Guided Portfolio: Dividend Growth Update

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September 9, 2010

All values in U.S. dollars unless otherwise noted.

Priced as of September 8, 2010, market close (unless otherwise stated).

For Important Disclosures, see pages 8-9.

Guided Portfolio: Dividend Growth

Introduction

The objective of the Guided Portfolio: Dividend Growth is to provide investors current income with the potential for growing cash flow plus long-term capital appreciation. This portfolio may be appropriate for investors who have an average risk tolerance and who are able to withstand volatility in the value of this portfolio of stocks. Portfolio selections are based on the universe of companies followed by our fundamental research sources (Argus, Credit Suisse, RBC Capital Markets, RBC Wealth Management, and Standard and Poor's). Companies are selected for the strength of their business models, breadth of their management teams, defined policies to return cash flow to investors, a history of strong free cash flow generation, and a commitment to dividend growth. The portfolio is limited to twenty stocks and managed for tax efficiency. Stocks chosen should be eligible for the 15% dividend taxation rate for U.S.-based investors. For additional details on methodology, please turn to page 7.

Changes to the Guided Portfolio: Dividend Growth

Additions (see page 3)

International Business Machines (NYSE: IBM, $126.08)

The Toronto-Dominion Bank (NYSE: TD, $71.29)

Deletions (see page 5)

Eli Lilly & Co. (NYSE: LLY, $34.81)
Microsoft Corporation (Nasdaq: MSFT, $23.93)

Investment Committee
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Guided Portfolio: Dividend Growth

Symbol	Company Name	Price 9/8/10	52- Wk. Range	Performance Entry Date	Performance Entry Price #	EPS (Calendar) 2009A	EPS (Calendar) 2010E	EPS (Calendar) 2011E	P/E 2010E	P/E 2011E	Annual Div.	Div. Yield	Payout Ratio	5-Year Hist. Div. Gr.	3-Year Est. EPS Gr.
Consumer Discretionary															
MCD	McDonald's Corp.	$76.08	76 - 54	2/13/09	$56.81	3.98	4.52	4.89	16.8x	15.6x	$2.20	2.89%	49.4%	31.72%	9%
VFC	VF Corp.	$75.09	89 - 69	7/06/06	$67.71	5.16	6.12	6.66	12.3x	11.3x	$2.40	3.20%	47.2%	20.28%	10%
Consumer Staples															
PEP	Pepsico Inc.	$65.43	68 - 57	2/13/09	$52.57	3.71	4.16	4.63	15.7x	14.1x	$1.92	2.93%	49.0%	16.55%	9%
PM	Philip Morris International	$53.62	54 - 17	3/31/08	$50.58	3.31	3.77	4.18	14.2x	12.8x	$2.32	4.33%	62.7%	11.80%	11%
PG	Procter & Gamble Co.	$60.37	65 - 39	7/06/06	$56.45	4.19	4.03	4.14	15.0x	14.6x	$1.93	3.19%	52.1%	12.06%	9%
Energy															
CVX	Chevron Corp.	$77.25	83 - 67	7/06/06	$63.98	4.84	9.27	10.06	8.3x	7.7x	$2.88	3.74%	34.1%	12.07%	18%
COP	Conocophillips	$54.32	61 - 45	5/26/10	$49.57	3.65	6.12	7.10	8.9x	7.7x	$2.20	4.10%	36.4%	16.41%	21%
Financials															
CB	Chubb Corp.	$55.77	56 - 47	12/29/09	$49.40	6.14	5.34	5.66	10.5x	9.9x	$1.48	2.67%	22.0%	13.26%	9%
TD	The Toronto-Dominion Bank	$71.29	77 - 56	9/10/10	TBD	5.35	5.84	6.62	12.2x	10.8x	$2.35	3.26%	40.2%	10.00%	10%
Health Care															
ABT	Abbott Laboratories	$50.45	57 - 45	2/13/09	$54.94	3.72	4.16	4.63	12.1x	10.9x	$1.76	3.49%	42.3%	8.84%	11%
JNJ	Johnson & Johnson	$58.85	66 - 57	7/06/06	$60.52	4.63	4.70	5.05	12.5x	11.7x	$2.16	3.68%	44.1%	12.00%	6%
Industrials															
MMM	3M Co.	$82.75	91 - 68	7/06/06	$81.39	4.69	5.76	6.31	14.4x	13.1x	$2.10	2.56%	37.8%	6.81%	13%
EMR	Emerson Electric Co.	$50.01	54 - 37	2/13/09	$32.02	2.37	2.83	3.37	17.7x	14.8x	$1.34	2.69%	52.1%	11.39%	14%
Information Technology															
ADP	Automatic Data Processing	$39.66	46 - 26	2/13/09	$37.17	2.38	2.40	2.54	16.5x	15.6x	$1.36	3.43%	56.4%	18.73%	10%
IBM	International Business Machines	$126.08	134 - 116	9/10/10	TBD	10.01	11.29	12.36	11.2x	10.2x	$2.60	2.06%	23.0%	10.00%	12%
MCHP	Microchip Technology, Inc.	$28.65	32 - 24	3/22/10	$28.79	1.15	1.96	2.30	14.7x	12.5x	$1.37	4.78%	69.9%	41.64%	12%
Telecommunication Services															
T	AT&T Inc.	$27.39	29 - 24	7/06/06	$27.66	2.12	2.33	2.51	11.7x	10.9x	$1.68	6.16%	72.1%	6.09%	6%
RCI	Rogers Communications, Class B	$36.00	37 - 26	3/22/10	$34.69	2.51	2.98	3.18	12.1x	11.3x	$1.24	3.47%	46.2%	114.63%	7%
Utilities															
AGL	AGL Resources Inc.	$37.70	40 - 33	11/09/07	$38.01	2.88	3.00	3.16	12.5x	11.9x	$1.76	4.65%	58.9%	8.59%	7%
NST	NSTAR	$38.32	39 - 31	7/06/06	$28.22	2.35	2.52	2.65	15.2x	14.5x	$1.60	4.18%	63.5%	6.31%	5%
											Avg. Yield:	3.57%			

