



# Paul Chapman, RBC Wealth Management

*Truly Differentiated Advice...*

**Paul Chapman, CIM<sup>®</sup>, MBA, BESC.**  
**Investment & Wealth Advisor**



**Wealth Management**  
Dominion Securities

# Our Commitment

Our clients value our team because we relentlessly work to solve any financial challenge thrown their way. By bringing together industry-leading experts in investment management, business owner planning, Wills and estates, private banking, tax strategy, trusts, and insurance, we help plan for and reach your long-term financial objectives.

We have an unrivalled discipline, work ethic and a total commitment to our clients to earn complete trust – we are always accessible, and invest the majority of our net worth directly alongside yours. We're in this together.



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# Your Advisor

## Paul S. Chapman, CIM<sup>®</sup>, MBA, BEMSc.

Paul has 20 years capital markets experience with Royal Bank of Canada, BMO Capital Markets and Merrill Lynch Canada. During his prior tenure at BMO Capital Markets, Paul rose to be Managing Director in the Equity Products Group where he oversaw the Relative Value Desk & Cdn Hedge Fund Relationship Management, as well as Prime Brokerage Sales. Throughout his tenure, Paul assisted in risk management for the firm and his clients, and had responsibility for trading and overseeing a proprietary trading book. During this time, Paul became a close and trusted advisor to many of the country's top professional fund managers.

Paul grew up in Grey County, Ontario, and lives there with his wife, two children and two golden retrievers. Active in the community and with multiple charitable endeavours, Paul passionately founded Chapman Youth Financial Literacy Charity, addressing an issue that Paul feels has been perennially underserved - basic financial literacy education for our youth. Paul has also been a proud supporter of the Capitalize for Kids Charity, where he joined the Advisory Board in 2018. Paul also joined the Board of Directors for United Way Simcoe Muskoka in 2020, and is active with a number of other charitable endeavours in the area.

Paul is an avid pilot, outdoorsman, hockey goaltender, cyclist, runner, and musician, having written and performed on 2 albums. Paul is also an accomplished snowboarder, having won the first Junior World Overall Snowboarding Championship and Canadian Overall Men's title in his youth.

Paul holds a Chartered Investment Management (CIM<sup>®</sup>) designation, MBA degree from the Richard Ivey School of Business, and was the first student to complete the concurrent undergraduate degree program at the University of Western Ontario combining the HBA and engineering programs.



# Our Approach

**Our team specializes in partnering with individuals, families and business owners who have created, or are in the process of creating, significant value. We strive to share and build upon the vision of our partners to help accumulate, preserve, transfer and *create* wealth.**

- The approach extends beyond investment advice and money management. Our professional network within and outside of RBC is invaluable, carefully-cultivated, and allows us to offer a complete family office experience.
- The clients we work with seek the highest level of service, discipline, expertise and attention to detail to help them establish and execute tailored wealth & estate management strategies.
- We bring unparalleled experience and a defined process to deliver capital growth, capital preservation and risk mitigation strategies for our partners through all market cycles. With an extensive institutional, corporate finance, merger and acquisition, and valuation background, we offer unique insight to provide invaluable guidance – simplified and without jargon.
- We have an unrivalled discipline, work ethic and a total commitment to our clients to earn complete trust – we are always accessible, and invest the majority of our net worth directly alongside yours. We're in this together.

We help you navigate your journey to protect your lifestyle, manage your nest egg,  
plan your retirement and create your legacy



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# Our Wealth Management Process

- **We work collaboratively with you via a transparent and engaging process to determine, define and clarify key wealth objectives and appropriate and tax-efficient solutions. We vow to work tirelessly to help you meet your objective – every step of the way.**
- In addition to investment advice and money management, we provide a wide range of wealth management needs to identify opportunities you may be missing and determine which of these complimentary consultations are appropriate for you, including:
  1. Financial planning to clarify your financial situation and goals.
  2. Estate & Trust consultation to help you maximize your legacy.
  3. Estate Planning & Insurance consultation to identify opportunities to help protect or enhance your wealth.
  4. We partner with and recommend our most trusted and best-in-class internal specialists and external professional service firms that are relevant for your situation.
  5. Business Owner Specialists dedicated to wealth planning for business owners and high net worth families.

