



FOR UNITHOLDERS OF RBC MANAGED PAYOUT SOLUTION,
RBC MANAGED PAYOUT SOLUTION – ENHANCED AND
RBC MANAGED PAYOUT SOLUTION – ENHANCED PLUS

RBC Managed Payout Solutions

Delivering predictable income through changing markets

Your investment in RBC Managed Payout Solutions (RBC MPS) focuses on providing you with consistent, sustainable and tax-efficient distributions while managing the impact to your initial investment. Each solution uses a different target payout rate (5%, 6% or 7%)¹ to achieve these objectives, and this target rate determines the monthly distribution per unit for each solution.

Markets are constantly changing. To help preserve your wealth, we review the impact of market fluctuations on your investment each year to assess if your actual payout rate has drifted away from your solution’s target payout rate. We then make prudent adjustments to bring your actual payout rate back in line with its target payout rate so that your investment can continue to deliver the expected cash flow level over the next 12-month period.

Global economies posted solid and accelerating global growth in 2017 and the first half of 2018. However, momentum has waned in recent months, for several reasons. We’ve seen rising interest rates as central banks sought to normalize monetary policy. Additional drivers included wider credit spreads, a weaker stock market, and a stronger U.S. dollar. Trade and protectionism issues also contributed to market volatility. This was somewhat eased with the tentative United States-Mexico-Canada Agreement (USMCA). But concerns remain as U.S.-China trade negotiations are yet to be resolved. As a result of these conditions, the net asset values of the portfolios declined, making it necessary to reduce 2019 distributions from RBC MPS. This will help position the funds to preserve capital and provide sustainable payouts in the future.

Monthly cash flow adjustments for 2019

As an investor in RBC MPS, you can be confident that RBC Global Asset Management is guiding your investment through ever changing markets to deliver the regular, predictable cash flow you’ve come to expect, while managing the impact to the capital you may need in the future.

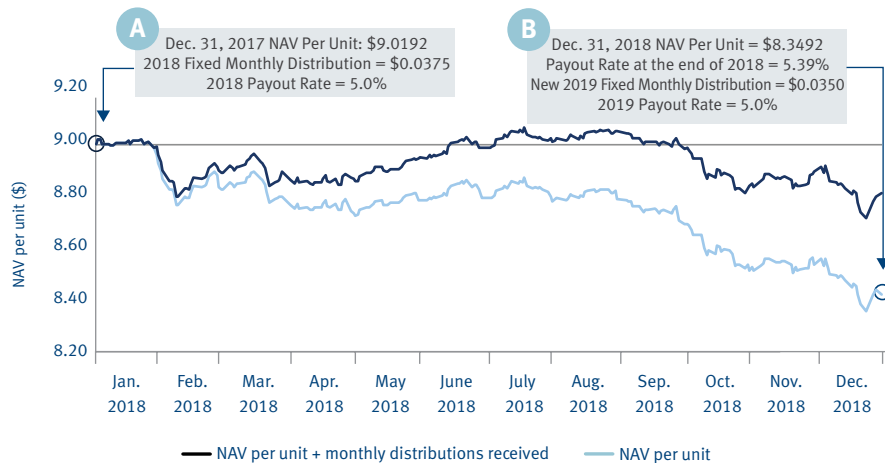
In 2018, investment returns were below the target payout rates for RBC MPS. As a result, distributions per unit will decrease for all Series A and Series F in January 2019.

Series	Target payout rate	Monthly payout per unit ²		Monthly payout example (\$100,000 invested December 31, 2017)	
		2018	New in 2019	2018	New in 2019
Series A					
RBC Managed Payout Solution	5%	\$0.0375	\$0.0350	\$415.78	\$388.06
RBC Managed Payout Solution - Enhanced	6%	\$0.0425	\$0.0390	\$497.12	\$456.18
RBC Managed Payout Solution - Enhanced Plus	7%	\$0.0380	\$0.0340	\$580.89	\$519.74
Series F					
RBC Managed Payout Solution	5%	\$0.0410	\$0.0380	\$417.17	\$386.64
RBC Managed Payout Solution - Enhanced	6%	\$0.0475	\$0.0435	\$502.10	\$459.82
RBC Managed Payout Solution - Enhanced Plus	7%	\$0.0460	\$0.0415	\$583.11	\$526.07

¹ Cash flow from mutual funds should not be confused with mutual fund rates of return. Payouts are not guaranteed and may be adjusted depending on future market conditions. Cash distributions in excess of earnings reduce the asset base of the Fund and can hinder the Fund’s ability to meet its investment objectives.

² Monthly payouts are based on the Target payout rate and net asset value (NAV) per unit of RBC MPS as of the prior year end. See example below.

An example of how distributions are managed using RBC Managed Payout Solution



D Overall economic benefit in 2018

It's important to include the value of monthly distributions paid when evaluating the total value received by investors who hold RBC Managed Payout Solutions. Adding this amount to the NAV per unit throughout the year, as represented by the darker line, shows the total economic benefit received in 2018.

RBC Managed Payout Solutions has a long history of delivering sustainable monthly cash flow while managing the impact of market fluctuations. The below table illustrates the value of the annual distributions over the past five years.

A history of delivering predictable cash-flow

	Total annual payout based on \$100,000 invested on December 31, 2014				
Series A - Annual distributions	2015	2016	2017	2018	2019 Estimate
RBC Managed Payout Solution	\$3,950	\$3,750	\$3,750	\$3,750	\$3,500
RBC Managed Payout Solution - Enhanced	\$4,550	\$4,250	\$4,250	\$4,250	\$3,900
RBC Managed Payout Solution - Enhanced Plus	\$4,350	\$3,750	\$3,800	\$3,800	\$3,400
Series F - Annual distributions					
RBC Managed Payout Solution	\$4,200	\$4,000	\$4,100	\$4,100	\$3,800
RBC Managed Payout Solution - Enhanced	\$4,850	\$4,600	\$4,750	\$4,750	\$4,350
RBC Managed Payout Solution - Enhanced Plus	\$5,100	\$4,450	\$4,600	\$4,600	\$4,150

Assumes year-end capital gains distributions were reinvested.

For distribution history over the past decade, please see Additional Resources at funds.rbcgam.com/investment-solutions/portfolio-solutions/rbc-managed-payout-solutions.html.

Thank you for putting your trust in RBC Funds®. For more information, visit your local **RBC Royal Bank®** branch or call **1-800-463-3863** to talk to an RBC advisor.

All information contained in this document constitutes our judgment as of December 31, 2018, is subject to change without notice and is provided in good faith but without legal responsibility. Please consult your advisor and read the prospectus or Fund Facts document before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual fund securities are not guaranteed; their values change frequently and past performance may not be repeated. RBC Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

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