The entry price has been adjusted for a stock split, stock dividend, or business spin-off that would change the cost basis of the holding.

Inception date is July 6, 2006.

A stands for actual earnings, E stands for estimated earnings based on First Call Consensus estimates. Information regarding returns is presented as total return and therefore includes dividends as well as capital appreciation and presumes reinvestment of dividends. Return is calculated on an equal-weighted, total return basis, and includes dividends, which are assumed to be reinvested. Return calculations do not include the deduction of commissions, advisory program fees, interest charges or other expenses that would be associated with an investment in the securities mentioned that are paid to RBC Wealth Management will reduce the client's overall return. Return calculations for the Guided Portfolio: Dividend Growth include securities that have been removed from the portfolio. Performance information on removed stocks is available upon request. Prices utilized for performance calculation purposes are closing prices one full trading session following additions to or removals from the Guided Portfolio: Dividend Growth. S&P 500 index in an unmanaged index of 500 widely held common stocks and Real Estate Investment Trusts (REITS) of domestic operating companies traded on the New York Stock Exchange, American Stock Exchange or NASDAQ National Market List and is often used as a measure of large capitalization-weighted common stock performance in the United States. An investment cannot be made directly into an index. S&P 500 P/E ratios are based on First Call Consensus estimates, excluding figures that haven't been updated within 90 days. Payout ratios are calculated based on current dividend divided by estimated fiscal year 2010 EPS, unless otherwise indicated. Past performance should not be viewed as an indicator of future results. Portfolio P/E ratios are derived from a simple average of individual stock P/E ratios.

Source: FactSet and our national research correspondents.

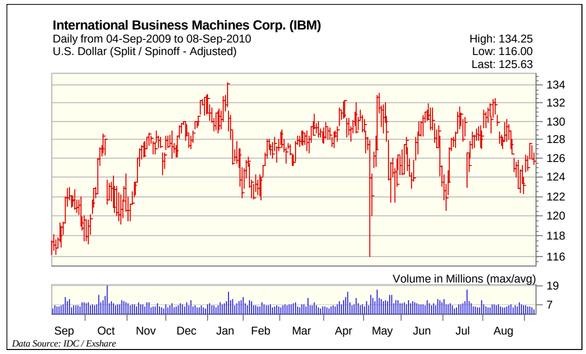
International Business Machines (NYSE: IBM, $126.08)