Additionally, through our partners at RBC, you have access to a full range of financial services, including personal, business and private banking.

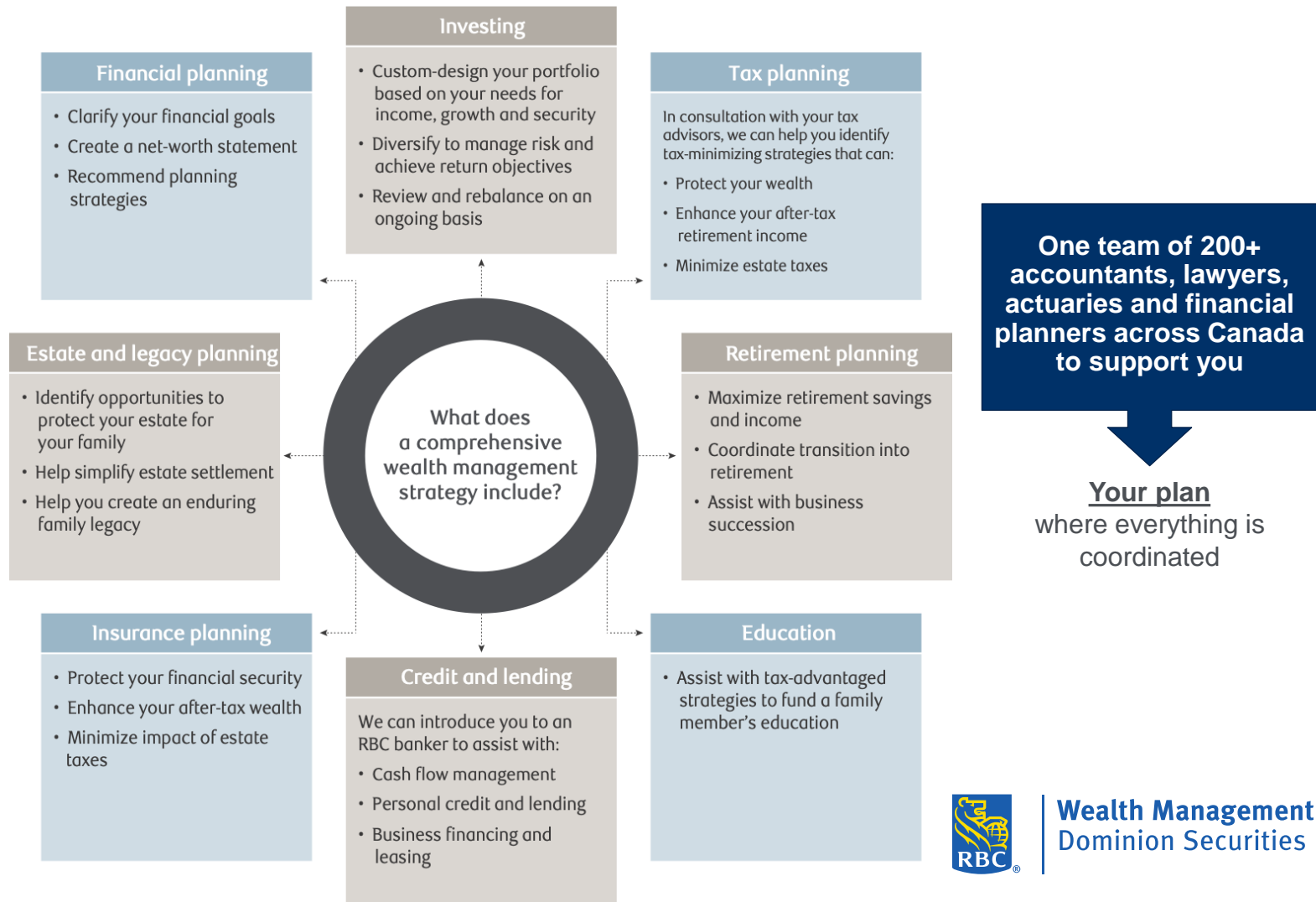
- All of our services, including bringing you the services of our specialists, are included in one fully transparent tiered fee.

