

Royal Bank of Canada ARC Fund Limited

"C" Shares Institutional Class (USD)

May 2010

Fund Objective and Investment Approach

The purpose of the Royal Bank of Canada ARC Fund Limited is to generate absolute returns, generally independent of market direction, through global investment in a diversified portfolio of hedge funds employing several managers with a variety of alternative investment styles. The Royal Bank of Canada ARC Fund Limited is a "fund-of-funds" structure that is mandated to invest in a range of approximately 20 to 60 hedge funds at any one time.

Performance Summary

NAV	Monthly Final	YTD	Total Return *	Standard Deviation *
USD 166.8346	-1.80%	2.26%	66.83%	5.73%

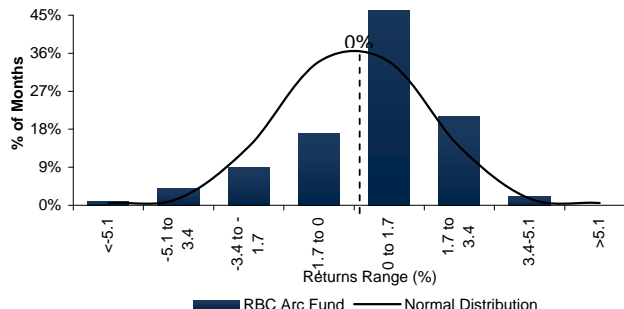
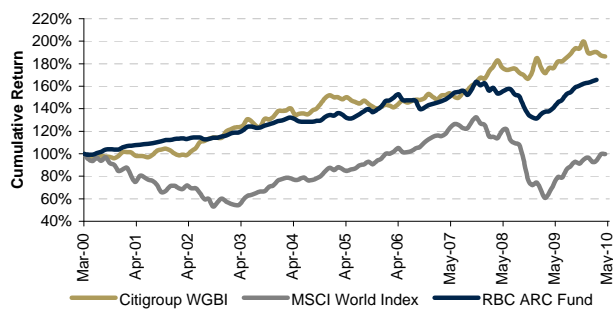
* Prior to class inception (September 2007), returns of the Royal Bank of Canada ARC Fund "B" Shares Investor Class are used

Performance Commentary

Major equity markets declined 7-12% in May as the volatility that began as a ripple in the final week of April spiked sharply higher. The backdrop of the escalation of the Eurozone Sovereign debt crisis, uncertainty over the long term impact of the of the gulf oil spill, UK elections and subsequent power shift, political unrest in Korea and the Gaza Strip, saw wide scale risk reduction and liquidation leading to an increase in correlation across risk assets.

Despite the variety of underlying manager styles and positioning in various global markets, the fund was pushed into negative territory. Although we are not happy to be down, consistent with the defensive nature of the fund this does compare favourably with liquid hedge fund indices such as the HFRX Global Hedge Fund Index which ended the month down 2.64%.

Return History, net of fees



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.81%	0.73%	0.97%	1.57%	-1.80%								2.26%
2009	2.78%	1.70%	0.42%	2.35%	3.22%	1.76%	3.10%	1.30%	2.71%	0.93%	1.18%	0.50%	24.23%
2008	-4.00%	1.69%	-3.24%	1.01%	1.38%	0.23%	-3.07%	-1.18%	-5.72%	-4.81%	-2.20%	-0.84%	-19.16%
2007	0.73%	0.70%	1.23%	1.73%	2.19%	0.44%	0.81%	-2.34%	3.17%	4.30%	-1.93%	0.97%	12.46%
2006	3.41%	0.39%	1.74%	1.90%	-3.43%	-0.17%	-0.04%	-0.35%	-4.87%	0.79%	1.74%	0.81%	1.64%
2005	-0.28%	1.62%	-1.01%	-2.13%	-0.35%	1.12%	1.77%	2.01%	1.37%	-1.98%	1.56%	2.09%	5.78%
2004	0.47%	1.14%	0.80%	-0.97%	-1.68%	-0.11%	-0.06%	0.06%	0.74%	0.20%	2.32%	1.25%	4.19%
2003	1.44%	0.56%	0.34%	1.60%	2.31%	0.38%	-1.01%	0.31%	1.45%	0.89%	0.72%	1.39%	10.85%
2002	0.27%	0.16%	-0.45%	0.97%	0.30%	-0.01%	-1.61%	0.33%	0.87%	0.03%	1.15%	0.76%	2.77%
2001	1.12%	0.04%	0.76%	0.16%	0.51%	0.30%	0.37%	0.78%	0.92%	0.91%	0.16%	0.78%	7.02%
2000				-0.80%	0.03%	1.34%	1.06%	1.91%	0.36%	-0.13%	0.00%	1.88%	5.76%

Past performance is not indicative of future results, Data shaded in grey represents the Royal Bank of Canada ARC Fund "B" Class Investor Shares.

