Understanding and selecting your advisory risk profile

Wealth Management

RBC Wealth Management is required to gather information and monitor advisory assets separately from assets held in any brokerage account as required by the Investment Advisers Act of 1940. Your advisory risk profile is applicable to accounts enrolled in Consulting Solutions, Managed Account Program (MAP), Portfolio Focus, RBC Advisor and RBC Unified Portfolio accounts only and does not include non-advisory accounts.

Different investors have different risk tolerances. Much of the difference stems from time horizon: how soon the money will be needed. That is, an investor with a short investment time horizon may be less able to withstand losses. The remainder of the difference is attributable to the investor's appetite for risk. Volatility (e.g. fluctuation in market prices or interest rates) is one of the key ways we measure risk. Volatility can be very unsettling for many investors. However, there is often a direct correlation between risk and potential return and investors need to be aware of and consider this risk/return trade-off when selecting their advisory risk profile.

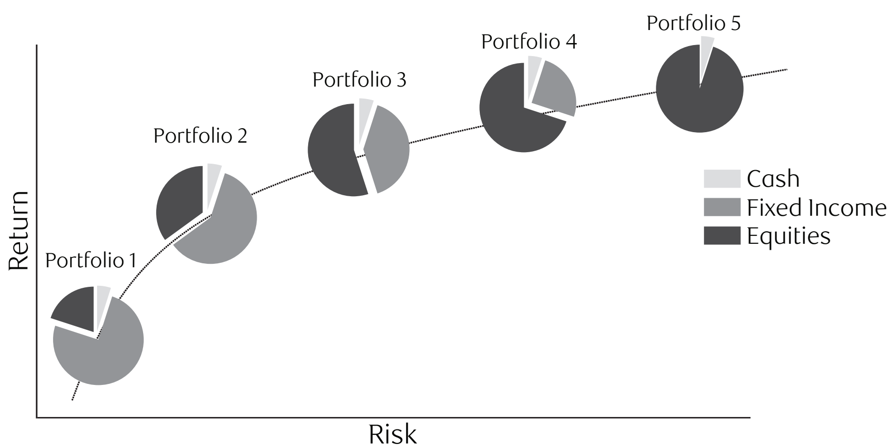
Advisory risk profile—consultation with your financial advisor

Step 1: Consider the investment objective, risk tolerance, liquidity needs and investment time horizon for each advisory account. While each account may have a different investment objective, risk tolerance, liquidity need and investment time horizon, we will monitor all advisory accounts identified by you as one portfolio.

Step 2: Review the following charts to help determine the advisory risk profile that best aligns with your time horizon and tolerance for volatility.

Risk vs. Return:

The following chart illustrates the relationship between risk and return for five hypothetical portfolios based on a long-term (5–10 year) time horizon.

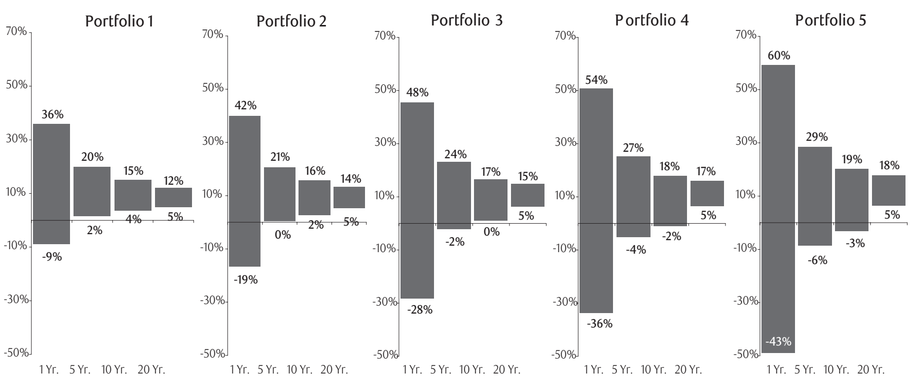


This is a hypothetical display of asset allocation models and is not based on actual portfolios. Investors' allocations could differ.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

Hypothetical range of returns:

This is a historical illustration of the maximum and minimum annual return achieved over rolling 1, 5, 10 and 20-year periods using data since 1977 for the above hypothetical portfolios. Performance is represented using equity (S&P 500 Total Return Index), fixed income (Bloomberg US Aggregate Total Return Index) and cash (Bloomberg US Treasury Bills [1-3M] Index) indexes.



This illustration is not intended to be used as the primary basis of investment decisions. Because of individual client requirements, it should not be construed as advice designed to meet the particular investment needs of any investor. Returns are based on past performance, which may or may not be similar to future returns, and are not meant to be representative of any specific investment. Individual indexes are not available for direct investment. Data Source: Factset and Ibbotson Associates

Selecting an advisory risk profile

Step 3: Review the following advisory risk profile descriptions and after reviewing the information in Steps 1 and 2, select the advisory risk profile below that reflects your ability (time horizon) and willingness (risk tolerance) to accept risk, uncertainties and volatility in the portfolio performance in your advisory accounts. *Note: If an investor has a time horizon less than one year, even the most conservative model may not be an appropriate investment option. The investor should speak to his or her financial advisor before selecting an advisory risk profile.* Your advisory risk profile represents your overall investment objective and risk tolerance of one or more advisory account. If your advisory risk profile consists of more than one account, we are managing your accounts as a single portfolio to the stated advisory risk profile. Meaning, the actual asset allocation of each individual account may be higher or lower risk than the stated advisory risk profile.

Client selection

Advisory risk profile 1	Advisory risk profile 2	Advisory risk profile 3	Advisory risk profile 4	Advisory risk profile 5
☐	☐	☐	☐	☐
The portfolio will typically be invested primarily in lower volatility assets. Investors in this category have a low tolerance for risk and typically a short-term investment time horizon.	The portfolio will typically include lower volatility assets, as well as some exposure to growth or higher volatility assets. Investors in this category have some tolerance for risk and typically a short to medium-term investment time horizon.	The portfolio may include exposure to any asset classes, including low volatility and growth/higher volatility assets. Investors in this category have a moderate tolerance for risk and typically a medium-term investment time horizon.	The majority of the portfolio will typically be invested in a blend of growth/higher volatility assets. Investors in this category have a moderate to high tolerance for risk and typically a medium to long-term investment time horizon.	The portfolio may be invested primarily in growth/higher volatility assets and may have a greater proportion of higher risk investments. Investors in this category have a high tolerance for risk and typically a long-term investment time horizon.

Other important considerations

Sector concentration (Advisory Risk Profile 4 or 5 only)

In general, a diversified portfolio may afford you greater protection against market fluctuation and potential losses. In some instances, based on overall financial circumstances and willingness to accept risk, you may authorize your Financial Advisor or Investment Manager (verbally or in writing) to invest your advisory account(s) in a manner that may overweight it in one or more economic sectors ("Sector Concentration"). In doing so, you understand this may potentially concentrate your portfolio in one or more economic sectors, increasing the inherent risks associated with this style of investing.

Investment guidelines

In addition to your Advisory Risk Profile, you may have the option to establish reasonable restrictions to prevent the purchase of certain securities or categories of securities or provide other instructions to be used (referred to as the "Investment Guidelines"). These restrictions are subject to acceptance by RBC WM and, if applicable, the Investment Manager(s) and/or Overlay Manager(s). Consult with your Financial Advisor to determine restriction availability by program.

RBC Wealth Management

The information provided is used as a general guide to help you assess your current risk profile and is not intended to be construed as a representation by us as an offer to sell or a solicitation of an offer to buy any products or services. Asset allocation and diversification do not assure a profit or protect against loss.

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