RBC Dominion Securities Inc.

Client Risk Profile Questionnaire (CAD)

RBC Wealth Management

There's Wealth in Our Approach.™

Introduction

To work with you effectively in identifying and implementing an appropriate investment strategy, it is essential that we clearly understand not only your risk and return objectives, but also your broader circumstances and preferences. This questionnaire will help us develop an understanding of your investment needs and preferences and will be used to complete a detailed Client Risk Profile which will help guide investment recommendations made to you if you have an advisory account, or the decisions made on your behalf if you have a managed account.

This document is organized as follows:

1. **Risk Questionnaire:** In this section we present a series of questions that will be used to produce a detailed Client Risk Profile showing the appropriateness of various risk profiles to your personal needs and circumstances. Your responses will also provide your Investment Advisor or Portfolio Manager with a more thorough understanding of your investment objectives and preferences. Please note that how you answer each question will help to determine your recommended risk profile; however, this profile is based on the aggregation of all your questionnaire responses and represents the profile most likely to meet your aggregate investment needs. There is no guarantee that either the historical or future performance of the investment strategy suggested by your recommended risk profile will match the indicated performance targets for any specific question.

2. **Portfolio Construction Framework:** In this section we provide some additional background on portfolio construction and various investment risks that you should consider within the context of your investment strategy. Regardless of whether you choose to actively work with an Investment Advisor to direct investment decisions or engage a Portfolio Manager to implement your strategy on a discretionary basis, we strongly believe that you are best served through a carefully constructed portfolio that includes an appropriate level of diversification and consideration of applicable investment risks.

Because it will help guide the ongoing investment recommendations made if you have an advisory account, or the ongoing management of your managed account, it is important that you review this document carefully and raise any questions you have regarding the proposed portfolio strategy with your Investment Advisor or Portfolio Manager. We will review this portfolio strategy with you periodically to ensure that it is still appropriate given your personal circumstances, investment objectives, and risk preferences; however, you should let us know of any changes that may impact this strategy as they occur. Please note that depending on the responses you provide in completing your investment risk profile, we may need to reassess “know-your-client” information and / or your investment policy statement and update this information accordingly.

Please complete the following:

Client Name: ____

Account Number (if known): ____

Date: ____

Investment Advisor or Portfolio Manager: ____

Portfolio Purpose

Usually a portfolio is managed with the understanding that some or all of the proceeds will provide funding for a specific financial need or goal.

1. What is the primary purpose of this portfolio? [Select one]

	Example	Time Horizon	Select
1. To protect capital	- Act as loan collateral - Provide liquidity	-	☐
2. To generate sustainable income	- To provide or supplement income - To fund ongoing charity giving	-	☐
3. To fund a major expenditure in the future	- To fund education - To fund major purchase	Less than 1 Year	☐
		1 to 5 Years	☐
		More than 5 Years	☐
4. To accumulate wealth	- To fund retirement - To provide an inheritance - To fund major purchase - To fund future charity giving	Less than 5 Years	☐
		More than 5 Years	☐
5. To fulfill a specialty mandate as part of broader investment plan	- Capital preservation - Income generation - Balanced mandate - Growth mandate - Equity only	Fixed Income	☐
		Balanced / Core	☐
		Equity Only	☐

2. To what other purpose, if any, would the portfolio be put? [Select one]

	Example	Time Horizon	Select
1. To protect capital	- Act as loan collateral - Provide liquidity	-	☐
2. To generate sustainable income	- To provide or supplement income - To fund ongoing charity giving	-	☐
3. To fund a major expenditure in the future	- To fund education - To fund major purchase	Less than 1 Year	☐
		1 to 5 Years	☐
		More than 5 Years	☐
4. To accumulate wealth	- To fund retirement - To provide an inheritance - To fund major purchase - To fund future charity giving	Less than 5 Years	☐
		More than 5 Years	☐
5. To fulfill a specialty mandate as part of broader investment plan	- Capital preservation - Income generation - Balanced mandate - Growth mandate - Equity only	Fixed Income	☐
		Balanced / Core	☐
		Equity Only	☐

Investment Objectives

3. To help us better understand your investment objectives, please indicate how you would prioritize between these three goals, when you are done, the total score should equal 100.

