

# RBC SELECT PORTFOLIOS

Precision-built with investors in mind.



Global Asset  
Management



# RBC Select Portfolios

Being a successful investor takes knowledge, time and patience. With RBC Select Portfolios, you can invest with confidence knowing RBC Global Asset Management is bringing a wealth of experience and expertise to managing your investments each and every day – so you don't have to.

## Carefully constructed solutions aligned with your goals

Since their inception in 1986, RBC Select Portfolios have been meeting the needs of investors looking for well-balanced portfolios. They are carefully constructed, actively monitored and regularly rebalanced to help ensure your investment remains well-positioned through all stages of the market cycle. Professional management helps keep your money invested appropriately by using sophisticated strategies to help grow your portfolio and mitigate the impact of market downturns – all at a competitive cost.

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**With RBC Select Portfolios, RBC Global Asset Management is managing your investment allocations each and every day so you don't have to.**

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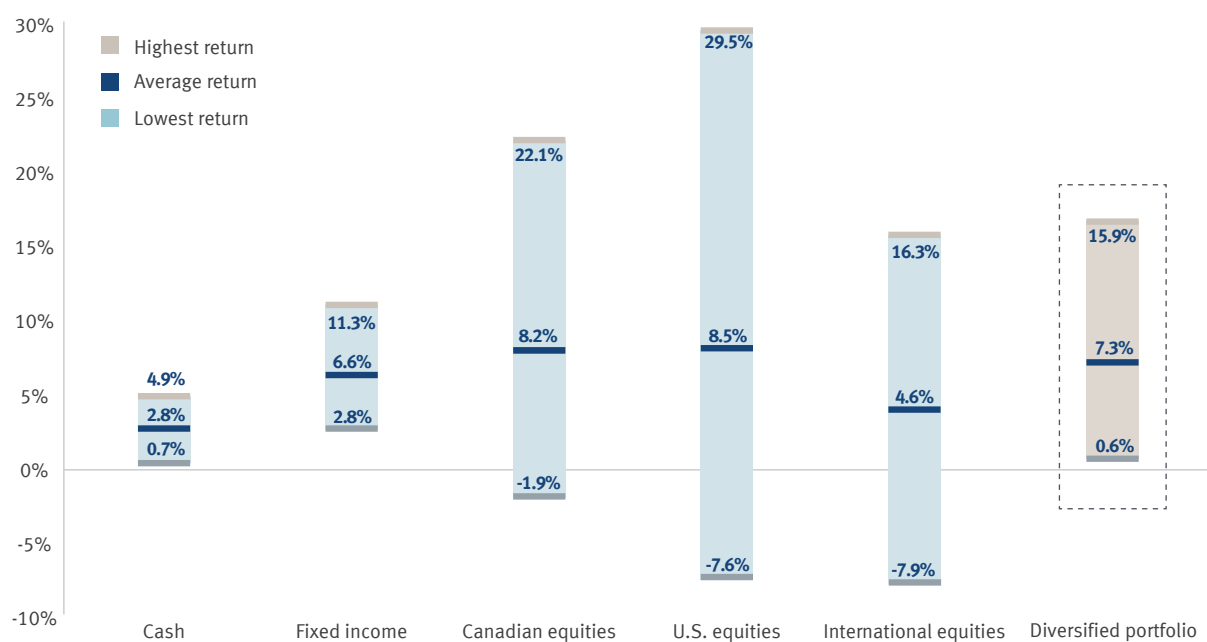


## Diversification

### The measure of an effectively constructed portfolio

The core belief behind the need to diversify your investment portfolio is that all asset classes do not move in the same direction to the same degree at the same time in response to global markets or economic events. In pursuit of long-term returns, RBC Global Asset Management allocates your investment dollars across various asset classes (e.g. cash, bonds and equities) based on your investor profile. Beyond this high-level asset allocation, your investment is then diversified across geographical regions, industries and companies. This helps to increase the potential returns and manage the volatility of your portfolio.

