

PAG A+ Multi-Asset Portfolio Solutions – Environmental, Social & Governance (ESG)



Wealth Management
Dominion Securities

The PAG A+ MAPS ESG Global Balanced Portfolio provides investors with a globally diversified multi-asset model portfolio constructed combining a strategic approach for Canadian investors with a view toward integrating environmental, social and governance (ESG) factors into each investment. Overlaid with disciplined risk management and both strategic and tactical asset allocation, this Portfolio should appeal to investors who seek a one-stop solution to gain exposure to a global asset allocation strategy with ESG as a primary consideration.



Multi-Asset Portfolio Solutions – ESG Global Balanced

- The MAPS ESG Global Balanced Portfolio (the Portfolio) is designed to provide an all-in-one strategically managed solution for investors seeking diversified exposure to a balanced mix of ESG-focused global equities and fixed income securities. A modest tactical allocation to the alternatives asset class may also be considered for Portfolio diversification. The long-term strategic focus is complemented by a tactical overlay that affords flexibility to shift the asset mix based on the relative merits and risk-reward of equities, bonds, sectors, styles and regions.
- The Portfolio utilizes a hybrid framework combining the benefits of passive and active investment strategies that strikes a balance between cost efficiency and disciplined alpha generation.
- The Portfolio strives to deliver a mix of capital appreciation and income over the long term, while maintaining a defined level of risk consistent with RBC Wealth Management's strategic asset allocation profiles.

Portfolio management

- Investment decisions are made by the Canadian Investment Committee (CIC), which comprises asset class, fulfillment and portfolio specialists at RBC Wealth Management. The CIC uses a broad range of research inputs from RBC Capital Markets, RBC Global Asset Management, RBC Wealth Management and third-party research partners encompassing macro analysis and leading economic and financial indicators. The CIC actively searches for compelling themes in global financial markets that provide

attractive opportunities and acceptable risk. Portfolio changes will be based on various factors, including changes in fundamental, quantitative and/or technical factors and the evolving landscape of ESG solutions available to Canadian investors.

- The Portfolio comprises 10–20 mutual funds, separately managed accounts (SMAs) and/or exchange-traded funds (ETFs). High-conviction, active strategies that integrate ESG considerations and processes into their investment management—typically delivered via mutual funds and SMAs—will be committed to and evaluated over multiyear time horizons. ESG-focused index-linked ETFs are relied on for delivering cost-efficient, rules-based exposure to diversified portfolios of leading ESG-screened companies across broad markets and as vehicles for executing tactical asset allocation views.
- The CIC undertakes rigorous multipronged due diligence to identify high-conviction active strategies. This incorporates an assessment of a wide range of factors, including depth of portfolio management team, consistency of investment process, superior ESG integration and track record of robust risk-adjusted returns through market cycles. ETFs are evaluated based on multiple attributes, including index methodology, cost, tradability and objective. In order to avoid potential conflicts of interest, all fulfillment solutions are subject to this evaluation, including those managed by RBC Global Asset Management and the Portfolio Advisory Group; the CIC will give no special consideration to RBC solutions.
- Risk management is engrained in the CIC's approach. The CIC measures and monitors portfolio risk across a

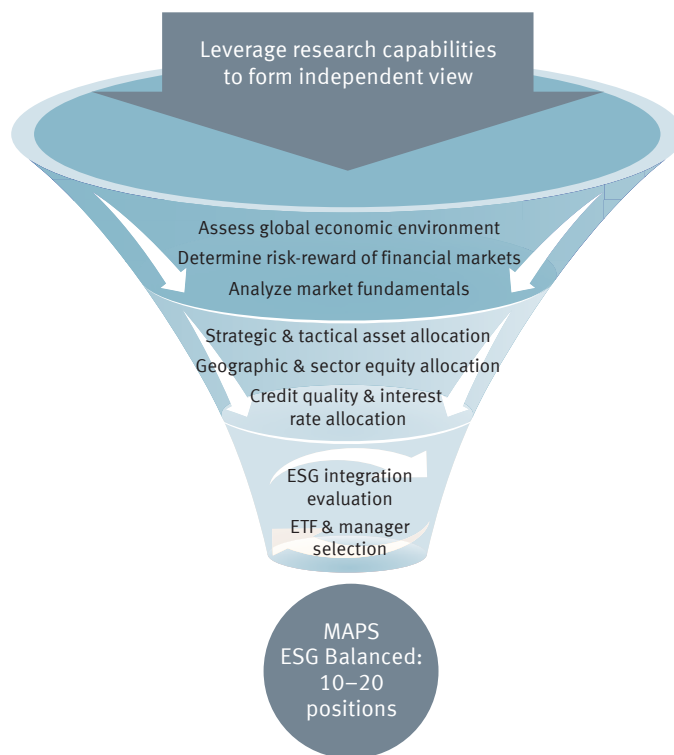
multitude of factors, including, but not limited to, relative returns, absolute and relative volatility, tracking error and correlations. Risk budgeting, the process of determining how much active risk to take and where to allocate active risk to enhance the risk-reward profile of the Portfolio, rounds out the risk management framework of the MAPS ESG Portfolio.

