



A Global Approach to Asset Allocation

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RBC Wealth Management

WILD PRICE SWINGS FROM LOCAL MARKET

Cyprus Stock Market, Annual Returns in Euro

Date	Index Level	Annual Price Return
2005	1,705	68%
2006	3,900	129%
2007	4,821	24%
2008	1,101	-77%
2009	1,597	45%
2010	1,055	-34%
2011	296	-72%
2012	115	-61%
2013	103	-10%

World Stock Market, Annual Returns in Euro

Date	Index Level	Annual Price Return
2005	1,063	23%
2006	1,125	6%
2007	1,089	-3%
2008	660	-39%
2009	815	24%
2010	958	17%
2011	912	-5%
2012	1,014	11%
2013	1,205	19%

Source: Bloomberg (in euro terms)

LARGER GLOBAL MARKETS OFFER MORE ATTRACTIVE RISK/RETURN TRADE-OFF

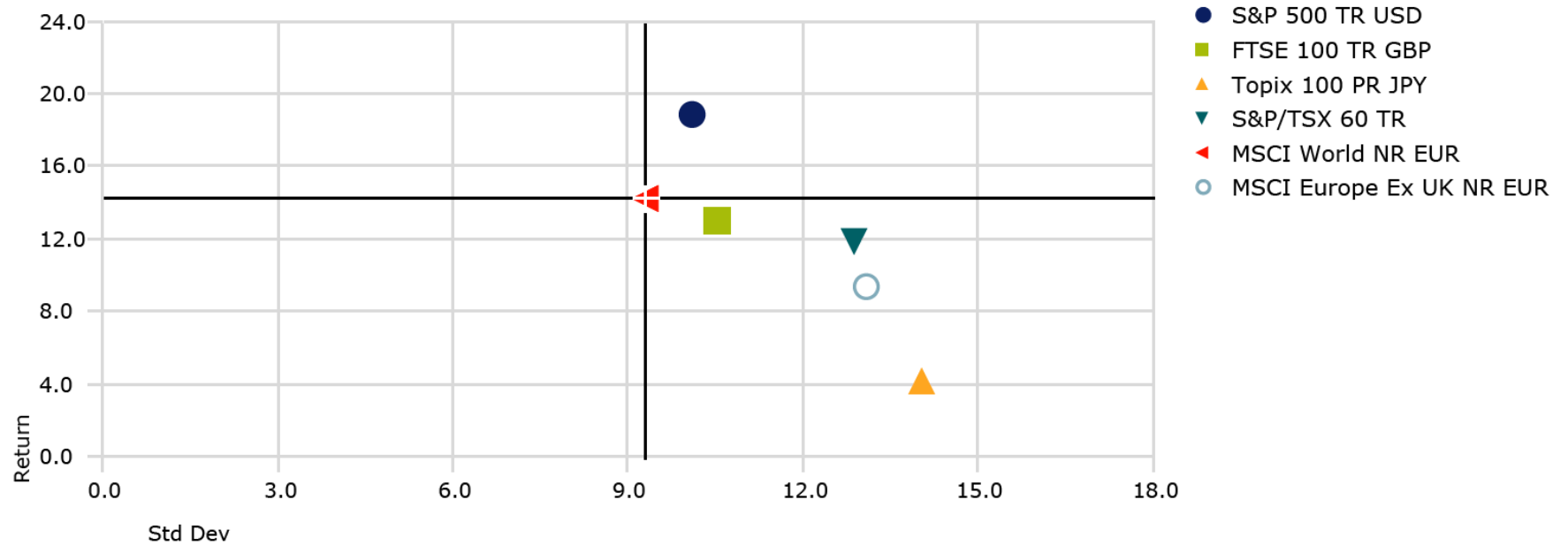


Index	Annualised Return	Standard Deviation	Maximum Drawdown	Number of Months Recovery (from max drawdown)	Average Drawdown	Sharpe Ratio
S&P 500 Index	18.9	10%	-11%	3	-4.4%	1.82
FTSE 100 Index	13.01	11%	-14%	4	-6.2%	1.19
TOPIX Index	7.41	14%	-16%	18	-8.9%	0.51
S&P/TSX 60 Index	11.84	13%	-20%	31	-7.6%	0.88
MSCI Europe ex-UK Index	9.42	13%	-22%	16	-8.7%	0.68
MSCI World Index	14.29	9%	-15%	5	-5.0%	1.49