### A diversified portfolio offers the growth potential of equities while limiting exposure to market volatility



Source: RBC Global Asset Management

Based on five-year monthly rolling returns from January 1992 to December 2017. Diversified Portfolio assumes annual rebalancing (at the end of December) as represented by 2% Cash, 43% Fixed Income, 19% Canadian Equities, 20% U.S. Equities and 16% International Equities. Cash represented by FTSE TMX Canada 30 DAY T-Bill Total Return Index; Fixed Income represented by FTSE TMX Canada Universe Bond Total Return Index; Canadian Equities represented by S&P/TSX Composite Total Return Index; U.S. Equities represented by S&P 500 Total Return Index; International Equities represented by MSCI EAFE Net of Taxes Total Return Index. Index returns include reinvestment of distributions but do not reflect deduction of expenses associated with investments. If such expenses were reflected, returns would be lower. An investment cannot be made directly in an index.

**Diversification can narrow the range of returns and reduce downside risk relative to investing in a single asset class or geographical region.**

## Disciplined investment process

### A time-tested team approach

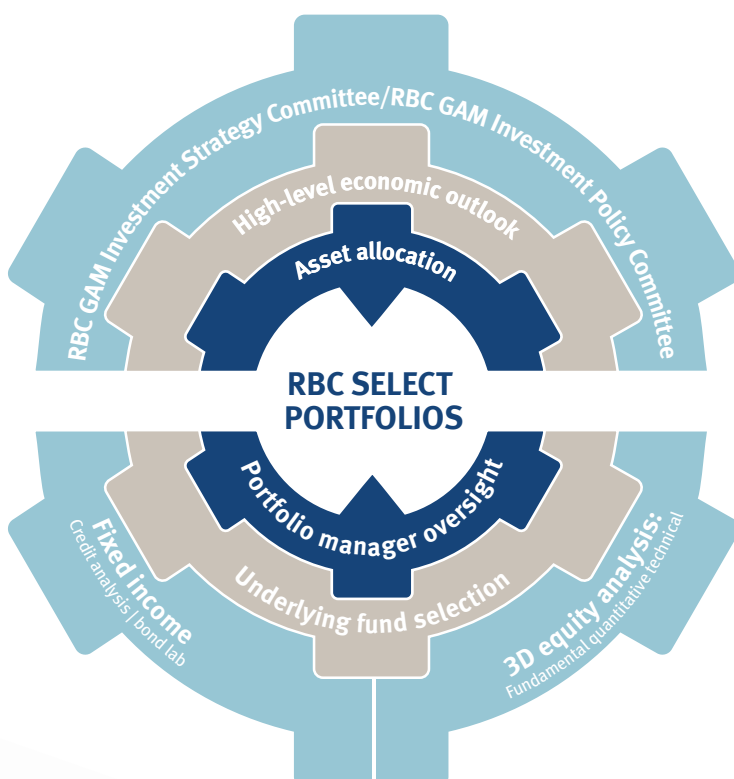
As one of the first portfolio solutions introduced in Canada, RBC Select Portfolios is built on the discipline and experience of a sophisticated investment management team that pursues superior long-term results through a consistent team-based approach.

Top down, it starts with the RBC GAM Investment Strategy Committee – a team of senior investment experts from across RBC Global Asset Management. Through extensive analysis of the global economy, capital markets, currencies and sectors, the committee develops long-term views on the global economy and financial markets. These views are then translated by the RBC Investment Policy Committee to determine the asset mix (the appropriate allocation to cash, fixed income and equity) for each RBC Select Portfolio.

### Creating a full suite of complementary solutions

With dedicated portfolio manager oversight, each RBC Select Portfolio is comprised of underlying funds from the award-winning\* RBC Funds, PH&N Funds and BlueBay Funds families. Proprietary investment evaluation techniques, along with investment manager expertise, are used to uncover and select securities for inclusion within these underlying funds.

A top-down and bottom-up approach to portfolio construction and management contributes to the right asset mix and underlying fund selection to not only take advantage of short-term market opportunities, but also position you for long-term success.