Risk profile

- The Portfolio is geared toward investors with moderate-to-high risk tolerance who desire an ESG-integrated, global asset allocation solution. The Portfolio seeks to maintain broad diversification, and its composition may at times differ materially from the benchmark. The Portfolio strives to be aligned with the global balanced asset allocation profile defined by the quarterly Asset Allocation Guide.
- While an approach focused on cost-efficient diversification and disciplined active strategies with a demonstrated track record of value generation and repeatability should be rewarded over time, markets may focus at times on market segments or factors the CIC has decided to avoid or limit exposure to after careful consideration. Thus, investors should expect to experience some differences relative to the broader market and the benchmark.

Benefits

- **Confidence:** The CIC leverages all of the resources at its disposal to construct a multi-asset class portfolio diversified across several different asset classes and strategies to temper volatility while integrating ESG factors.
- **Transparency:** Quarterly reports will be published that analyze the Portfolio, including Portfolio Manager commentary and a review of the Portfolio's performance and positioning.
- **Simplicity:** This one-stop model portfolio provides a blend of passive and active fulfillment solutions to deliver exposure to a diversified mix of assets, including Canadian equities, U.S. equities, international and emerging market equities, government and corporate bonds, preferred shares and emerging market bonds (and possibly alternative investments in appropriate market environments), while integrating ESG characteristics into the investment framework.



The Canadian Investment Committee consists of:

Mark Bayko

Chair, Head of Portfolio Management,
RBC Dominion Securities Inc.

Sarah Bewley

Senior Analyst, Global Manager Research,
RBC Dominion Securities Inc.

Siân Canavan

Manager, Multi-Asset Advisory & Portfolio
Practice Management, RBC Dominion
Securities Inc.

Christopher Girdler

Portfolio Advisor, Fixed Income Strategies,
RBC Dominion Securities Inc.

Erwin Go

Vice President, Mutual Fund Advisory,
RBC Dominion Securities Inc.

Brent Hubbs

Senior Portfolio Consultant, Multi-Asset
Advisory, RBC Dominion Securities Inc.

David Jean-Philippe

Senior Manager, Investment Analytics,
RBC Dominion Securities Inc.

John MacIsaac

Senior Analyst, Global Manager Research,
RBC Dominion Securities Inc.

Patrick McAllister

Manager, Equity Advisory & Portfolio
Management, Portfolio Advisory Group,
RBC Dominion Securities Inc.

Gopa Nair

Portfolio Advisor, U.S. Equities,
Portfolio Advisory Group, RBC Dominion
Securities Inc.

Mikhial Pasic

Portfolio Advisor, Fixed Income Strategies,
RBC Dominion Securities Inc.

Carolyn Schroeder

Portfolio Advisor, Multi-Asset Advisory &
Portfolio Practice Mgmt.,
RBC Dominion Securities Inc.

Michael Schuette

Multi-Asset Portfolio Strategist, Portfolio
Advisory Group, RBC Capital Markets, LLC

Peter Scott

Portfolio Advisor, Multi-Asset Advisory,
RBC Dominion Securities Inc.

Joseph Wu

Portfolio Advisor, Portfolio Advisory Group,
RBC Dominion Securities Inc.

Christine Yao

Mutual Fund Analyst, Mutual Fund Advisory,
RBC Dominion Securities Inc.

Arete Zafiriou

Portfolio Advisor, Multi-Asset Advisory, RBC
Dominion Securities Inc.

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