Source: Morningstar (in euro terms)

Data from 1 September 2009 through 31 August 2014

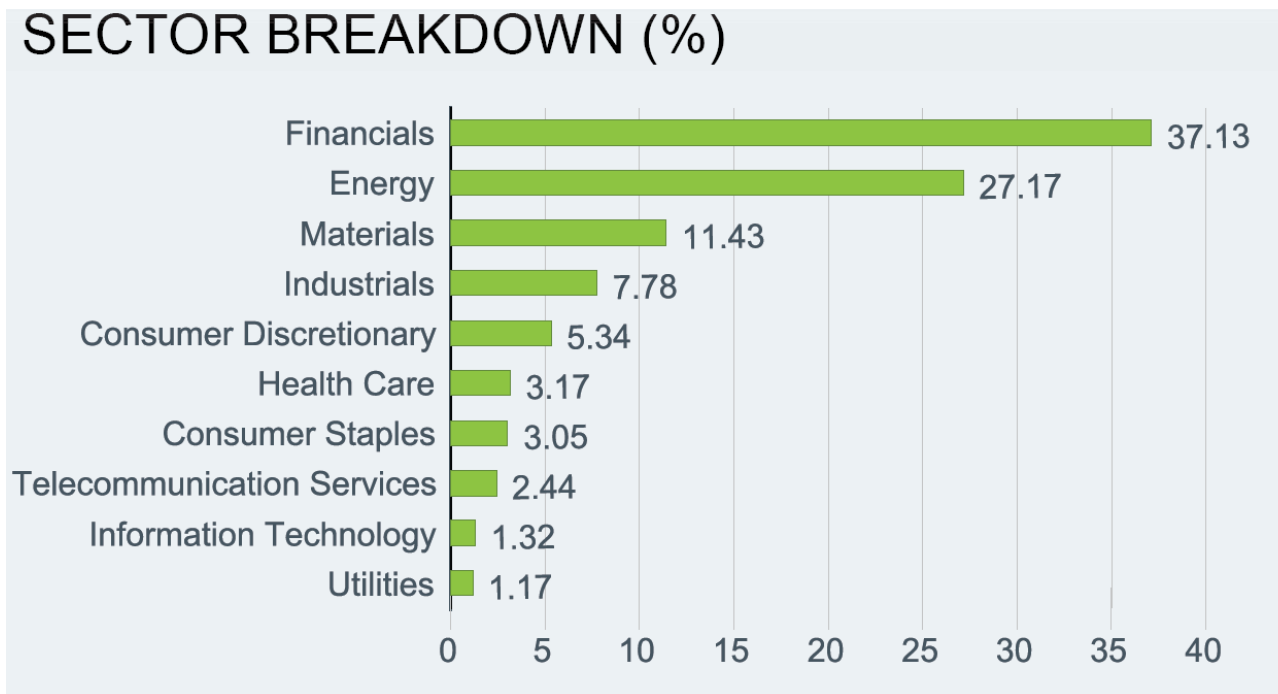
THE RISK AND RETURN TRADE-OFF



Source: Morningstar

Data from 1 September 2009 through 31 August 2014

SECTOR CONCENTRATION EXAMPLE: CANADIAN EQUITIES



Source: BlackRock

Data as at 15 September 2014

BENEFITS OF DIVERSIFICATION: BY COUNTRY

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Germany 63.80%	Italy 32.49%	Canada 28.31%	Spain 49.36%	Germany 35.21%	Japan -29.21%	Australia 76.43%	Canada 20.45%	USA 1.36%	Germany 30.90%	USA 31.79%
Spain 58.46%	Australia 30.34%	Japan 25.52%	Germany 35.99%	Canada 29.57%	Switzerland -30.49%	Canada 56.18%	Japan 15.44%	UK -2.56%	Australia 22.07%	Germany 31.37%
Canada 54.60%	Spain 28.93%	Switzerland 16.33%	France 34.48%	Australia 28.34%	USA -37.57%	Spain 43.48%	USA 14.77%	Switzerland -6.77%	France 21.29%	Spain 31.32%
Australia 49.46%	Canada 22.20%	Australia 16.02%	Italy 32.49%	Spain 23.95%	Spain -40.60%	UK 43.30%	Australia 14.52%	Australia -10.95%	Switzerland 20.35%	Japan 27.16%
France 40.22%	UK 19.57%	Germany 9.92%	Australia 30.86%	France 13.24%	France -43.27%	France 31.83%	Switzerland 11.79%	Spain -12.28%	USA 15.33%	Switzerland 26.61%
Italy 37.83%	France 18.48%	France 9.88%	UK 30.61%	UK 8.36%	Canada -45.51%	Italy 26.57%	UK 8.76%	Canada -12.71%	UK 15.25%	France 26.33%
Japan 35.91%	Germany 16.17%	UK 7.35%	Switzerland 27.40%	Italy 6.06%	Germany -45.87%	USA 26.25%	Germany 8.44%	Japan -14.33%	Italy 12.48%	UK 20.67%
Switzerland 34.08%	Japan 15.86%	USA 5.14%	Canada 17.80%	USA 5.44%	UK -48.34%	Switzerland 25.31%	France -4.11%	France -16.87%	Canada 9.09%	Italy 20.43%
UK 32.06%	Switzerland 14.96%	Spain 4.41%	USA 14.67%	Switzerland 5.29%	Italy -49.98%	Germany 25.15%	Italy -15.01%	Germany -18.08%	Japan 8.18%	Canada 5.63%
USA 28.41%	USA 10.14%	Italy 1.90%	Japan 6.24%	Japan -4.23%	Australia -50.67%	Japan 6.25%	Spain -21.95%	Italy -23.18%	Spain 3.00%	Australia 4.16%

- Australia: MSCI Australia (net)
- Canada: MSCI Canada (net)
- France: MSCI France (net)
- Germany: MSCI Germany (net)
- Italy: MSCI Italy (net)
- Japan: MSCI Japan (net)
- Spain: MSCI Spain (net)
- Switzerland: MSCI Switzerland (net)
- UK: MSCI United Kingdom (net)
- USA: MSCI USA (net)