## Monitoring and rebalancing – keeping RBC Select Portfolios current as market conditions change

Over the last three decades, RBC Select Portfolios have weathered a wide range of market environments, so you can invest with confidence knowing that RBC Global Asset Management is bringing a wealth of experience and expertise to managing each portfolio every day.

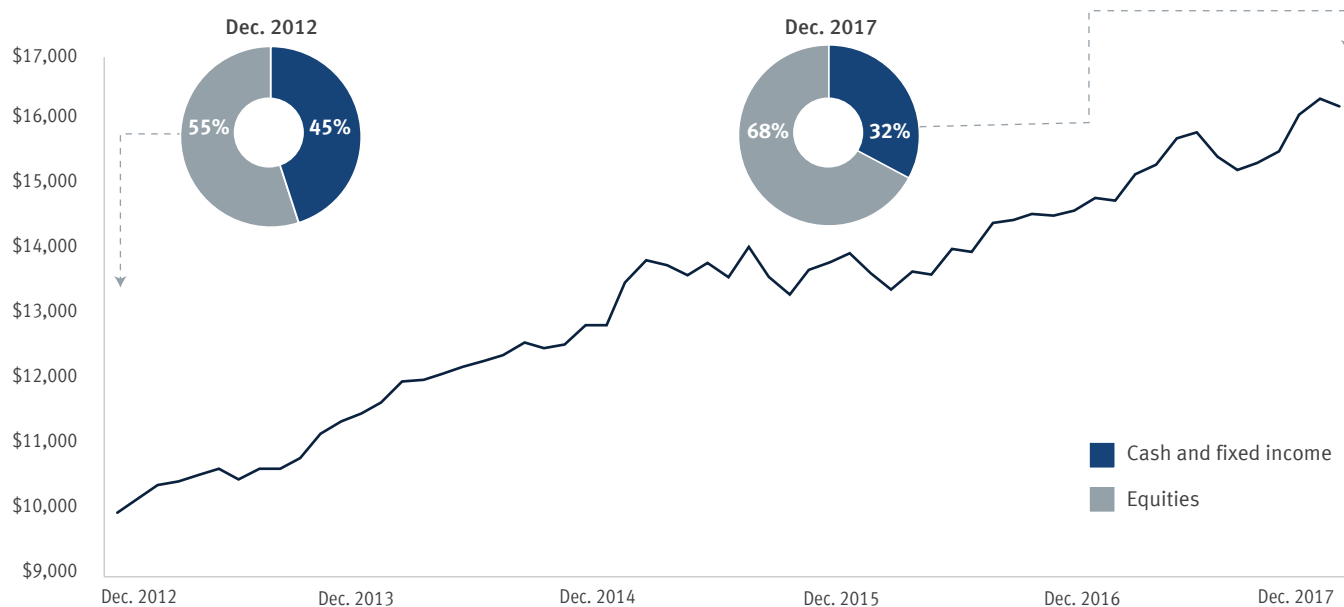
Changing market conditions have a two-pronged effect on the asset mix of a portfolio and create two important questions for investors to consider:

1. What effects have changing markets had on my asset mix?
2. Does my initial asset mix still align with my return expectations, tolerance for risk, and investment time horizon given where the market is today?

A portfolio left unattended will suffer from “portfolio drift”, the change in asset mix resulting from market movements. This could have the unintended consequence of increasing equity exposure prior to market peaks and reducing it preceding market bottoms, which could result in increased risk, or poorer performance.

As markets move, the target asset mix of a portfolio should be revisited to ensure it is appropriately aligned to the current environment. This is known as tactical asset allocation and seeks to take advantage of near-term opportunities based on timely cues.

