

The investment process

Red Rose Investment Group



Wealth
Management

We create personalized investment programs to help clients grow, manage, and preserve their wealth. When constructing portfolios we place emphasis on managing risk and minimizing taxes.

1. **Examine the client's goals, time horizon and risk tolerance** and complete a WealthPlan when appropriate.
2. **Determine the strategic allocation** for the client's overall portfolio and each account taking into consideration taxes and income requirements.
3. **Make tactical modifications** to the strategic allocation based on our expectations of market action for the coming year. Although tactical shifts can improve performance, it is important to remain broadly diversified.
4. **Select specific funds and individual securities** to populate the asset classes. Our primary source for mutual fund data is Morningstar. We also use proprietary RBC research. We focus on 3- and 5-year performance vs. the index, as well as upside and downside capture of the manager.
 - Equity and income stock model parameters:
 - i. Dividends: Decent current dividend yield.
 - ii. Dividend growth: Companies that have consistently raised their dividend.
 - iii. Dividend coverage: Earnings exceed dividend payments.
 - iv. Screen out micro-caps of less than \$3 billion market capitalization.
 - v. Screen out Master Limited Partnerships (MLPs) and other securities that report taxable income on a schedule K-1.
 - vi. Screen and sort for low PE ratios.
 - vii. Screen and sort for high dividend coverage.
 - Individual bonds:
 - i. Generally, we feel that individual bonds are most attractive when interest rates are expected to decline over a prolonged period of time, while bond mutual funds are more attractive when interest rates are expected to rise over the long term.
 - ii. Individual bonds are selected based on the specific needs of each client portfolio considering the following factors:
 - a. Credit quality
 - b. Interest rate risk, primarily considering duration
 - c. After-tax return
 - d. Current yield and yield to maturity
 - e. Call provisions
 - f. Liquidity
 - g. Profit potential if things work out as expected, and downside risk if things go poorly
 - h. Limiting exposure to any one issuer
5. **Provide timely service**
 - Provide relevant performance statistics for your portfolio compared to appropriate benchmarks.
 - Review your progress in attaining your financial goals.
 - We have nine experienced financial professionals available to answer your questions and address any problems that may arise.
 - Proactive outreach with timely investment ideas and updates.

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.

IMPORTANT: The projections or other information generated by WealthPlan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

Asset allocation and diversification do not assure a profit or protect against loss.

RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in consultation with your independent tax or legal advisor.