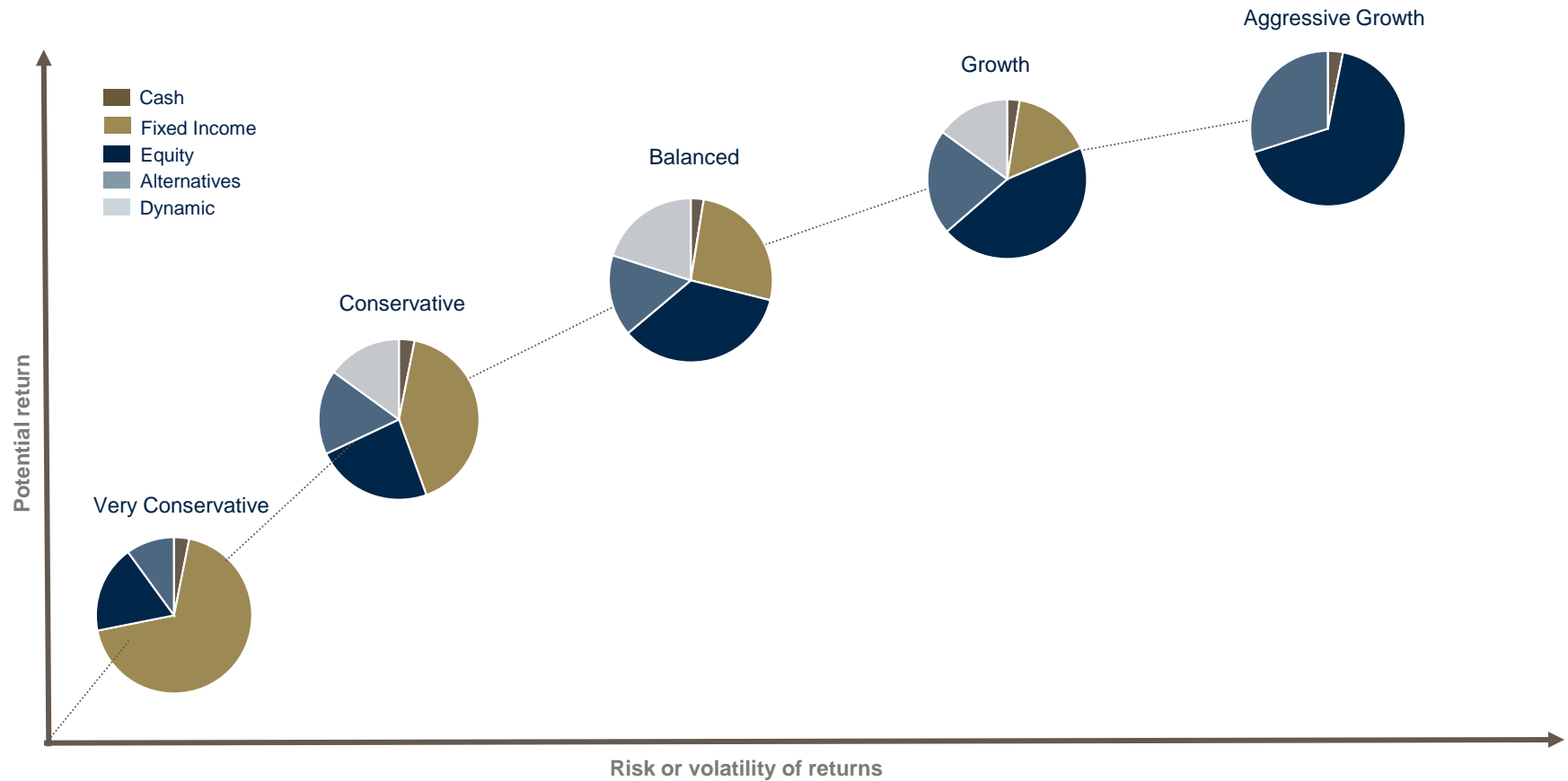
BENEFITS OF DIVERSIFICATION: BY SECTOR

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Information Technology 48.28%	Utilities 28.38%	Energy 28.74%	Utilities 35.80%	Materials 33.24%	Health Care -21.50%	Materials 61.52%	Consumer Discretionary 24.58%	Health Care 9.46%	Financials 29.36%	Consumer Discretionary 39.24%
Materials 44.90%	Energy 28.10%	Materials 19.25%	Telecoms 31.88%	Energy 29.79%	Consumer Staples -23.29%	Information Technology 52.36%	Industrials 23.35%	Consumer Staples 8.58%	Consumer Discretionary 24.31%	Health Care 36.27%
Financials 38.81%	Industrials 19.29%	Utilities 13.07%	Materials 28.65%	Utilities 21.49%	Utilities -29.39%	Consumer Discretionary 39.61%	Materials 21.27%	Telecoms 0.78%	Health Care 17.54%	Industrials 32.10%
Industrials 38.10%	Materials 17.65%	Industrials 11.92%	Financials 23.70%	Telecoms 21.45%	Telecoms -32.98%	Financials 31.08%	Consumer Staples 12.70%	Energy 0.17%	Industrials 16.02%	Telecoms 31.24%
Consumer Discretionary 37.32%	Financials 17.40%	Financials 11.36%	Consumer Discretionary 20.88%	Consumer Staples 18.31%	Energy -38.05%	All Sectors 29.99%	Energy 11.88%	Information Technology -2.49%	All Sectors 15.83%	Information Technology 28.72%
