

RBC Total Portfolio – Delivering Strategic Tax Management

Every investor wants to optimize after-tax returns and reduce taxes. Few investments, however, can meet these two objectives within one investment solution.

RBC Total Portfolio combines the benefits of multiple investment options and professional money management in one simplified account. Strategic tax management is also available to any taxable RBC Total Portfolio account using separate account money managers. A key benefit of this tax management service is active, continuous tax management to help reduce your overall tax liability.

STRATEGIC TAX MANAGEMENT

Tax optimization requires making individual investment choices based on potential tax penalties to your overall taxable portfolio. This service shows your portfolio in aggregate and helps you and your RBC Wealth Management® Financial Advisor execute transactions that carefully consider all the possible tax implications. If you choose to add the tax management services to your RBC Total Portfolio, the following tax management strategies may be used:

- **Avoid Wash Sales** — In general, you have a wash sale if you sell stock at a loss, and buy similar securities within 30 days before or after the sale. When this occurs, the IRS will not allow you to deduct the realized loss. This service monitors all taxable account transactions to avoid wash sales.
- **Apply Tax-sensitive Rebalancing** — When rebalancing, there is always a trade-off between achieving the original strategic asset allocation and minimizing tax costs. In many cases, the tax costs may outweigh the expected benefits. With

tax-sensitive rebalancing, however, the asset allocation is changed only to the extent the tax costs do not outweigh the intended benefit. Tax-sensitive rebalancing may result in one of three outcomes. No changes are made to the current allocation; the account is rebalanced back to the original allocation; or the account is rebalanced somewhere between the two.

- **Minimize Short-term Gain Exposure** — The tax management service of RBC Total Portfolio actively harvests losses within the portfolio to match the short-term gains. When losses are not available, it seeks to defer those gains until they reach long-term status. This feature allows you to realize those gains at the lower and more favorable long-term capital gains tax rate.
- **Integrate Outside Taxable Events** — Information about capital gains and losses that occur outside of your RBC Total Portfolio can be used to help provide holistic tax management. So this service provides value across all your investments, both inside and outside of your RBC Total Portfolio account.
- **Increase After-tax Value** — In addition to helping you lower your tax bite, tax management can add significant value to your account. That's because, when you reinvest the money that would have gone to taxes, it will compound yearly and help fuel growth over the life of the account. The higher the return and the longer the time horizon, the more value is added.



RBC Wealth Management®

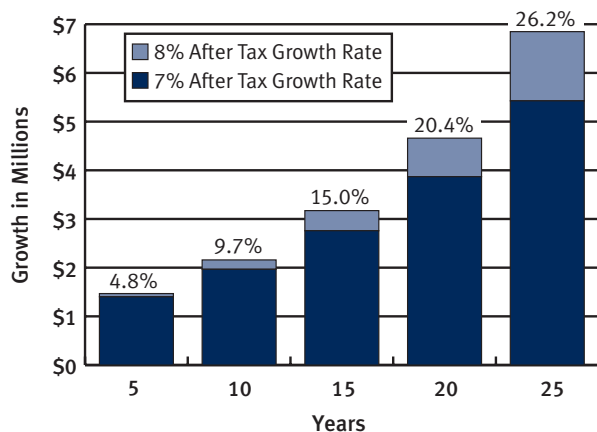
RBC Total Portfolio – Delivering Strategic Tax Management, continued

Value Add Opportunity

Market Return	Client Time Horizon	Drag w/o Tax Management	Drag with Tax Management	Value Add
6%	5	0.72%	0.09%	0.63%
8%	5	1.00%	0.15%	0.85%
10%	5	1.30%	0.23%	1.06%
12%	5	1.61%	0.33%	1.28%
14%	5	1.93%	0.43%	1.50%
6%	10	0.82%	0.17%	0.64%
8%	10	1.16%	0.30%	0.86%
10%	10	1.53%	0.44%	1.08%
12%	10	1.92%	0.61%	1.31%
14%	10	2.33%	0.79%	1.54%
6%	30	1.01%	0.35%	0.66%
8%	30	1.45%	0.56%	0.89%
10%	30	1.93%	0.80%	1.12%
12%	30	2.42%	1.06%	1.36%
14%	30	2.93%	1.33%	1.59%

Results show value attributed to managing short term gains (40% to 0%). Based on income tax rate of 35% and capital gains rate of 15%. Tax management may result in pre-tax drag which can reduce the net value add.

Growth of \$1,000,000



Consider adding the tax-management feature of RBC Total Portfolio if you have:

- Overall annual turnover in excess of 40% (excluding transactions resulting from cash flows, manager changes and rebalancing)
- High income tax rates (15% or more than capital gains rate)
- Portfolios with lower yields (dividends less than 25% of annual returns) and expected market returns above 8%
- High sensitivity to taxes
- Exposure to alternative minimum tax (AMT)
- An account with deep embedded gains (greater than 10% of the portfolio)
- Tax-triggering events or circumstances outside of your RBC Total Portfolio account

To find out more about RBC Total Portfolio and the tax management options available to you, talk to your RBC Wealth Management Financial Advisor.

Be aware that these considerations are general guidelines to consider in aggregate and not absolute catalysts for enrolling in the tax-management feature. RBC Wealth Management is not a Tax Advisor. All decisions regarding the tax implications of your investments should be made in connection with your independent tax advisor.

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