### The impact of portfolio drift



Source: RBC Global Asset Management as of December 2017

Represents the growth of \$10,000 using a mix of 2% Cash, 43% Fixed Income, 19% Canadian Equities, 20% U.S. Equities and 16% International Equities. Cash represented by FTSE TMX Canada 30 DAY T-Bill Total Return Index; Fixed Income represented by FTSE TMX Canada Universe Bond Total Return Index; Canadian Equities represented by S&P/TSX Composite Total Return Index; U.S. Equities represented by S&P 500 Total Return Index; International Equities represented by MSCI EAFE Net of Taxes Total Return Index. Changes in market value are derived from a weighted average of monthly returns with no rebalancing.

**Left unchecked, equity exposure would have increased to 68% from 55% at the end of 2017. This leaves the portfolio more exposed to market risk than initially intended in the event of a market downturn.**

## Delivering value

With as little as \$500, or \$25 through a regular investment plan, you can begin to experience the value of RBC Select Portfolios for yourself. You can confidently invest knowing they are designed to keep you on track towards achieving your investment goals by delivering value for your hard-earned investment dollars.

### Competitive fees

It is a common truism that the less you pay, the more you keep. When it comes to mutual funds, the lower the Management Expense Ratio (MER), the greater the portion of your money that stays invested and working for you. Each of the RBC Select Portfolios has an MER that is well below the category median. This contributes to your long-term returns and offers excellent value for the investment you make.

### Tax-efficient payouts with Series T5

Series T5 offers investors in RBC Select Portfolios the opportunity for a seamless transition from investing for

long-term growth to drawing regular, tax-efficient cash flow. With Series T5 you receive consistent monthly distributions equivalent to 5%<sup>†</sup> annually. This is achieved through the addition of return of capital (returning a portion of the investor's own money to them) to the income earned by each of the RBC Select Portfolios.<sup>^</sup>

Return of capital does not trigger a tax liability in the year it is paid but does reduce your adjusted cost base, potentially resulting in a higher capital gain (or smaller loss) in the year your investment is sold.

### U.S. dollar investing made simple

The U.S. dollar (US\$) option for RBC Select Portfolios offers investors who want to keep their investments exclusively in US\$ the flexibility to do so. With the US\$ option, you simplify your US\$ investing needs and receive distributions or proceeds from redemptions in US\$.

### How our fees measure up

	Very Conservative	Conservative	Balanced	Growth	Aggressive Growth
RBC Select Portfolios MER*	1.69%	1.84%	1.94%	2.04%	2.14%
Median Category MER**	1.86%	2.17%	2.17%	2.35%	2.38%

On an initial investment of \$25,000 at an assumed rate of 5% before fees for the Balanced Portfolio, a 0.26% difference results in an additional \$747 in growth for the portfolio over 10 years

\* Series A. As of December 31, 2017.