All Sectors 33.11%	Telecoms 17.38%	All Sectors 9.49%	Consumer Staples 20.15%	Industrials 15.29%	All Sectors -40.71%	Industrials 26.71%	All Sectors 11.76%	Utilities -3.28%	Consumer Staples 13.36%	Financials 27.33%
Utilities 28.17%	Consumer Discretionary 14.90%	Health Care 9.00%	All Sectors 20.07%	Information Technology 15.10%	Consumer Discretionary -41.67%	Energy 26.23%	Information Technology 10.50%	Consumer Discretionary -4.74%	Information Technology 13.30%	All Sectors 26.68
Energy 25.93%	All Sectors 14.72%	Consumer Staples 5.79%	Industrials 18.55%	All Sectors 9.04%	Industrials -43.07%	Consumer Staples 21.67%	Telecoms 10.19%	All Sectors -5.54%	Materials 11.30%	Consumer Staples 21.28%
Telecoms 25.21%	Consumer Staples 11.81%	Information Technology 4.81%	Energy 17.86%	Health Care 3.94%	Information Technology -43.87%	Health Care 18.89%	Financials 4.61%	Industrials -8.20%	Telecoms 6.38%	Energy 18.12%
Health Care 19.50%	Health Care 6.00%	Consumer Discretionary 1.25%	Health Care 10.47%	Consumer Discretionary -3.21%	Materials -50.05%	Telecoms 13.68%	Health Care 2.41%	Financials -18.49%	Energy 1.87%	Utilities 12.61%
Consumer Staples 16.84%	Information Technology 2.48%	Telecoms -9.88%	Information Technology 9.31%	Financials -8.30%	Financials -54.04%	Utilities 6.22%	Utilities -0.99%	Materials -19.84%	Utilities 1.82%	Materials 3.43%