Lower Expected Return & Lower Risk ⟷ **Higher Expected Return & Higher Risk**

Capital Safety

The safety of my investment is paramount and I'm willing to accept limited income / returns	I am cautious, but will accept some investment risk to achieve my objectives	I seek a pragmatic balance between risk and return	I am willing to accept higher than average investment risk	I am willing to accept significant risk to my investment capital in order to maximize my expected return or income

100 90 80 70 60 50 40 30 20 10 0

Income Generation

I do not need regular income from my portfolio	I require a modest level of income from my investments	I require significant income from my investments	I want to maximize the potential income from my portfolio and I am willing to accept significant liquidity restrictions and potential capital risk

0 10 20 30 40 50 60 70 80 90 100

Capital Growth

I do not have any need for capital growth	I require some capital growth to offset inflation	I seek a moderate amount of capital growth	I seek substantial capital growth over the long-term period	I wish to maximize the long-term expected value of my portfolio and accept that this may result in significant volatility and risk to capital returns

0 10 20 30 40 50 60 70 80 90 100

Total (must equal 100)

Risk Aversion

4. Determining an appropriate investment strategy involves balancing potential risk against expected returns. When making investment decisions, do you give more weight to potential losses or potential gains?

- ☐ Potential losses only
- ☐ Potential losses more than potential gains
- ☐ Balanced between potential losses and gains
- ☐ Potential gains more than potential losses
- ☐ Potential gains only

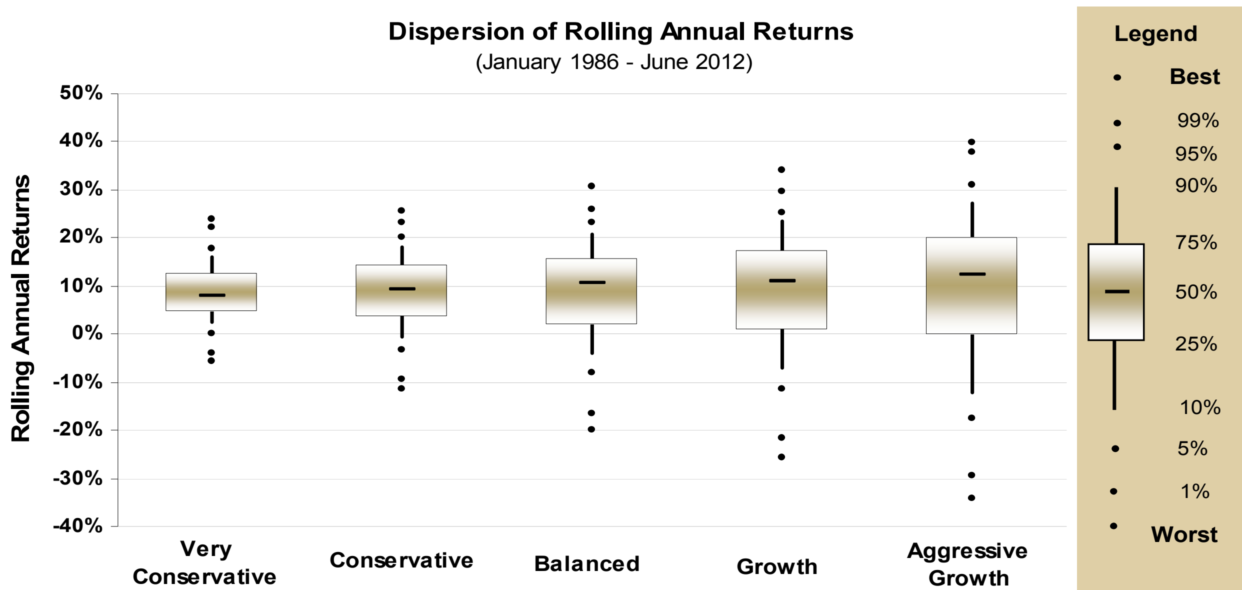
Risk Tolerance

5. How would you characterize your willingness to accept investment risk in order to achieve your investment objectives?

- ☐ Low
- ☐ Below Average
- ☐ Average
- ☐ Above Average
- ☐ High

Acceptable Volatility

The volatility or dispersion of returns measures how much actual investment returns vary from year to year, or from the historical average return for the strategy. The following graph illustrates the range of 12 month returns experienced for each investment strategy historically. The central box shows where the majority of returns fall, while the points show how good or bad returns have been. Three observations are important to note: first, the average return increases as we move from lower-risk to higher-risk strategies; second, the range of returns, or volatility, increases as we move to higher-risk strategies; and finally, the best and worst returns increase significantly for the highest-risk strategies.