Fund Information

Fund Inception Date: March 31, 2000

Management Fee: 1%

Subscription: Monthly (5 business days notice)

Lockup: N/A

High Water Mark: Yes

Redemption: Quarterly (45 days notice)

Incentive Fee: 10% over the equivalent of 6% hurdle p.a., pro-rated monthly

Net Asset Value: USD 166.8346

Fund Assets(all classes): USD 99.7 mm

Min. Deal Size: Initial USD 10,000,000

RBC Wealth Management™



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Investment Manager: **RBC Investment Solutions (CI) Limited**

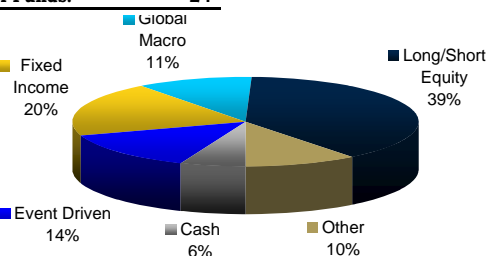
Investment Adviser: **Saguenay Capital, LLC**

Top 10 Holdings

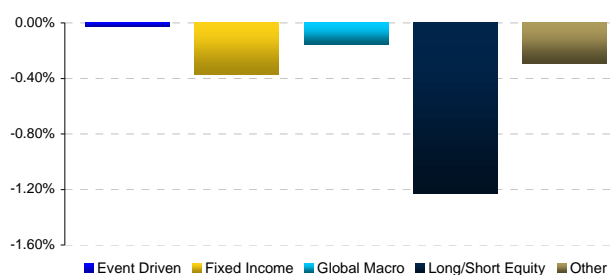
Holding	Strategy	% of Portfolio
1. MAK Capital International Ltd, CI B Initial	Long/Short Equity	8%
2. MKP Credit Offshore CI B Ser A 2010	Fixed Income	7%
3. QFR Victoria Fund CI A Ser 01/10	Global Macro	7%
4. PFM Diversified Offshore Fund Ltd, CI C Ser4	Long/Short Equity	6%
5. Dundonald Offshore Limited CI 2 Ser I	Long/Short Equity	5%
6. Artis Partners 2x Ltd CI B9	Long/Short Equity	5%
7. BlueMountain Equity Alternatives Fund	Other - MultiStrategy	5%
8. CC Asia Advantage Ltd USD Class	Event Driven	5%
9. Nisswa Fixed Inc Series 13	Fixed Income	5%
10. Claren Road Credit Fund Ltd CI B 24	Fixed Income	4%

Style Allocation

Number of Funds: **24**



Monthly Contribution by Style*



*Contribution of style is representative of gross returns

Financial Analysis

Month End Return	-1.80%	Best Month:	4.30%	Standard Deviation:	5.73%
YTD Return:	2.26%	Worst Month:	-5.72%	Up Periods:	91
Cumulative Return*:	66.83%	Max Drawdown:	-19.96%	Down Periods:	31

* Prior to class inception (September 2007), returns of the Royal Bank of Canada ARC Fund "B" Shares Investor Class are used.

Price Publication – Newspaper: Financial Times – Internet: <http://www.rbcprivatebanking.com/rbc-arc-fund.html>
 Class B Shares: ISIN Nbr: GB 0003058020 – SEDOL: 0305802 - FUNDSERV: RBO019
 Class C Shares: ISIN Nbr: GB00B24C7Y81 - SEDOL - B24C7Y8

Royal Bank of Canada ARC Fund Limited is a company incorporated in Guernsey, its registered office is at Canada Court, Upland Road, PO Box 246, St Peter Port, Guernsey, Channel Islands, GY1 3QE. Company Registration No 36432

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Investment Manager: RBC Investment Solutions (CI) Limited ("RBCISCI"), Tel:+44 1481 744000

Investment Adviser: Saguenay Capital LLC, Tel: +1 914 729 2425

Payment of redemption proceeds on or about the 20th business day of the month.

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* Chart values may not add up to 100% due to rounding.