- Financials: MSCI World Financials (net)
- Utilities: MSCI World Utilities (net)
- Energy: MSCI World Energy (net)
- Telecoms: MSCI World Telecom Svc (net)
- Consumer Staples: MSCI World Consumer Staples (net)
- Health Care: MSCI World Health Care (net)
- Industrials: MSCI World Industrials (net)
- Information Technology: MSCI World Information Tech (net)
- Consumer Discretionary: MSCI World Consumer Discr (net)
- Materials: MSCI World Materials (net)
- All Sectors: MSCI World (net)

PORTFOLIO CONSTRUCTION

The graph below highlights proposed asset allocations based on different risk profiles and potential returns*.

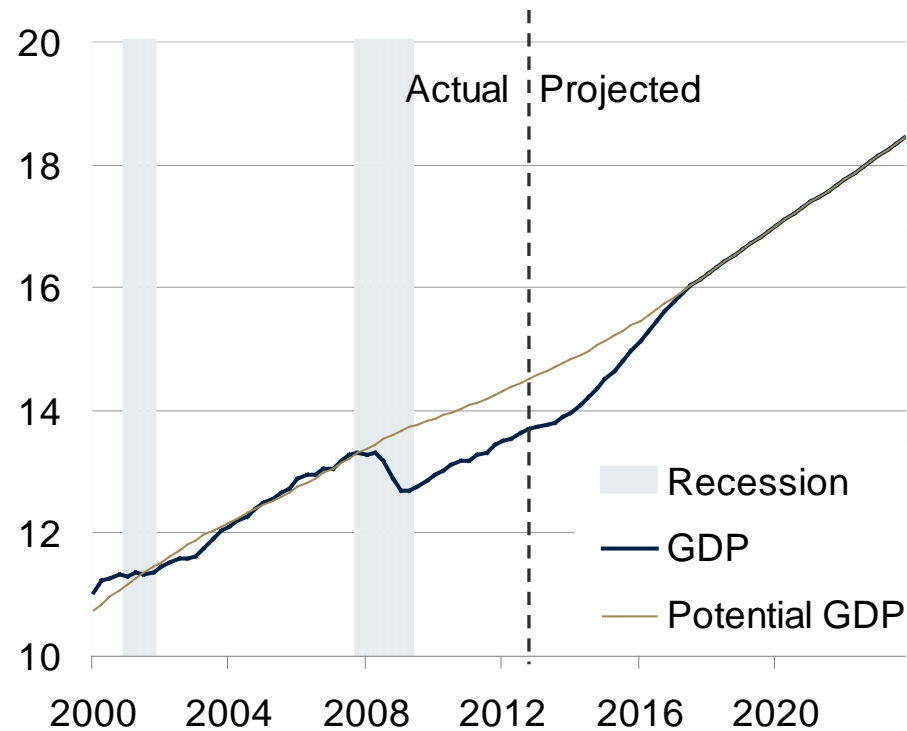


* Theoretical risk/return relationship is based on the simple theory of potentially being able to generate higher returns when the level of risk is increased in the portfolio. Actual results may differ.



Thematic Global Ideas

US ECONOMY: CATCH UP GROWTH PHASE EXPECTED

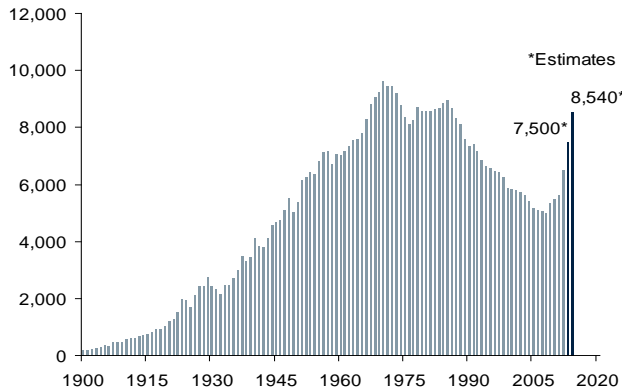


Source: RBC Wealth Management, Congressional Budget Office, National Bureau of Economic Research.

