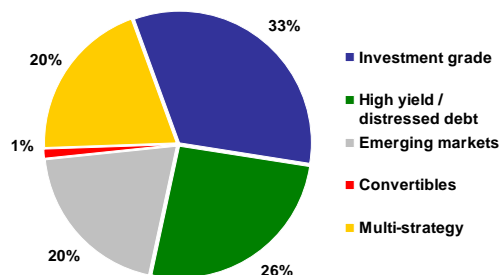


- Headquartered in London; publicly traded on LSE
- A leading European fixed income manager
  - Specialization in European credit, emerging market debt and absolute return strategies
  - Persistent alpha and a rigorous investment process
- US\$ 40 billion in AUM<sup>(1)</sup>; 60% Institutional / 40% High Net Worth Clients
- Quality management with proven ability to innovate new strategies and drive growth
- Strong investment risk management culture and robust systems
- 220 employees<sup>(1)</sup> based in London and two satellite sales offices in Tokyo and Stamford, Connecticut
- Significant investment in infrastructure and thorough operations protocols

## BlueBay's investment capabilities & geographic reach



Revenue by Strategy  
(June 2010) <sup>(1)</sup>



### Positioned for growth in key strategies:

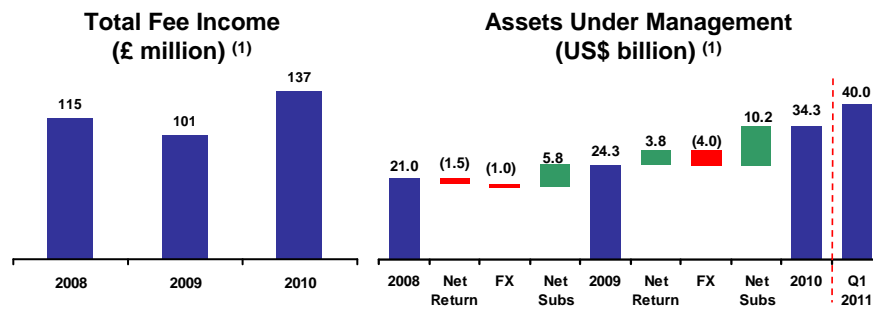
- Emerging market debt
- High yield
- Absolute return

- Institutional and High Net Worth Clients in over 30 countries
- 88% of AUM sourced from U.K. and European clients
- U.S. presents meaningful opportunity for growth
- Impressive sales penetration into select European markets and Japan

## BlueBay's strong ability to drive growth



- Highly skilled investment team successfully outperforming benchmarks
- Innovating new products throughout the market cycle to drive strong net inflows
- Strong net subscriptions a key driver of growth in AUM



## Partnering with BlueBay to extend our global reach



### New Revenue and Partner Opportunities

- RBC's brand and strong credit ratings can be leveraged to reinforce BlueBay's network to win new business
- RBC may be the seed capital provider for new BlueBay investment strategies

### New Distribution Opportunities

- High alpha fixed income strategies can be distributed by RBC to global UHNW clients, into the U.S. and into Canada
- BlueBay Sales team has established broad relationships in the U.K., Europe and an enviable distribution position in Japan

### Platform for Growth

- BlueBay's management talent, deep infrastructure, and product development expertise can drive further growth
- Cross sell opportunities - BlueBay's fixed income and alternative capabilities complement RBC GAM's existing fixed income capabilities leveraging both distribution platforms

### Shared Commitment to Clients

- Both RBC and BlueBay share a strong commitment to putting clients' interests first and adhere to the highest standards of business practices
- Thought leadership, teamwork and collegiality will support our objective to deliver unrivalled investment performance and service excellence

## Strategic takeaways



The global expansion of RBC Wealth Management is a key strategic priority for RBC:

- Key step further reinforces our position as a leading global wealth and asset manager
- Broadens investment offering to clients of both RBC GAM and BlueBay
  - Adds symmetrical fixed income edge to investment and sales expertise
  - Complements RBC's existing fixed income capabilities with virtually no overlap in research and portfolio construction
  - Proven ability to innovate new products over the market cycle
- Untapped distribution potential
  - Ability to accelerate growth in Europe, U.S. and Asia utilizing the combined resources of BlueBay and RBC
- Strong management capable of leading asset management growth across U.K., EMEA, Latin America and Asian markets
- Strengthens RBC's presence and capabilities in the U.K.

## Transaction summary



<b>Description</b>	RBC will acquire 100% of the outstanding shares of BlueBay for cash.
<b>Consideration</b>	BlueBay shareholder's will be entitled to receive 485 pence, in cash for each BlueBay share: A 29% premium over the closing price of BlueBay shares as at Friday October 15, 2010. Total purchase price of approximately £963 million (C\$ 1.56 billion)
<b>Financing</b>	Cash transaction; no equity issuance required
<b>Closing Conditions</b>	Court-approved arrangement, subject to shareholder and regulatory approvals
<b>Expected Closing</b>	End of December 2010
<b>RBC EPS Impact</b>	Not material to RBC EPS in the near term
<b>RBC Tier 1 Capital Ratio Impact</b>	Approx. 55 bps impact, immediately following closing of the acquisition
<b>Other Information</b>	Break fee 1%*, No-shop provisions  Unanimous recommendation by BlueBay Directors; signed agreements to vote shares in favour



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