

Royal Bank of Canada ARC Fund Limited (C Shares Investor Class - USD)

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.

Investment Manager:

RBC Investment Solutions (CI) Limited

Investment Adviser:

Saguenay Capital, LLC

Performance Summary

Net Asset Value

NAV
USD 170.3612

Return

Month	YTD	Since Inception	Standard Deviation *
-0.71%	-2.80%	70.36%	5.47%

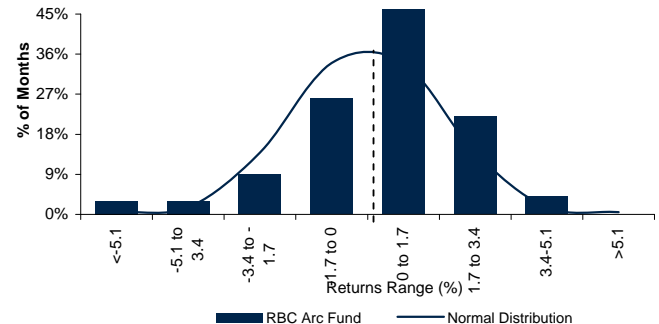
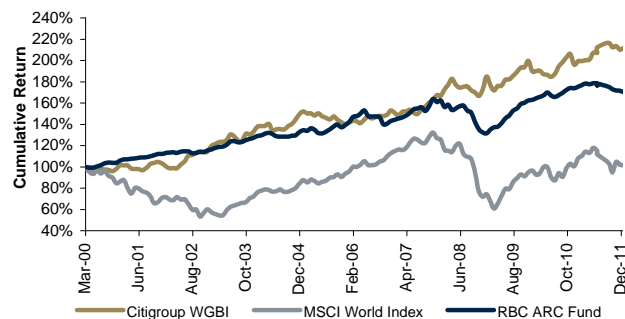
* Prior to class inception (September 2007), returns of the Royal Bank of Canada ARC Fund "B" Shares Investor Class are used

Performance Commentary

Financial markets continued to be driven by events in Europe, although volatility was more subdued than earlier in the year and continued to reduce throughout the month of December. The ECB announced a number support mechanisms for European banks, which included the offer of unlimited three-year financing via a new favourite acronym - LTRO; this removed some of the short-term concerns of the market about bank and sovereign funding, but the credit ratings agencies continue to have their doubts. For the other two main stories of the year - the US fiscal position and the prospect of a hard landing in the Chinese economy - year end indicators and survey results were largely positive. Against this backdrop, equity markets were generally flat with the S&P 500 up a little over 1%, while the Eurostoxx 50 was down -0.6%, broad commodities were net negative and aggregate fixed income generally positive.

The RBC ARC Fund produced a negative return for the month, with the equity long/short book the major detractor to performance. Over the course of 2011, the RBC ARC Fund has delivered strong returns when compared with the broad hedge fund indices (the HFRX Global Hedge Index closed the year at -8.87%) and although the RBC ARC Fund returned 500-600bps better than the HFRX, we are ultimately disappointed to deliver any negative returns. 2011 proved a challenging year for all investment managers as the volatile risk on/risk off environment saw \$6.3 trillion erased from the value of global stock markets with very high asset class and security correlations on both the way up and the way down. Looking forward, as markets remain driven by risk aversion rather than fundamentals in the short term, the RBC ARC Fund portfolio is positioned towards nimble, trading managers who can react quickly to changing market environments. Hedge fund managers have had the time to evolve and adapt their strategies to the 'new normal' and we believe are well placed to profit in 2012.

Return History, net of fees



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.84%	0.85%	-0.36%	0.64%	-0.27%	-0.93%	0.77%	-1.55%	-1.38%	-0.68%	-0.03%	-0.71%	-2.80%
2010	0.81%	0.73%	0.97%	1.57%	-1.80%	-0.63%	1.03%	1.27%	1.58%	1.05%	-0.23%	0.90%	7.44%
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%

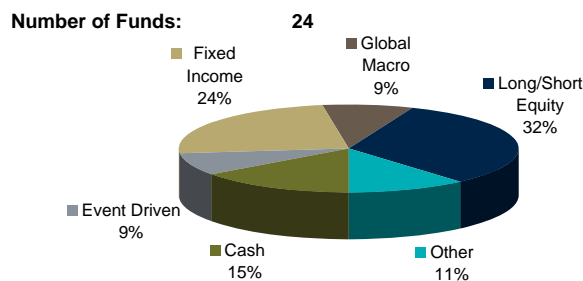
Past performance is not indicative of future results. Data shaded in grey represents the Royal Bank of Canada ARC Fund "B" Class Investor Shares.