Note: Potential GDP is the Congressional Budget Office's estimate of the output the economy would produce with a high rate of use of its capital and labor resources.

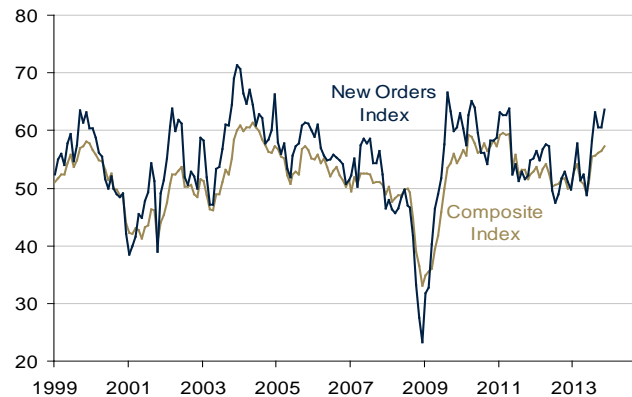
CATALYSTS FOR GROWTH IN THE US

SOON TO BE THE WORLD'S LARGEST OIL PRODUCER



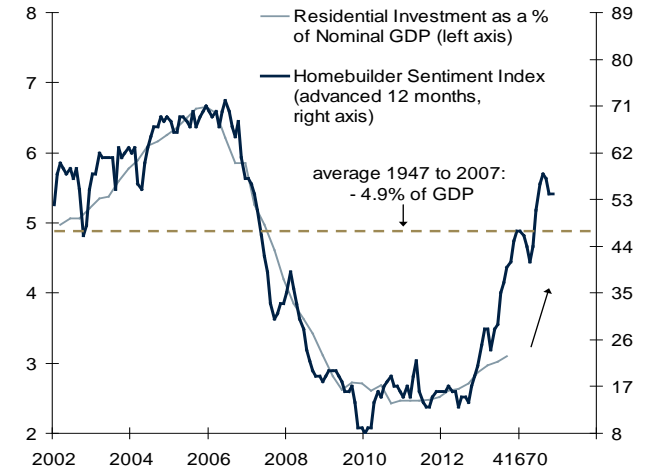
Source: US Energy Information Administration.

MANUFACTURING ON A ROLL



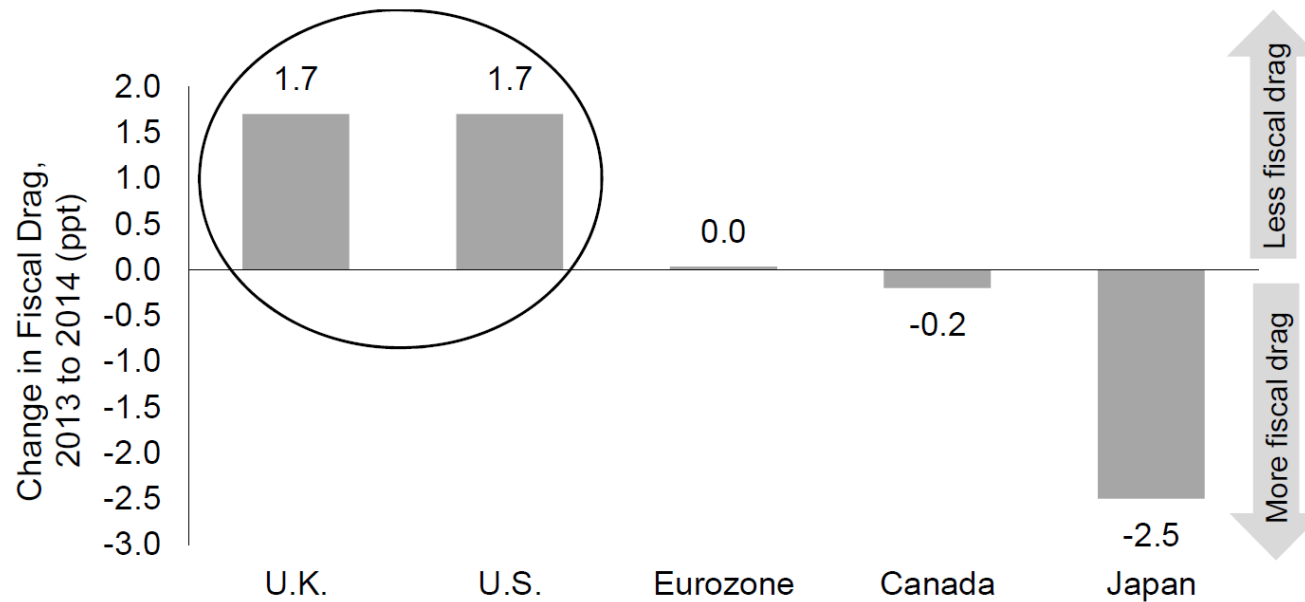
Source: Institute for Supply Management.