We are adding shares of International Business Machines to the Guided Portfolio: Dividend Growth.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Not Rated
RBC Capital Markets	Sector Perform
Standard & Poor's	Strong Buy

2010E/2011E EPS*:	$11.29/$12.36	2010E/2011E P/E*:	11.2x / 10.2x
Market Cap (MM):	$158 billion	52-Week Range:	$134 - $116
5 yr EPS Growth Est:	12%	S&P Total Debt Rating:	AAA
5 yr Div Growth Est:	10%	Fiscal Year End:	December
Dividend Yield:	2.06%	Beta	0.84

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

International Business Machines Corp. (IBM) is based in Armonk, NewYork, and has a corporate history that dates back to 1911. One of the world's largest information technology companies, IBM has a broad reach in hardware, software, and services. Hardware represented 17% of revenues in 2009, but through strategic acquisitions, IBM has continued to grow its services (58% of sales) and software (23%), with global finance rounding out the final 2% of sales in 2009. This combination of products and services allows IBM to offer a "total solution" to its enterprise customers. IBM has a footprint in 170 countries and targets spending 6.1% of its revenues on research and development annually. In 2009, North America accounted for 42% of sales, EMEA at 34%, and Asia Pacific at 22%. Since 1916, IBM has paid a dividend each consecutive quarter and has steadily increased the dividend since 1996 at a CAGR of 11.5%.

Investment Thesis

- **IBM Targeting 12% Long-term Earnings Growth through 2015.** IBM recently detailed its growth plans at its annual analyst day in early May. The company is targeting "at least" $20 in earnings per share in 2015, which affirms CAGR of 12% over that time period, which is in line with its goal to grow in the "low double-digit" range that it has expressed previously. IBM plans to use its cutting technology edge in hardware products to drive the long-term demand for business services and software. On September 1, IBM introduced the "world's fastest processor," the z196, which serves as the "brains" behind z-series servers (formerly mainframe computers), set to ship on September 10, 2010. According to our research source, this z-series is part of a strategic release of new server products across its major product tiers. We believe this launch sets the stage for strong second-half growth in its hardware business, which could offset forecasted weak results in its services segment. We believe the outlook for strong enterprise spending should also support strong software sales through 2010. The services backlog reached $120 billion at the end of June, providing strong earnings visibility. We expect IBM will continue to make strategic acquisitions, such as the recently acquired Sterling Commerce from AT&T, and privately held Storwise, to broaden its platform in software and services.
- **Strong Dividend and Share Repurchase Track Record.** IBM has steadily grown its dividend each year since 1996. Over the past 15 years, the dividend has growth from $0.51 to a current rate of $2.60, for a CAGR of 11.5%. Over the past five years, the dividend has grown at a CAGR of 23.5%. In the April quarter, IBM raised its dividend 18% to an annualized rate of $2.60 and expanded the share repurchase plan by $8 billion. It is widely expected that IBM could further expand its share repurchase plan when it reports earnings in October. IBM has stated it expects to generate nearly $100 billion in free cash flow through 2015; it intends to use $50 billion for share repurchases. According to our national research source, this could contribute as much as $2.80 in earnings to the 2015 roadmap outlined at the analyst day this past May.
- **Adding IBM to the Guided Portfolio: Dividend Growth.** We believe IBM is the kind of "super tanker" technology stock that fits well in a dividend growth portfolio in the current economic environment. The firm is remarkable for its earnings consistency and continued opportunity to benefit from strong economies of scale. The company weathered the recent financial crises well and emerged a stronger competitor, focused on ongoing cost reductions and an improved sales mix. Its legendary track record of dividends and strategic share repurchase plans underpin what we view as a compelling valuation for one of the best positioned technology firms in its industry. With the shares trading at only 10x the consensus 2012 earnings estimate, we find the shares attractive for inclusion on the Guided Portfolio: Dividend Growth.

Risks: Weaker-than-expected global economic conditions could reduce sales and impact profitability. Technology innovations could fall short of expectations, and the risk exists that planned acquisitions could fail to be integrated on plan. Potential exists for antitrust or litigation to impede results.