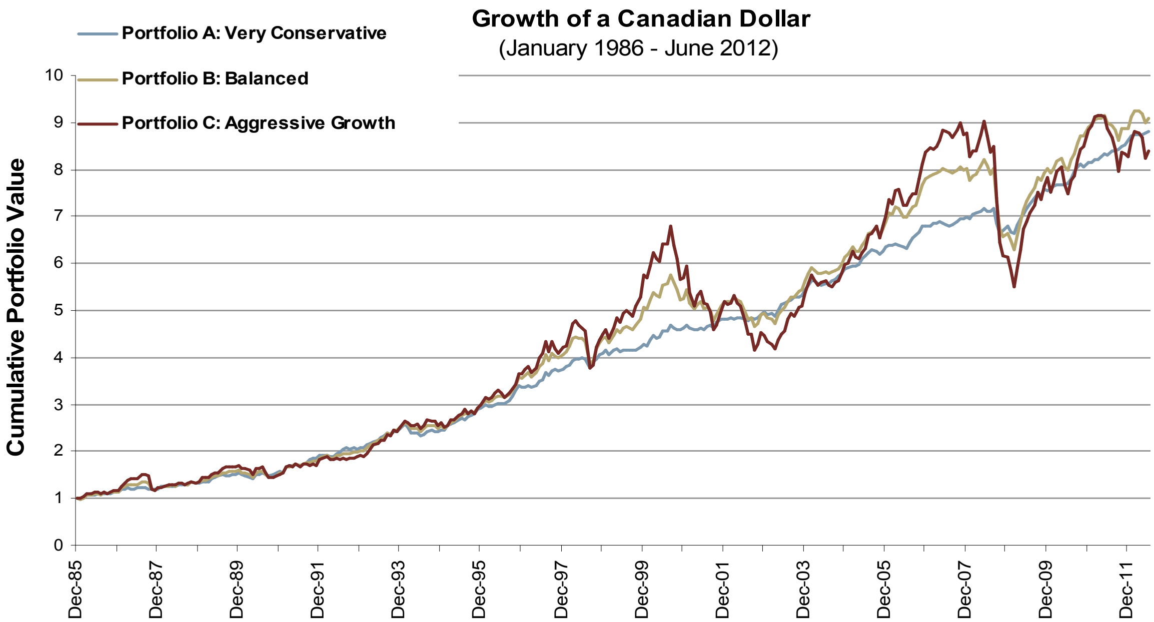
*A description of the portfolios for the different mandates is included at the end of the questionnaire.

6. Considering return expectations and your time horizon, what degree of returns volatility do you believe you can tolerate?

- ☐ Low
- ☐ Low to moderate
- ☐ Moderate
- ☐ Moderate to high
- ☐ High

Preferred Portfolio Characteristics

The following shows the historical performance of three representative portfolios. Although the past is never a guarantee of future performance, these portfolio characteristics are useful to determine what the likely range of future returns may be.



Representative Data (January 1986 - June 2012)	Portfolio A Very Conservative	Portfolio B Balanced	Portfolio C Aggressive Growth
Worst Loss (peak to trough)	-9.47%	-23.57%	-38.91%
Longest Time to Recover (regain peak value)	13 Months	40 Months	60 Months
Average Loss (peak to trough)	-1.62%	-3.42%	-6.16%
Average Recovery Period	2.74 Months	4.54 Months	6.05 Months
Average 60 Month Total Return	52.33%	55.19%	55.72%
Best 60 Month Total Return	92.87%	110.15%	140.96%
Worst 60 Month Total Return	17.94%	6.18%	-11.35%