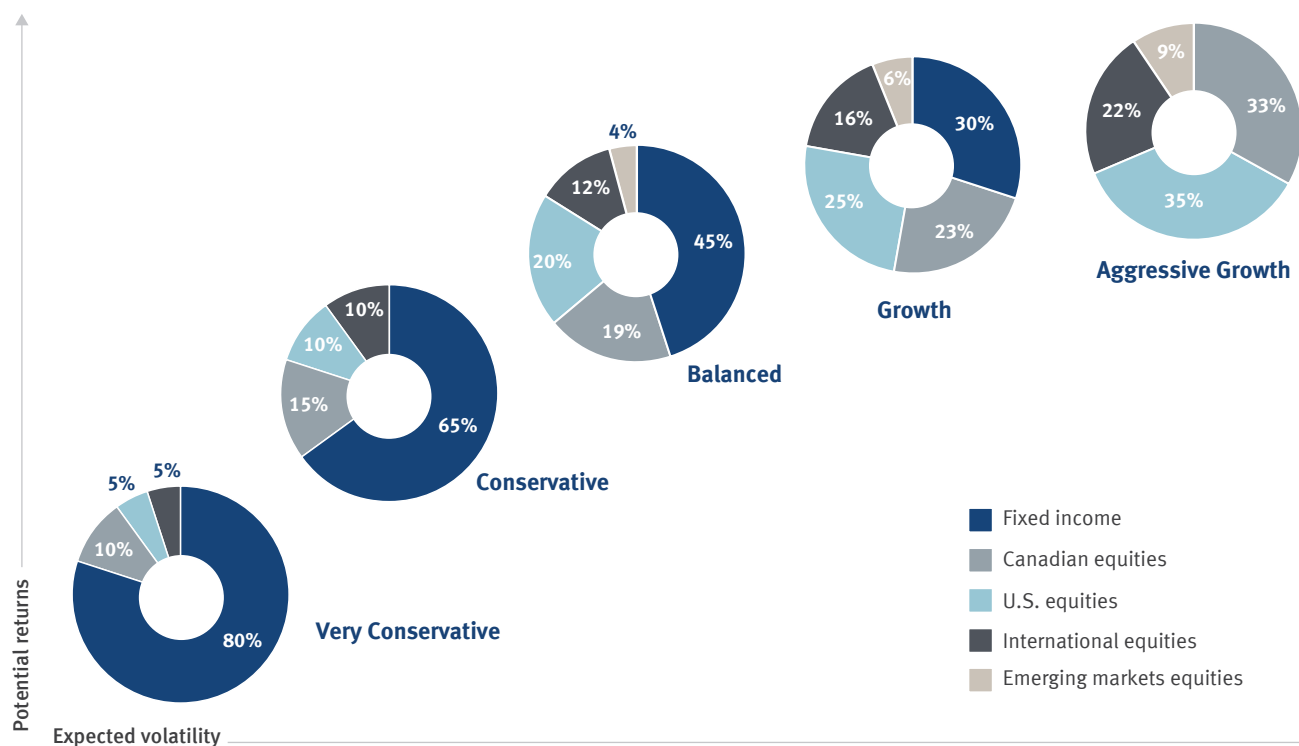
\*\* Based on median MER of Morningstar categories corresponding to RBC Select Portfolios: Very Conservative – Canadian Fixed Income Balanced; Conservative and Balanced – Global Neutral Balanced; Growth – Global Equity Balanced; Aggressive Growth – Global Equity. As of March 31, 2018.

**RBC Select Portfolios offer you a disciplined, comprehensive investment approach, complete with ongoing portfolio monitoring vigilance, in a single solution.**

## Five portfolios to meet your investment needs

RBC Select Portfolios are available in five distinct investor profiles, each managed in line with a specific target asset mix. Ranging from Very Conservative to Aggressive Growth, one of the RBC Select Portfolios may be right for you.

### Five RBC Select Portfolios to meet your needs



Your advisor can help you determine your individual risk-return profile and recommend the RBC Select Portfolio that best suits your long-term investment goals.

<sup>†</sup> Payouts may be adjusted as market conditions require; they are not guaranteed. The calculation for monthly distribution (cents/unit) = (previous year December 31 NAV per unit x 5%) / 12 months.  
<sup>^</sup> Some periods may not include return of capital as income earned from interest, dividends, and capital gains is sufficient to meet the annual payout threshold of 5%.

<sup>\*</sup> Best Overall Funds Group (PH&N Funds: 2010-2013, 2016; RBC Funds: 2008, 2014), Best Bond Funds Group (RBC GAM: 2015; PH&N Funds: 2008, 2010-2013, 2016; RBC Funds: 2009). Lipper Awards were based on best risk-adjusted performance for the periods ended July 31, 2016, 2015 and 2014; October 31, 2012, 2011 and 2010; November 30, 2009; and December 31, 2008 and 2007. From Thomson Reuters Lipper Awards, © 2017 Thomson Reuters. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.

The information provided is not intended to provide specific financial, investment or income tax advice and should not be relied upon in that regard. Please consult your advisor and read the prospectus or Fund Facts document before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. RBC Funds, BlueBay Funds and PH&N Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.





Talk to your advisor today about which RBC Select Portfolio is right for you or visit [rbcgam.com/select](http://rbcgam.com/select).



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