All of our energy, commitment, and efforts are focused on you –  
we are your “personal CFO” and compass directing you through your financial journey



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# Your Wealth Management Process



# Our Network & Resources

- We make it easy for you to benefit from the full breadth of services offered by RBC and in the business community through our relationships cultivated over 20 years, including:
  - Across RBC including Capital Markets, Private & Commercial Banking and Wealth Management.
  - An influential business network of institutional portfolio managers, corporate executives, investors, financial services professionals, lawyers, accountants, consultants, board members and other advisors.

RBC Dominion Securities has been serving clients since 1901 and, today, is Canada's leading full-service wealth management firm with over 420,000 clients and \$305 billion in assets under administration. RBC hosts the second largest self-directed broker (RBC Direct Investing), the largest Canadian bank-owned insurer (RBC Insurance), and the top-ranked securities underwriter, and mergers and acquisitions advisor (RBC Capital Markets).

We make it seamless for you to benefit from the full breadth of services offered by RBC and beyond, acting as your personal CFO and achieving a complete family office experience



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# Our Investment Approach & Process

- **We are focused on establishing and maintaining permanent financial security for our partners by preserving and growing their capital – aiming to maximize risk-adjusted returns. We are evidence-based investors with a focused and disciplined process who bring extensive experience and an institutional perspective and toolkit. This includes an unparalleled insight and perspective of various investment products. Being an expert in the field allows us to know who the top experts are.**

## You can't predict – but you can prepare

- The Investment Process: True wealth is built over the long-term. The dominant determinant of lifetime investment outcomes is not short-term investment performance but investor behaviour. “Tail-end consequences of risk – like pandemics, and depressions – are what make pages in the history books. They're all that matter. They're all you should focus on.” – Howard Marks, Co-Chairman Oaktree Capital
- We manage a diversified and hedged portfolio that seeks to participate in “bull markets” while preserving capital in “bear markets” in both North American and International markets.
- We use a disciplined process to select investment products with attributes that have proven to lead to better future performance while mitigating downside capture within the overall portfolio.

We have the experience, knowledge and discipline to offer comprehensive and straightforward solutions to complicated problems, while insulating your wealth from financial uncertainty



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# The Traditional Portfolio's Performance

## THE LAST 20 YEARS:

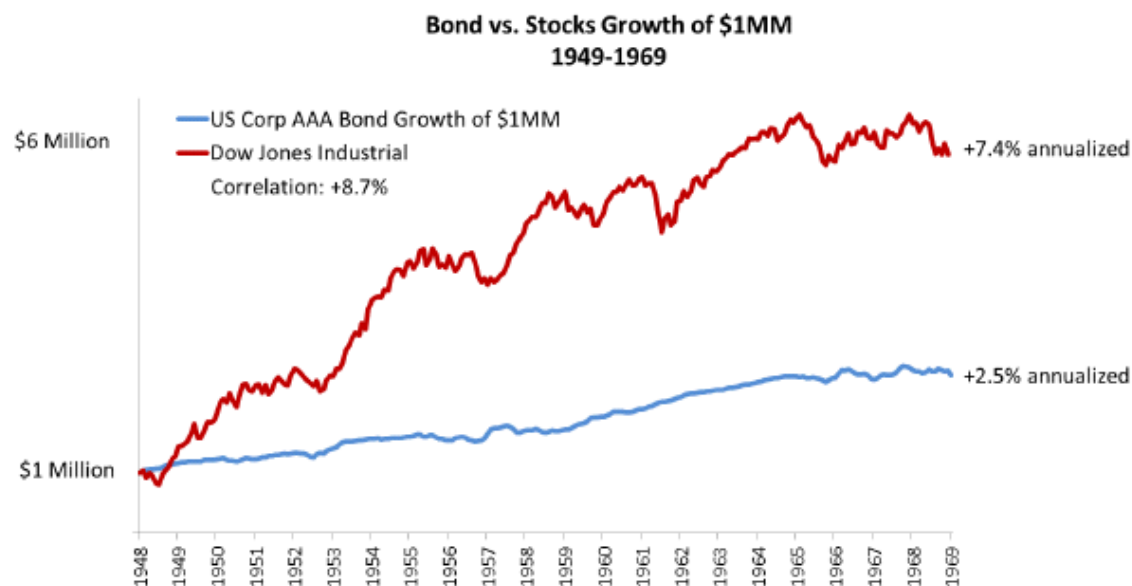
- Diversification has traditionally worked well as bonds were negatively correlated with equities (i.e. correlation was *negative 27%*)
- Stocks have proven to be somewhat volatile but have higher returns, bonds are more stable but have lower returns.
- Bonds have done the bulk of the heavy lifting when it comes to portfolio protection.
- A blend of 60% stocks and 40% bonds (the “60/40 portfolio”) has higher returns and lower volatility than either asset by themselves.



