

RBC Wealth Management Investment Consulting Services for Institutions

RBC Wealth Management, through its Financial Advisors, offers comprehensive institutional consulting to address the specific needs of clients who are responsible for large pools of assets. The consulting services include asset allocation, manager searches, performance monitoring and investment policy analysis, and are provided to trusts and organizations such as hospitals, private and public retirement plans, foundations, and endowments.

RBC Wealth Management believes organizations 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 and establishing investment policy to selecting investment managers and reviewing their ongoing performance. We work with your organization to help develop strategies that can help achieve your investment objectives.



RBC Wealth Management®

RBC Wealth Management's Consulting Process

Our primary mission is to assist our institutional 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 your organization in meeting its goals and objectives.

STEP 2

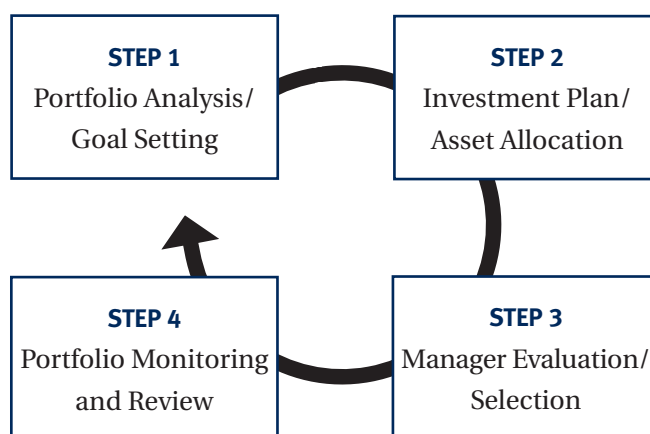
Reviewing Investment Policy and Determining Asset Allocation — A disciplined methodology is vital in creating an effective investment policy and in implementing an efficient asset allocation strategy.

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 your organization in monitoring and evaluating the portfolio versus the organization's stated goals and 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 organization's specific needs, goals and risk tolerances. We analyze your current portfolio and then, with input from your board, we develop a series of portfolio objectives and constraints specific to your organization. At a minimum, on an annual basis, we will sit down with your board for an objective review of the performance of your organization's portfolio. We believe the formulation of realistic investment objectives combined with the flexibility to make mid-course adjustments can, in the long run, assist your organization in meeting its goals and objectives.

The investment analysis process is a continuous cycle. At RBC Wealth Management, our Financial Advisors 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 organization's needs is the key to meeting your objectives.

Step 2: Reviewing Investment Policy and Determining Asset Allocation

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

- Organization's objectives
- Time horizons
- Risk tolerances
- Spending policies
- Performance expectations
- Asset allocation guidelines
- Rebalancing guidelines
- Securities guidelines
- Monitoring and evaluation procedures

Based on the Investment Policy Statement, an RBC Wealth Management® Financial Advisors can work with you to design an asset allocation strategy that is tailored to your organization's parameters. Our asset allocation software combines scenario assumptions and asset class holding limitations to produce alternative asset mixes for you to consider. Our goal is to optimize your expected returns while minimizing the overall portfolio variance within the constraints set forth in your organization's Investment Policy Statement.

Step 3: Manager Evaluation and Selection

The third step of the investment consulting process is investment manager search, selection and due diligence. The process is a blend of qualitative and quantitative factors. The process is driven by your organization's need for a specific type of manager. When a need is identified (e.g., small cap growth manager), a universe of money managers is initially screened to uncover candidates for that asset class and style category. Screening is based on both the investment style descriptions offered by the managers (qualitative) and the style analysis performed by our in-house analysts (quantitative).

The pool of candidates is then reduced to a manageable number, by eliminating from consideration, managers who lack adequate track records and firms without the asset base to be considered viable. The remaining candidates are then subjected to a more rigorous fundamental review. Quantitatively, managers are compared to an appropriate benchmark and to their peers. Managers must demonstrate a consistent record of closely tracking their benchmark under a variety of market conditions. Performance is evaluated on an absolute and risk-adjusted basis over multiple time periods.

We then subject those managers that appear attractive from a quantitative perspective to a rigorous qualitative analysis. Our goal is to safeguard clients from investment processes lacking rigor, definition, or implementation. In addition, we can incorporate client-specific manager screens such as minority or female ownership.



While we use investment performance in manager selection, we also include style analysis, relative performance, rolling statistical time-frame analysis, and attribution analysis in the evaluation of portfolio managers.

For comparison purposes, managers who are specifically requested by your organization may be included in our analysis. However, these managers may still have to pass the established criteria of our due diligence team.

Step 4: Portfolio Monitoring and Reporting

The final step in the process is the portfolio review. The portfolio review will address the question — “Are the goals and objectives of the organization being met?”

RBC Wealth Management provides 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. These reports may include, but are not limited to the following:

- Summary Rates of Return
- Risk Measures: Alpha, Beta, Standard Deviation
- Peer Group Universe Comparisons
- Asset Allocation
- Broad Based Universe Comparisons
- Risk versus Return