

RBC Dynamic Allocation Portfolios



Wealth
Management

Professionally managed portfolios

RBC Dynamic Allocation Portfolios offer a comprehensive solution for investors seeking global opportunities and dynamic diversification across multiple asset classes. These model portfolios employ a core-satellite approach designed to utilize multiple investment philosophies such as strategic asset allocation, tactical asset allocation and use of alternative strategies. The portfolios use strategic asset allocation as the “core” with tactical asset allocation and alternative investments as the “satellites.” The portfolios are invested in a diversified group of investments that have been carefully selected with the goal of helping you meet your financial objectives.

Core-satellite approach

You may find that a particular investment philosophy can work well over time — and yet, during periods of market turmoil, you might be able to take advantage of opportunities by following an approach that complements — but doesn’t replace — your tried-and-true strategy. Such may be the case today. Specifically, some investors who have been following a strategic asset allocation strategy are now complementing it with a tactical allocation approach. Combining these two strategies together is the underpinnings of a core-satellite approach.

A core-satellite approach can be thought of as a complement to a “buy-and-hold” strategy, as different asset allocation strategies are combined to help you better meet your goals. We seek to combine longer-term strategic asset allocation with shorter-term tactical asset allocation strategies. Our core-satellite strategy is employed by constructing the “core” of the portfolio with an investment mix that’s based on your long-term goals, risk tolerance,

time horizon and other elements. The “satellite” portion may be invested in non-traditional (or alternative) asset

classes and shorter-term opportunistic investments. The approach allows you to dynamically take advantage of shorter-term tactical opportunities while not disrupting your long-term strategic asset allocation plan.

Model portfolio construction

RBC Wealth Management® leverages its extensive internal resources and capabilities to construct the RBC Dynamic Allocation Portfolios. These model portfolios are constructed by our Global Manager Research team of analysts. The team uses a variety of internal and external sources to help construct the portfolios and dynamically allocate investments when appropriate. Global Manager Research populates each asset class with carefully selected investments that employ traditional and non-traditional (or alternative) strategies. The team may tactically adjust a portion of the investments in an attempt to manage volatility and enhance returns over time.

Comprehensive evaluation and manager selection process

Selecting the right professional money manager is an important investment decision. Our analysts employ a comprehensive research and due diligence process that provides you with in-depth, ongoing and objective guidance. The combination of detailed quantitative and thorough qualitative analyses gives us the means to identify attractive investment options organized by investment style and asset class. Our analysts employ a well-defined evaluation process that focuses on four broad areas of investigation:

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

Initial and on-going due diligence is routinely 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. Each category is analyzed to draw meaningful conclusions about

the overall quality of the investment managers and portfolios reviewed.

Identifying attractive investment options using this approach is really only the beginning of the overall investment process. We believe it is as important to utilize a disciplined and thoughtful approach to constructing your overall portfolio of investments. This process begins with the universe of investments that are highly-rated by our analysts.

Choosing the right mix of options within each asset class requires rigor and sophisticated analytical tools. We consider each portfolio's risk profile and performance objectives during the selection process. Our process includes portfolio return and risk optimization techniques, as well as consideration of the individual investment and overall portfolio characteristics. We also consider other basic fundamental factors, such as the number of portfolio holdings and related turnover, to make informed decisions about the right mix of investments to help you achieve your financial objectives.

Continuous evaluation process

Every aspect of our due diligence requires ongoing investigation and evaluation to confirm the factors that contributed to the past successes of each manager are still meaningfully intact. We may choose to terminate an investment manager if our original thesis for investment is materially or permanently impaired. This is most commonly the result of fundamental developments that are determined to be detrimental to the longer-term success of the investment manager or your portfolio.

Positioning and tactical adjustments

Adhering to a core-satellite approach allows for flexibility to take advantage of shorter-term tactical opportunities while not disrupting your longer-term strategic allocation. Global Manager Research continuously monitors the portfolios to ensure they are diversified amongst several core and satellite asset classes. Tactical adjustments will be implemented if allocations drift too far from their desired exposures

or if market conditions provide the opportunity to implement shorter-term investment decisions driven by fundamental, technical and other quantitative economic indicators. The goal of the RBC Dynamic Allocation Portfolios is to build better, more efficient portfolios that can help investors meet their objectives.

To learn more about using RBC Dynamic Allocation Portfolios, please contact your financial advisor.

Please consult with your own financial advisor when making investment decisions. The above information is not warranted to be accurate, complete or timely. Past performance is no guarantee of future results.

Investing in alternative investments may be speculative and not suitable for all clients and is intended for investors who are willing and able to bear the unique economic risks of the investment. Investors should consider whether such investments are suitable in light of their individual financial situation.

RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax implications of your investments should be made in connection with your independent tax advisor.