# The Future

## ... WHILE THE NEXT 20 YEARS WILL LOOK VERY DIFFERENT:

- What we have experienced has been an unprecedented period in the last 100 years!
- Bond returns are a direct function of the yield you start with. Today, 10-year bonds yield ~80bps and slowly climbing. Your returns over the next 10 years will be (you guessed it) ~0.8%, or less than a tenth of the returns of the previous 20 years!
- In 1949 yields were 2.7% and rose to 7.7% over 20 years. The resulting comparative returns are shown below.
- Correlation of stocks and bonds was *positive* 8.7%!

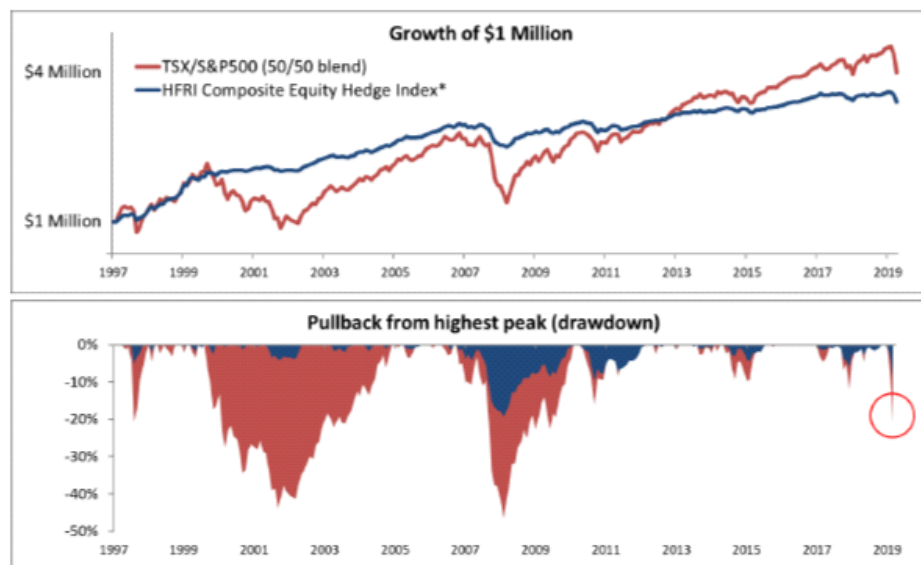


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# The Evolution & Solution – Evolving from a 60/40 Portfolio