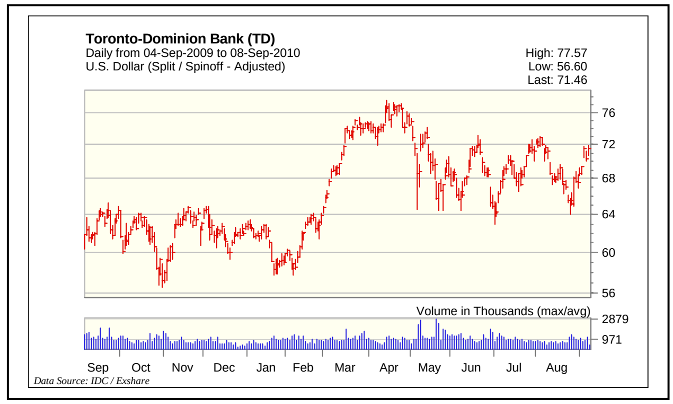
The Toronto-Dominion Bank (NYSE: TD, $71.29)

We are adding The Toronto-Dominion Bank to the Guided Portfolio: Dividend Growth.

Research Provider	Ranking
Argus Research	Not Rated
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poor's	Not Rated

20010E/2011E EPS*:	$5.84/ $6.62	2010E/2011E P/E*:	12.2x /10.8x
Market Cap (MM):	$62.30 B	52-Week Range:	$77 - $56
Total Debt/Total Cap:	31%	Est 5YR EPS growth*:	10.0%
Dividend Yield:	3.26%	Fiscal Year End:	October
Dividend Rate:	$2.35	Book Value Per Share:	$43.41

*Source: national research sources, FactSet



Source: FactSet

Company Description

The Toronto-Dominion Bank (TD) together with its subsidiaries, provides retail and commercial banking, wealth management, and wholesale banking products and services in North America and Internationally. The company operates in four segments: Canadian Personal and Commercial Banking, Wealth Management, U.S. Personal and Commercial Banking, and Wholesale Banking. Toronto-Dominion is Canada's second-largest bank by market capitalization and by assets. The company has more than 1120 retail branches in Canada, 1100 branches in the U.S., and 210 retail brokerage offices. The company was founded in 1855 and is headquartered in Toronto, Canada. TD has paid a dividend each year since at least 1970. TD is a member of the Dow Jones Sustainability Index, an important consideration for socially responsible investors.

Investment Thesis

- **Solid Banking System & Solid Third-Quarter for the Company.** According to a published report by the *World Financial Forum* in late 2008, the Canadian banking system was ranked as the soundest banking system in the world, and since that report was published, we believe little has changed. Toronto-Dominion recently reported very solid third-quarter operating results of $1.43 in earnings, ahead of the RBCCM estimate but slightly below the consensus. Divisional results exceeded expectations across the board; Canadian P&C earnings of $841 million increased 24% year over year, U.S. P&C earnings of $287 million were up 19% year over year, and TD Securities reported net income of $179 million, beating the RBCCM estimate of $162 million. Credit was better than expected, with loan loss provisions of $339 million, below the RBCCM estimate of $447 million. Loan losses were down sequentially in all divisions. The company's Tier 1 ratio was 12.5%, up from 12.0% in the second quarter, and the Tier 1 common ratio was 8.5%, up from 7.9% in the second quarter.
- **Dividend Growth Likely to Resume in 2011.** This past quarter the company announced its normal $0.5875 U.S. quarterly dividend. Throughout the entire financial crisis, the company maintained its common dividend at the same time its U. S. counterparts were reducing theirs. RBCCM believes the company is likely to start increasing its dividend again in the first half of 2011. Based on RBCCM's current 2010 and 2011 earnings estimates, the company has a dividend payout ratio of 41% this year and 39% next year, which compares favorably to management's targeted dividend payout ratio range of 35%-45%. RBCCM believes the dividend growth potential for Toronto-Dominion is great than with its peers due to the company's lower dividend payout ratio and potential for stronger growth given its U.S. footprint and solid Canadian retail business. As clarity improves around the upcoming regulatory capital rules changes and requirements from the Basel Committee, we believe we'll see more details on the potential for a dividend increase.
- **Adding Toronto-Dominion to Guided Portfolio: Dividend Growth.** The addition of Toronto-Dominion meets our desire to raise our sector weighting in financial services to 10%, still below the industry sector weighting, but reflective of what we view as a solid holding with exposure to the resources rich Canadian market. We view TD as one of the strongest banks in the financial sector, offering 10% earnings growth potential plus 5% annualized dividend growth potential to investors. Given the company's solid fundamentals and the potential for dividend growth coming early next year, we are adding TD shares to the Guided Portfolio: Dividend Growth.