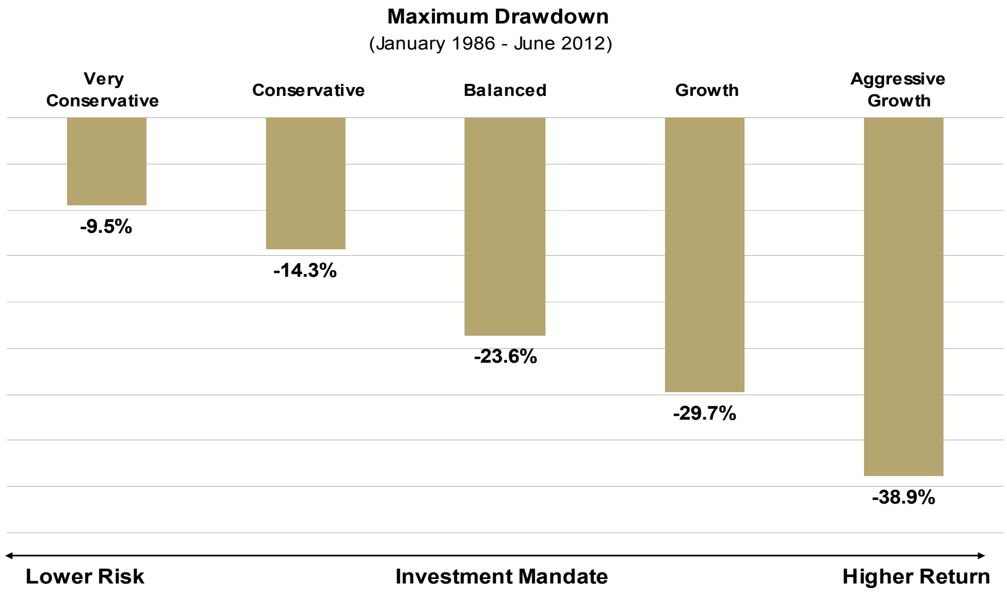
*A description of the portfolios for the different mandates is included at the end of the questionnaire.

7. Based on the table and graph above, which portfolio characteristics do you think are most closely aligned with your risk and return expectations?

- ☐ Portfolio A
- ☐ Portfolio that is between A and B
- ☐ Portfolio B
- ☐ Portfolio that is between B and C
- ☐ Portfolio C

Acceptable Drawdown

Financial crises are rare but when they occur riskier investments may be significantly impaired. With the exception of a major financial crisis, losses associated with riskier investments are usually temporary and the value of a well-diversified portfolio may be expected to recover within 1-3 years. The following graph provides examples of past financial crises and the maximum draw-down for portfolios with different levels of risk.



*A description of the portfolios for the different mandates is included at the end of the questionnaire.

Understanding the acceptable level of drawdown is an important component in developing an investment strategy. If the likely drawdown of an investment strategy exceeds your comfort level, then, if and when a crisis occurs, there may be a temptation to change investment strategies and reduce risk exposure. While this may seem like a logical way to 'stop the bleeding', it often only serves to lock-in losses and reduce the opportunity to benefit from a subsequent recovery.

8. What is the largest indicative drawdown you could tolerate if a financial crisis struck?

- ☐ Less than 10%
- ☐ No more than 20%
- ☐ No more than 30%
- ☐ No more than 40%
- ☐ 50% or more

Adaptability

The direct financial impact of a loss can be challenging enough, however, there are also non-financial impacts that should be considered when determining an appropriate investment strategy. Non-financial impacts can include stress, regret for past decisions, etc., and generally result from realized losses or volatility of returns, or from the uncertainty of future income or portfolio value.

9. How easily do you adapt to unexpected negative financial change?

- ☐ I do not adapt easily
- ☐ Somewhat uneasily
- ☐ Neither easily nor uneasily
- ☐ Somewhat easily
- ☐ I adapt easily

Difficult Market Conditions

Following a market correction, it can take a number of months or years before the market has stabilized and the initial portfolio value has been recovered. During this period your portfolio may not be able to meet your income or growth expectations and changes to your investment strategy or withdrawals from your portfolio may prevent you from recovering your portfolio value in future.

10. How long can you tolerate a difficult market environment where your portfolio is losing value or continues to recover value?

- ☐ Less than 1 year
- ☐ 1 to 3 years
- ☐ 3 to 5 years

Portfolio Time Horizon

A key consideration in the design of an appropriate investment strategy is the length of time committed to achieving the portfolio's objectives. This time horizon will strongly influence the level of short term risk that you can prudently assume and correspondingly the rate of return you can reasonably achieve over the full term.