HOUSING CONSTRUCTION ADDING TO GROWTH



Source: National Association of Homebuilders, US Department of Commerce.

POSITIVE FISCAL IMPULSE IN 2014

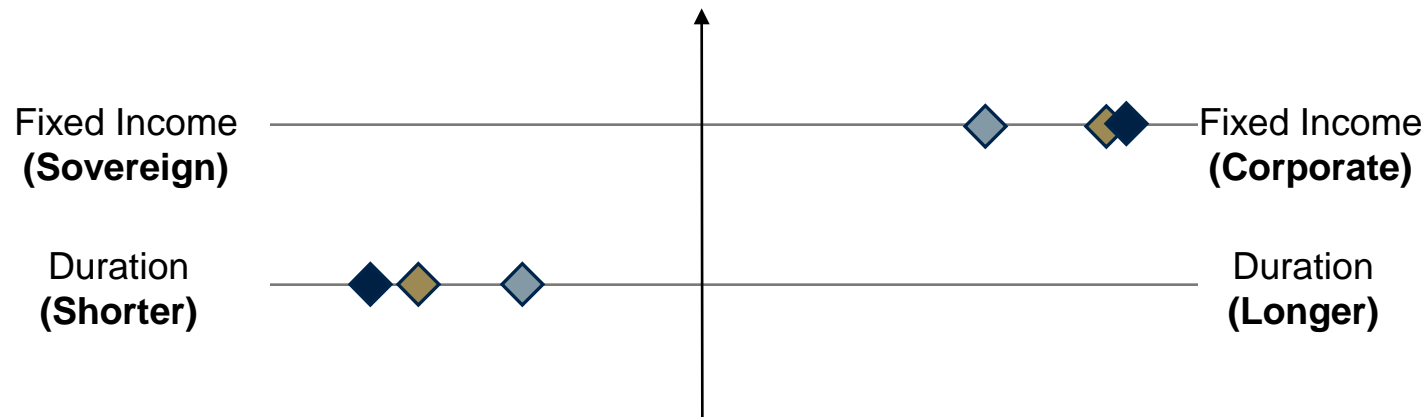


Source: IMF, Haver Analytics, RBC Global Asset Management

Note: Measured as difference between change in budget deficit as percentage of GDP for 2014 and 2013.

HOUSE VIEW: FIXED INCOME

PORTFOLIO POSITIONING



- ◆ GBP rates and portfolio positioning
- ◆ EUR rates and portfolio positioning
- ◆ USD rates and portfolio positioning

The above reflects our in-house views as of September 2014.

HOUSE VIEW: EQUITY

Area	Rating	Index	% Gain in 2013 (Local currency)	% Gain YTD (Local currency)	P/E 2015	Dividend yield	Rationale
US	Neutral	S&P 500	29.6%	7.8%	14.99	2.1%	Economic recovery fuelling earnings growth, but equities markets already approaching fair value.
UK	Underweight	FTSE All share	16.6%	0.2%	13.02	3.8%	High exposure to the energy and materials sectors which are likely to lag in a cyclical upturn; valuations generally less appealing.
Europe	Neutral	MSCI Euro	19.6%	4.8%	13.5	3.7%	Stock valuations still attractive, particularly in higher risk cyclicals and domestic stocks, but recovery likely to be anaemic.
Japan	Overweight	Nikkei 225	56.7%	-2.3%	15.8	1.8%	Monetary and fiscal policies to fuel economic growth. Reforms and upgrades of earnings estimates are potentially the next catalysts.
Asia ex-Japan	Overweight	MSCI Asia ex-Japan	8.6%	6.7%	11.27	2.9%	We expect a combination of solid earnings growth, attractive valuation levels and a reversal of the deceleration in global growth. A better short to medium term outlook for China is also an important consideration.

Data as at September 2014.

The above reflects our in-house views as of September 2014.



Q & A



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