Risks: The company is vulnerable to a meaningful rise in interest rates. Loan losses may persist and require reserves that exceed current forecasts. The value of Canadian currency may decline vs. the U.S. dollar. A decline in Canadian economic activity would also be negative for the shares.

Eli Lilly & Company (NYSE: LLY, $34.81)

We are removing Eli Lilly & Company from the Guided Portfolio: Dividend Growth.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Neutral
RBC Capital Markets	Not Rated
Standard & Poor's	Hold

20010E/2011E eps*:	$4.60/ $4.42	2010E/2011E P/E*:	7.6x / 7.9x
Market Cap (MM):	$40.02 B	52-Week Range:	$38 - $32
Total Debt/Total Cap:	41%	Est 5YR eps growth*:	-6.9%
Dividend Yield:	5.63%	Fiscal Year End:	December
Dividend Rate:	$1.96	S&P Credit Rating:	AA-

*Source: national research sources, FactSet

Source: FactSet

Company Description

Eli Lilly & Company is a leading pharmaceutical firm with major franchises in depression, anti-psychotics, and diabetes care, plus animal health. In 2007, 46% of its sales were outside the United States. Lilly completed the acquisition of ICOS Corporation for $23 billion in cash, giving it full ownership of Cialis® for erectile dysfunction. It closed on the acquisition of Imclone in 2008. The company has joint research and development alliances with Takeda Pharmaceuticals, Boehringer Ingelheim, and several others. The company is currently a member of the S&P Dividend Aristocrats. Over the past ten years, the dividend has grown at a CAGR of 7.8%, handily outpacing the rate of inflation.

Investment Thesis

- **Concerns Over Future Earnings Growth.** The large-cap pharmaceutical group as a whole has low- to mid-single-digit projected earnings growth for the next five years. In our view, Lilly has the poorest outlook for earnings growth outlook in the group, as it continues to struggle with its new product pipeline. The company stopped development of Semagacestat for Alzheimer's disease due to poor results during Phase III trials. More recently, the FDA panel was split on the effectiveness of Cymbalta for chronic pain. The longer-term concerns for Lilly are the company's ability to replace several key drugs coming off patent protection by 2015, including Zyprexa, Gemzar, Evista, and Cymbalta. These drugs accounted for roughly 60% of the company's 2009 revenues.
- **Negative Earnings Growth and Increased Health Care Costs Could Potentially Weigh on Future Dividend Growth.** Health care reform continues to have a negative impact on the large-cap pharmaceutical company's earnings. Management expects 2010 revenues will take a $350-$400 million hit, lowering earnings by roughly $0.35. In 2011, health care reform could negatively impact revenues by $600-$700 million, according to management. These increased costs, combined with the company's negative earnings growth outlook, could potentially force the company to re-evaluate its dividend policy. We believe the concerns over the company's earnings outlook in the near term will continue to weigh on the company's share price. With a 43.5% dividend payout ratio, the company has plenty of current dividend coverage, but as earnings are expected to decline from the 2009A of $4.42 to the consensus 2012E of $3.85, future dividend growth will come into question, in our opinion. Lilly has yet to announce a dividend increase in the current year, which would endanger its position as an S&P Dividend Aristocrat.
- **Removing Eli Lilly & Company from the Guided Portfolio: Dividend Growth.** Eli Lilly has had one of the best long-term dividend growth track records of the companies in the S&P 500. However, with the company's declining earnings outlook and increased costs due to Health Care Reform, this track record could potentially be at risk. The company's share price performance has lagged the majority of the large-cap pharmaceutical group, and we believe the concerns about the company's earnings outlook and future dividend policy will continue to weigh on the share price going forward. Because of these concerns, the Investment Committee is removing the shares from the portfolio.