11. How long do you expect to be able to commit to a specific investment strategy without requiring significant capital withdrawals, or materially altering your investment objectives?

- ☐ Less than 1 year
- ☐ From 1 year to 3 years
- ☐ From 3 years to 5 years
- ☐ From 5 years to 10 years
- ☐ More than 10 years

Liquidity Constraints

Liquidity refers to how quickly your portfolio can be converted into cash at a predictable fair value and without having to incur unacceptable losses due to short-term market volatility.

Certain assets, such as Hedge Funds or Real Estate, may have minimum notice terms, lock in periods, or limited markets that restrict the ability to redeem investments on short notice. Even when highly liquid markets exist for certain assets, such as equities or long-term bonds, they may not be appropriate for a portfolio that requires significant liquidity as short-term volatility may force investors to locking-in losses in order to liquidate the holdings.

12. Which statement best describes your need for liquidity?

- ☐ I require considerable liquidity for my portfolio and may need to convert most or all of my holdings to cash within the next year on short notice
- ☐ I may require access to a significant portion of my investment capital within the next year
- ☐ I do not anticipate any need for withdrawals beyond the income generated by the portfolio. If an emergency were to occur, I would not expect to withdraw more than 10 percent of my investment capital within the next year
- ☐ I do not anticipate any need for withdrawals beyond the income generated by the portfolio. If an emergency were to occur, I have sufficient other resources to allow me to phase the withdrawal of capital over 1 to 3 years
- ☐ I am able to commit to a long-term investment strategy. I do not require access to my investment capital over the next 3 to 5 years and I have sufficient other resources to meet any emergency needs

Impact of Loss

When determining an appropriate investment strategy, a key consideration is the potential impact of not meeting your investment objectives. The impact will depend on the degree to which you can modify future income or capital requirements, and the degree to which you can fund these requirements from other assets or income sources.

13. If your portfolio value (and ability to generate investment income) was reduced by 10%, how would this impact your investment objectives? What if your portfolio (or investment income) was 25% lower?

Response	10% Lower	25% Lower
Significantly impair my objectives and/ or lifestyle	☐ A	☐ D
Moderately impair some objectives but I could meet the most important ones or draw on other assets or income sources	☐ B	☐ E
Inconvenience me but not materially impact my investment objectives or lifestyle	☐ C	☐ F

*Illustrative portfolio returns and statistics reflect the Canadian Traditional Asset Allocation Model (International) and are based on representative index data for the following markets and asset allocations (All returns in CAD):

Asset Class	Very Conservative	Conservative	Balanced	Growth	Aggressive Growth
Cash	**5%**	**5%**	**5%**	**5%**	**5%**
Cash	5%	5%	5%	5%	5%
Fixed Income	**75%**	**60%**	**40%**	**25%**	**-**
Government	40%	26%	14%	5%	-
Corporate - Investment Grade	35%	26%	16%	10%	-
Corporate - High Yield	-	4%	5%	5%	-
Emerging Markets	-	4%	5%	5%	-
Equities	**20%**	**35%**	**55%**	**70%**	**95%**
Canadian	12%	21%	33%	41%	55%
US	5%	9%	12%	15%	20%
International (EAFE)	3%	5%	5%	7.0%	10%
Emerging Markets	-	-	5%	7.0%	10%

The following indices have been used for each asset class: CAD Cash - DEX Canadian Trsy Bill 30 Day; Government Fixed Income - DEX Government Bond TR; Corporate Fixed Income (Investment Grade) - DEX All Corp Universe TR; Corporate Fixed Income (High Yield) - BoA ML US High Yield Master II TR; Emerging Markets Fixed Income - JPM EMBI Global Diversified TR; Canadian Equities - S&P/TSX Composite Index; US Equities - S&P 500 Total Return; Int'l (EAFE) Equities - MSCI EAFE; Emerging Markets Equities - MSCI Emerging Markets.

Prior to 1994/02, which is the first month that all series became available, the following re-weighting methodology has been used: **For Emerging Markets Fixed Income**, from 1986/01 to 1994/02, the weight has been reallocated to Canadian Goverment Fixed Income, Canadian Corporate Fixed Income (Investment Grade) and Canadian Corporate Fixed Income (High Yeild) in the target ratio of the respective models.