Royal Bank of Canada ARC Fund Limited (C Shares Investor Class - USD)

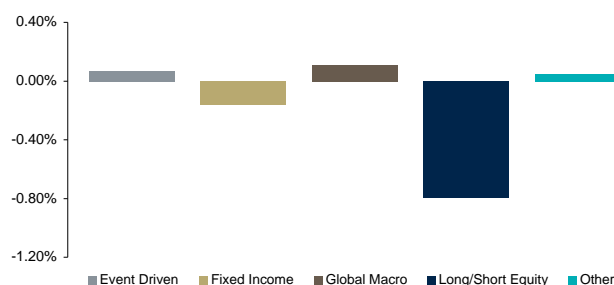
Contributors to performance

Top 10 Holdings	Strategy	% of Portfolio
1. QFR Victoria Fund CI A Ser 01/10	Global Macro	7%
2. MKP Credit Offshore CI B Ser A 2010	Fixed Income	7%
3. MAK Capital International Ltd, CI B Initial	Long/Short Equity	5%
4. Pine River Fixed Inc	Fixed Income	2%
5. CCI Technology	Long/Short Equity	5%
6. SOLA I Class V Ser E Initial	Event Driven	4%
7. Claren Road Credit Fund Ltd CI B 26	Fixed Income	4%
8. Peak6 Performance Ltd	Other - MultiStrategy	1%
9. Lansdowne Global FCL R USD	Long/Short Equity	4%
10. Nantahala Capital CL A Rest Ser 1	Long/Short Equity	3%

Style Allocation



Monthly Contribution by Style*



*Contribution of style is representative of gross returns

Financial Analysis

Best Month:	4.30%	Worst Month:	-5.72%
Max Drawdown:	-19.96%		
Up Periods:	100	Down Periods:	41

Fund Information

Fund Inception Date:	March 31, 2000	Lockup:	N/A	Net Asset Value:	USD 170.3612
Management Fee:	1%	High Water Mark:	Yes	Fund Assets (all classes):	USD 108.9 mm
Subscription:	Monthly (5 bd notice)	Redemption:	Quarterly (45 days notice)	Min. Deal Size:	Initial USD 50,000
Incentive Fee:	10% over the equivalent of 6% hurdle p.a., pro-rated monthly				

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

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

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

This fact sheet is issued by RBC Investment Solutions (CI) Limited ("RBC ISCI") in its capacity as the Investment Manager of Royal Bank of Canada ARC Fund Limited ("the Fund, or the Company"). Registered Office: Canada Court, St Peter Port, Guernsey, Channel Islands, GY1 3BQ, registered company number 3403. RBC ISCI is regulated by the Guernsey Financial Services Commission ("the Commission") and licensed by the Commission in the conduct of Controlled Investment Business in Guernsey.

RBC Offshore Fund Managers Limited ("RBC OFM") acts as the Manager, Administrator and Registrar of the Fund and is licensed by the Commission in the conduct of Controlled Investment Business in Guernsey. The Fund complies with the terms of Rule 10.01 of the Collective Investment Schemes (Class B) Rules 1990 ("the Class B Rules") and has been authorised by the Commission under the Protection of Investors (Bailiwick of Guernsey) Law 1987 (the "Law") as a Class B Scheme. For the purpose of distribution in the UK, the Fund is an unregulated collective investment scheme and as such, promotion in the UK is restricted to certain categories of person. Potential investors should note that the regulatory regime, including any compensation or investor protection arrangements, may well be different from their home jurisdiction. You should carefully read any regulatory disclosures contained in any literature forwarded to you by RBC Wealth Management offices. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and investors may not get back the amount originally invested. An investment in a currency other than the investor's own base currency will be subject to the movement of foreign exchange rates which may cause an additional favourable or unfavourable change in the value of the investment. The information contained in this fact sheet is intended as a guide only and not intended to be investment or taxation advice. Investment in the Fund should only be considered or made based upon the latest version of the Scheme Particulars for the Fund. You are strongly recommended to seek your own professional advice from a suitably qualified professional adviser. Royal Bank of Canada and/or persons connected with it may have holdings in the Fund or otherwise provide investment services or advice in relation to the Fund. Depending upon citizenship or residency, the Fund may not be available to you. In particular the Fund is not available to residents of Canada or citizens or residents of the United States of America.

© Trademark of Royal Bank of Canada. ™ Trademark of Royal Bank of Canada. Used under licence.

Compliance Code: ADV/11/553