Risks: The coming patent expirations for a majority of the company's top products represent significant risk to earnings. The company's new product pipeline may not be able to replace the income lost through patent expiration with new products. Litigation could potentially end patent protection sooner than expected on several products, negatively impacting cash flow.

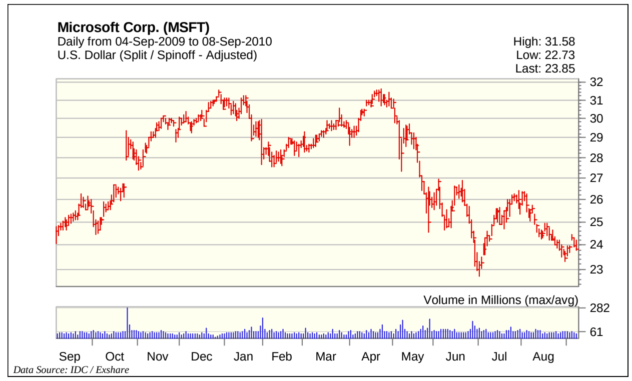
Microsoft Corporation (NASDAQ: MSFT, $23.93)

We are removing shares of Microsoft Corporation from the Guided Portfolio: Dividend Growth.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poor's	Hold

2011E/2012E EPS*:	$2.36/ $2.63	2011E/2012E P/E*:	10.2x/9.1x
Market Cap (MM):	$207 billion	52-Week Range:	$31 - $22
Total Debt/Total Cap:	11.4%	S&P Total Debt Rating:	AAA
Dividend Yield:	2.17%	Fiscal Year End:	June
Dividend Rate	$0.52	Beta	0.97

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

Microsoft Corporation, based in Kirkland, Washington, is the world's largest software company. Its Windows operating system is run on more than 90% of all PCs. Its business office productivity software has more than 400 million users. Microsoft's Xbox game console has increasingly positioned itself as a leading force in video game architecture. Under the leadership of Steven Ballmer and Ray Ozzie, the company's core strategy is to position software as a service rather than a transactional event and provide a seamless user experience across all electronic device platforms, from cell phones to PCs to home entertainment centers.

Investment Thesis

- **Microsoft Shares Remain Inexpensive and on the Cusp of Several New Product Cycles.** We believe PC sales growth will slow in 2011 after a strong rebound in 2010. The company has experienced positive consumer adoption trends for its Window 7 upgrade cycle. Microsoft Office should drive growth of 6.9% in Server and Tools. Bing, its new search engine, has been a modest success, and the launch of the controller-free input device for Xbox is expected to be well received into 2011 as well, driving Entertainment and Devices revenue growth to 23% in fiscal 2011, according to our research source. The shares trade at a very attractive 9.1x on fiscal 2012 earnings, which, in our view, highlights not only value, but also some sizable risks to its franchise. Google remains a key challenger in the search area. The firm has lacked execution success on several items, most recently a "smart" phone targeted to the tween demographic. Xbox remains well matched by its Sony rival and the continued adoption of Linux, and use of open source code software applications continues to eat away at its franchise status on computer operating software. With these well-pronounced headwinds, we believe other technology stocks could be a better fit for this dividend growth strategy.
- **Lackluster Dividend Growth Makes Us Question Microsoft Cash Flow Priorities.** Microsoft initiated a dividend in 2003. For nearly seven years, the company regularly raised the dividend and rewarded shareholders in 2004 with a special dividend. Over the past eight quarters, however, the firm has chosen not to increase the dividend, despite a cash war chest of $36.8 billion on the books. We agree with several of our research sources that the firm appears not to have dividend growth as a priority for the use of its cash flow. In our view, this appears to be a change compared to its prior track record of steady dividend increases. As a result, we have reconsidered the inclusion of MSFT shares on the Guided Portfolio: Dividend Growth.
- **Risk of slower PC Refresh Cycle and Seemingly Low Dividend Growth Cause us to Remove the Shares.** The slowdown in global economic growth has caused CIOs to pause, we believe, and consider the best use of dollars spent. We believe the headwinds that face Microsoft are notable. These include a risk that the PC Refresh cycle slows along with slower global economic growth and the expected substitution of tablet computers for traditional netbooks/notebooks that could slow demand for Microsoft software. Furthermore, the lack of dividend growth over the past four quarters concerns us, since the firm has $36.8 billion in cash sitting on its balance sheet that could, in our view, be used to reward Microsoft's very patient shareholders with a growing dividend stream. Since the objective of this strategy is dividend growth, we prefer to consider other technology firms that have put growing dividends as a priority for its shareholders. As a result, we believe Microsoft is no longer a good fit for this Portfolio, and the shares are being removed.

