

RBC Wealth Management investment consulting process

RBC Wealth Management®, through its financial advisors, offers comprehensive investment consulting services to address the specific needs of clients. The consulting services include asset allocation, manager searches, performance monitoring and asset allocation analysis.

RBC Wealth Management believes our clients benefit most when they follow a clear and disciplined investment process. We designed our services to assist you with the concerns you face — from assessing needs and objectives to selecting investment managers and reviewing their ongoing performance. We work with you to develop strategies that can help achieve your investment objectives.

Step 1: understanding financial objectives and gathering financial information

As part of our initial evaluation phase, it is important to gain an understanding of your specific needs, goals and risk tolerances. We analyze your current portfolio and then, with input from you, we develop a series of portfolio objectives and constraints. Periodically we will sit down with you for an objective review of the performance of your portfolio. We believe the formulation of realistic investment objectives combined with the flexibility to make mid-course adjustments can, in the long run, assist you in meeting your goals and objectives.

The investment analysis process is a continuous cycle. At RBC Wealth Management, our financial advisors

Our primary mission is to assist clients in meeting their financial objectives.

Step 1 Understanding financial objectives and gathering financial information —

We believe the formulation of realistic investment objectives combined with the flexibility to make mid-course adjustments may, in the long run, assist you in meeting your goals and objectives.

Step 2 Reviewing and determining asset allocation —

A disciplined methodology is vital in creating and implementing an effective and efficient asset allocation strategy.

Step 3

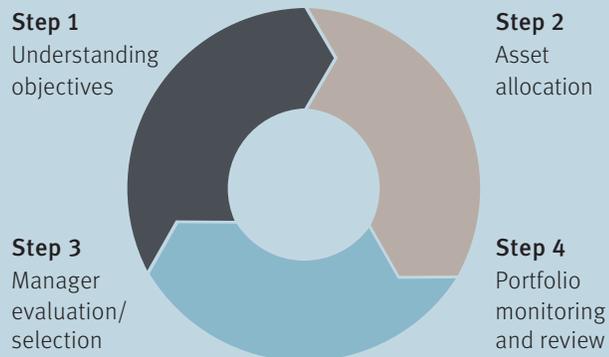
Evaluating and selecting portfolio managers —

The process of investment manager search, selection and due diligence is the result of analyzing both qualitative and quantitative factors.

Step 4

Monitoring and reviewing the portfolio —

Portfolio reviews are designed to help you in monitoring and evaluating the portfolio versus your stated goals and objectives.



listen to and learn from our clients before formulating appropriate courses of action. The process of carefully matching the asset classes, manager philosophy, and investment vehicles with your needs is the key to meeting your objectives.

Step 2: reviewing and determining asset allocation strategy

A disciplined methodology is essential in creating and in implementing an effective and efficient asset allocation strategy. As described, RBC Wealth Management employs an ongoing dynamic process that starts by evaluating your specific expectations and objectives for your portfolio and continues by establishing procedures to reexamine your strategy regularly. Depending on your goals, development may include, but is not limited to, an analysis and discussion of the following:

- Objectives
- Asset allocation guidelines
- Time horizons
- Rebalancing guidelines
- Risk tolerances
- Securities guidelines
- Performance expectations
- Monitoring and evaluation procedures

Based on the goals and risk profile, an RBC Wealth Management financial advisor can work with you to design an asset allocation strategy that is tailored to your parameters. Our goal is to optimize your expected returns while minimizing the overall portfolio variance within the constraints set forth in your asset allocation strategy.

Step 3: manager evaluation and selection

The third step of the investment consulting process is investment manager search, selection and due diligence. RBC Wealth Management employs a team of analysts dedicated to comprehensive research and due

diligence to provide you in-depth, ongoing and objective guidance.

Our team of analysts conducts manager research using both quantitative and qualitative factors. A proprietary, multi-factor quantitative screening tool is used to reduce each asset class down to a small pool of attractive candidates. This initial screening process generally eliminates managers with viability issues, such as those with short track records or inadequate asset levels. The tool also identifies managers exhibiting superior long-term investment results relative to industry benchmarks and asset class peers. Performance is evaluated on an absolute and risk-adjusted basis over multiple time periods.

Investment managers passing the initial viability and performance requirements are subjected to a more rigorous fundamental review focused on four main categories:

- Firm and product
- Investment approach
- Investment professionals
- Performance

Our analysts employ well-defined research, evaluation and reporting activities when assessing each category. Information and insight related to each area of investigation may come from many sources, including:

- Proprietary research efforts
- Regulatory filings
- Third parties
- Industry publications
- Investment manager literature

First-hand information gained from manager due diligence is critical to understanding the firms and products under consideration. Initial and ongoing due diligence is performed via on-site visits, conference calls and in-house meetings. These interactions produce important qualitative information that

is an integral part of the evaluation process. The majority of these meetings are usually spent interviewing key investment professionals about the four fundamental categories of interest. These meetings also allow for a closer look at other functional areas, such as operations, portfolio administration, risk management and trading.

The initial evaluation concludes when the most promising investment managers are considered for approval to the RBC Wealth Management platform. To be approved, each candidate must pass a thorough committee review that includes a detailed discussion of facts and informed opinions derived from the aforementioned research process. Every aspect of our due diligence process requires ongoing investigation and evaluation. Ongoing monitoring of this select list of investment managers helps keep you informed about material developments so that you can make appropriate decisions about your investments.

Step 4: portfolio monitoring and reporting

The final step in the process is the portfolio review. The portfolio review will address the question: "Are your goals and objectives being met?"

RBC Wealth Management may provide a detailed portfolio review for each individual account as well as a composite report for the entire portfolio. The report summarizes the time-weighted rates of return of the managers for the appropriate time periods. Time-weighted returns are used so that cash flows do not affect the performance numbers. Additionally, fees are included in the calculation of returns in order to protect the integrity of the reporting. In order to permit a fair comparison based on the composition of the fund, relevant indices and benchmarks are included in the portfolio review.