

Unit Investment Trusts

Offering a Diverse Array of Professionally Selected Investments

Unit Investment Trusts (UITs) offer many of the features found in other packaged products. When reviewing appropriate investments for you, your RBC Wealth Management® Financial Advisor will review your needs to determine suitable products. A UIT may be appropriate for a variety of reasons such as diversification, liquidity, asset allocation and tax control. Your Financial Advisor will also review risk management, expenses, exchange options and investment discipline to arrive at the desired product mix. UITs are designed with these objectives in mind.

The UIT market has evolved over time. Today, the majority of products focus on strategies, asset allocation and income. Sponsors, or the companies that create UITs, develop products that allow clients to achieve their investment objectives using primarily stocks and bonds, like mutual funds. One major difference is that mutual funds are actively managed, and therefore frequently change their underlying investments. UITs hold a professionally selected portfolio that does not change during the life of the trust, except in certain limited situations.

The primary investment advantages UITs offer are:

- **Transparency** — The portfolio is published and very rarely changes*.
- **Tax Efficiency** — UITs are not actively traded and do not have any embedded capital gains.
- **Professional Selection** — Sponsors employ analysts or use independent third party research to select portfolios.

- **Discipline** — UIT structure prevents style drift and emotional buy and sell decisions within the portfolio*. The value of this became very apparent in 1999 when many money managers were forced to be over-weighted in technology.
- **Simple Strategies** — Someone once said: “Investing isn’t like Olympic diving, you don’t get extra points for difficulty.” UITs employ simple strategies that are easy to understand.
- **Rollover Feature** — Allows you to rebalance periodically at a reduced sales charge.
- **Economical Diversification** — Clients can gain broad equity or bond exposure in a low cost structure.
- **Broad Selection** — There are over 100 UITs available at any given time covering many styles, sectors and strategies. Strategies are back tested and presented net of sales charges. There are also a number of fixed income portfolios that are popular.
- **No Hidden Fees or Charges** — All sales charges are clearly laid out.
- **Remain Full Invested** — UITs do not sit on cash balances.
- **Sales Charge Break Points** — For many trusts, there are reduced sales charges for larger purchases.

** In rare cases, a security may be sold out of the portfolio, usually because of some material change or financial distress.*



RBC Wealth Management®

Unit Investment Trusts, continued

While there are many UITs to choose from, many of them fall into the following general categories:

- **Equity** — There is a broad range of equity UITs available. Equity UITs cover the entire spectrum of styles and offer exposure to everything from growth to value/dividend strategies. While the strategy portfolios have become very popular in the post-bubble era, there are still sector trusts available to gain more focused exposure. UITs also provide an economical way to participate in a basket of foreign securities.
- **Taxable Income** — There are many choices in this class, including corporate bonds, taxable munis, GNMA's, REITs, preferreds, tax-advantaged preferreds, to name a few.
- **Tax-Free Income** — Several sponsors develop long-term municipal bond UITs that offer monthly income, diversification and professional selection. These are available in insured as well as investment grade portfolios.

GIVE US A CALL

If you are interested in UITs, you have a wide array from which to choose. UITs are available in traditional commission-based accounts and, in many cases, fee-based programs such as RBC Advisor and Portfolio Focus™. For more information, contact your RBC Wealth Management Financial Advisor.

The value of the units of the UIT will fluctuate with the value of the underlying securities and the redemption price may be more or less than the original purchase price. UITs are sold by prospectus only. Investors should consider the investment objectives, risks, and charges and expenses of a UIT carefully before investing. Prospectuses containing this and other information are available by contacting your RBC Wealth Management Financial Advisor. Please read the prospectus carefully before investing to make sure that the UIT is appropriate for your goals and risk tolerance.

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