Risks: Weaker-than-expected global economic conditions could reduce software sales below expectations and potentially negatively impact earnings. Results could be impacted by continued market share losses in the desktop operating systems marketplace.

Methodology to the Guided Portfolio: Dividend Growth

The Investment Committee, noted on the front page of this report, selects and monitors the companies included in the Guided Portfolio: Dividend Growth. Members of the Investment Committee are also members of the Private Client Research Group. The universe of companies for selection encompasses the stocks under fundamental research by Argus, Credit Suisse, RBC Capital Markets, RBC Wealth Management, and Standard & Poor’s. The Portfolio will be limited to 20 stocks, with concentration of no greater than 25% in any one of Standard & Poor’s major industry sectors, as noted by its GICS methodology. For diversification, we seek a minimum of four S&P GICS sectors for representation in the portfolio. This portfolio will exclude REITs, MLPs, and other investment structures that do not qualify for the preferential 15% dividend tax rate. We reserve the right to highlight and add eligible foreign companies (as long as those companies trade on a U.S. exchange, Nasdaq, or are otherwise blue-sky cleared in all U.S. states and territories) we deem attractive that also have an outstanding track record of returning cash flow to investors through dividends, despite the 15% withholding imposed by foreign governments.

Companies chosen for inclusion in the Portfolio will be evaluated with emphasis placed on balance-sheet strength, low business risk, strong dividend coverage, industry average, or lower payout ratios and an investment-grade debt rating. We prefer to select companies with a strong track record of dividend increases. “Strong” by definition may include some, but not all, of the following: (1) historical track record of dividend increases for at least five years, (2) current inclusion in the S&P Dividend Aristocrat List, (3) companies with a free cash flow yield above the current dividend level, plus a demonstrated desire that the management team is committed to return a meaningful portion of its cash flow to investors through dividends, or (4) renewed commitment by management to a consistent dividend policy.

Given the desire to create a Portfolio and not a list of companies, we reserve the right to tailor a mix within the Portfolio that may meet some, but not all, of the above criteria. For example, we may include slower-growing, dividend-paying companies with above-average yields and also include faster-growing but lower-yielding companies that are expected to return a sizable percentage of their cash flow to investors over the business cycle. We remain committed to including companies of the highest quality and potential.

Changes to the Guided Portfolio: Dividend Growth

The Investment Committee for the Guided Portfolio: Dividend Growth will make changes to the Portfolio for the following reasons: (1) The fundamentals and cash-flow generation potential of the included company appear to be diminished compared with prior expectations; (2) a meaningful shift of prior dividend policy; (3) the Investment Committee deems the current valuation of the shares as above our fundamental valuation and suggests a switch to another company with more compelling fundamentals; (4) a fundamental downgrade in opinion by our research sources (noted in the prior paragraph) that warrants removal in the estimation of the Investment Committee; and (5) the desire to include a company whose fundamentals are superior to that of a company currently included in the Portfolio. Stocks will be monitored on these criteria. While we strive for tax efficiency with this Portfolio, targeted toward dividend growth and long-term capital gains, we cannot assure investors this objective will be met consistently.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

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			Investment Banking	
Rating	Count	%	Count	%
Buy (TP/O)	638	49.80	191	29.94
Hold (SP)	580	45.28	119	20.52
Sell (U)	63	4.92	9	14.29

Definitions of Rating Categories

An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector, but does not attempt to provide the analyst's view of how the stock will perform relative to: (i) all companies that may actually exist in the company's sector, or (ii) any broader market index.

Ratings:

Top Pick (TP): Represents analyst's best ideas in Outperform category; expected to significantly outperform sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

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Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; and/or fairly liquid.

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