## AND EQUITY DRAWDOWNS ARE A KILLER...

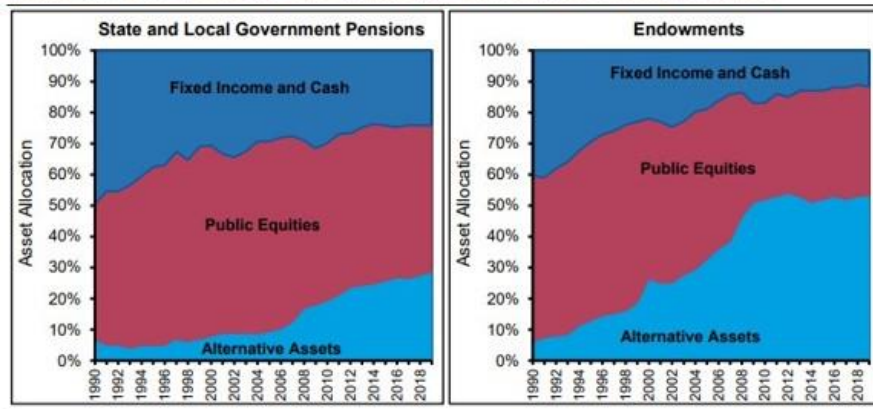
- Buying and holding for the long run is great – as long as the short run doesn't kill you.
- Equities offer the best long-term returns, but also come with unacceptable pullbacks for most investors. Managing “drawdowns” (the decline in value from a previous peak) matters if there isn't enough time to recover.
- A temporary loss of capital can become permanent if there is a spending need during a trough, or if an emotional decision triggers a sale at the lows.
- Selected “alternative investments” are best used as a bond-replacement, or as a hedge to equity downside volatility (i.e. risk-reducers). Alternatives raise the probability of a positive outcome, while decreasing the possibility of deep drawdowns.



# The Evolution & Solution – Evolving from a 60/40 Portfolio

- Alternative investments have become an important part of pension fund and endowment portfolios over the past ~15 years.
- As expected returns from traditional fixed income have dropped, selected managers have evolved their allocations.
- The reality of low interest rates means investors need to adapt and construct portfolios differently to achieve the similar returns from 20 years ago.

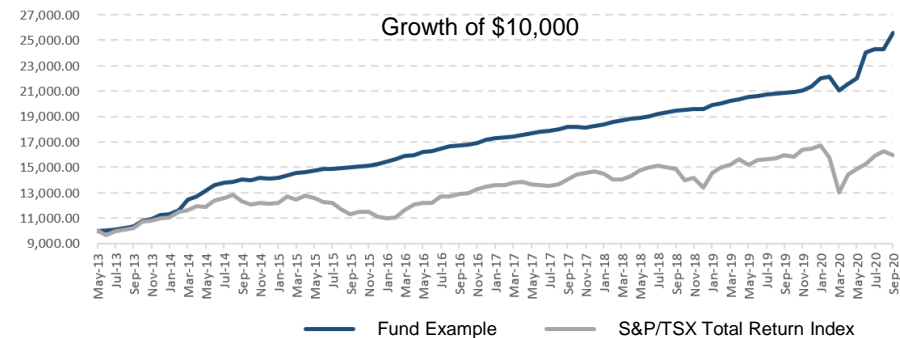
Exhibit 11: U.S. Pensions and Endowments Move to Alternative Assets, 1990-2019



Source: Public Plans Database; Ronald J. Ryan and Frank J. Fabozzi, "The Pension Crisis Revealed," Journal of Investing, Fall 2003, 43-48; National Association of College and University Business Officers (NACUBO); and "Stephen G. Dimmock, Neng Wang, and Jinqiang, Yang, "The Endowment Model and Modern Portfolio Theory," Working Paper, April 23, 2018.

Note: Asset-weighted.

## By Integrating Investments with Steady Return Profiles...



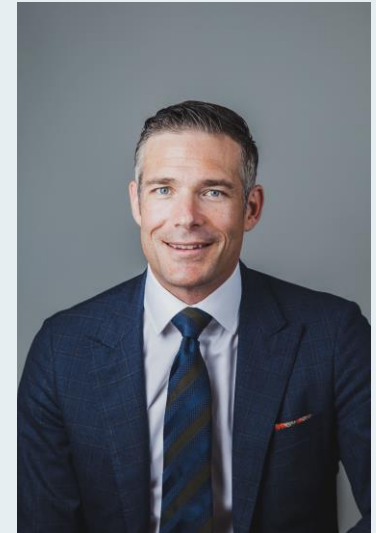
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