The purpose of portfolio construction

At the most basic level, a portfolio may be considered well constructed if it can reasonably be expected to deliver a particular return or outcome for the least risk; or if it is likely to maximize investor returns for a particular level of risk. However, not all clients view risk in the same fashion, and risk may be defined in various ways; the industry standard for measuring risk is typically standard deviation – i.e. a statistical attribute which describes the probability a portfolio will deliver a particular range of returns. However, for many investors, it is the downside risk that is most meaningful (drawdown, or loss of capital in absolute terms) and the recovery periods (how long it takes for the portfolio to recoup its pre-drawdown value). These analytics are helpful for clients to gauge their risk appetite and balance their investment objectives against the potential investment risk; however, it is important to recognize that even the best models will be imperfect predictors of future events as they are based on history and / or forecasting and, accordingly, are not indicative of future performance or value.

Strategic asset allocation versus tactical management

To achieve the objective of maximizing the risk-return trade-off, classic portfolio construction relies on a combination of diversification (investing in a portfolio of securities to mitigate the downside risk of concentrated positions and investing in multiple asset classes that do not move in synch in order to dampen portfolio volatility) and strategic asset allocation (blending a variety of asset classes to capture the upside potential of each and optimizing the expected risk-return characteristics of the portfolio). While these approaches are not a panacea, the concepts provide a strong foundation for most client portfolios.

However, as markets are not always steady and directionally positive, active management and the introduction of complementary strategies may also have a role to play in client portfolios. This may include the use of alternative asset classes as well as the introduction of more tactical ideas or managers to capitalize on current market conditions

What risks should clients consider?

The risks to a portfolio are multi-faceted and investors should be comfortable with the risks implicit in their portfolios. The following represents some of the key portfolio risks investors should consider; however, it is not intended to be an exhaustive catalogue of all potential risks, nor is every risk listed necessarily applicable to every investment product or security.

Market Risk Any investment is subject to market fluctuations and thus there can be no assurance that an investment will return its value or that appreciation will occur.

Concentration Risk Where significant percentages of a portfolio are held in a single security or asset class or highly correlated securities, volatility may be very high relative to broader market indices. Concentrations may occur with counterparties (issuer), asset class, issuer, industry, or currency.

Credit risk This risk is typically associated with fixed income instruments, but applies to any instrument where repayment depends on the ability of an entity to settle an obligation. The risk borne is that the issuer may default on their obligation.

Counterparty Risk Conceptually the same as 'Credit Risk', but generally used to describe the risk of less direct exposures such as the issuer on a structured product, some Exchange Traded Funds (ETFs), or the entity behind a derivatives contract.

Transparency / Complexity Risk Some products such as hedge funds, structured products, fund of funds, and private equity may not give clients full or real-time transparency on holdings or have complex underlying positions. Investors should take particular care in understanding the structure of these holdings and the nature of the product prior to investing.

Leverage Risk Where lending is either secured by a portfolio or is embedded in a product, investors may be particularly exposed to increased market risk and liquidity risk in adverse markets.

Currency Risk Currency can either directly or indirectly affect an investment. The value of a holding will be directly affected by foreign exchange movements where the investor's reference currency is different from the investment currency. For investments such as equities, the value of the underlying investment may also be indirectly affected by currency where foreign exchange movements influence the market economy and competitiveness of companies.

Liquidity Risk There are two types of 'liquidity risk'. Firstly, by design a structure may render funds inaccessible to the investor over certain periods of time as a result of lockups or redemptions leaving the investor open to market risk during these interim periods. Secondly, if market volumes in an investment are low, an investor may be unable to find a buyer or seller to match their position or may only be able to buy or sell at disadvantageous prices.

Political Risk Countries with political instability or where political bodies can exert a strong influence on markets and business practices may be subject to greater volatility. Political risk is present if the potential returns on an investment could be significantly affected by a political entity's decisions rather than by predominantly economic and market factors. Political risk may include potential for currency controls, expropriation and insufficient legal or regulatory infrastructure.

Rollover Risk Rollover risk is faced by countries and companies when their debt is close to maturity and must be 'rolled over' into new debt. If conditions for the issuer have deteriorated since the issue to be refinanced, the costs of the new financing may be considerably higher, or it may not even be possible to find new buyers to provide refinancing for maturing debt.

Inflation Risk Erosion of real capital value relative to its future purchasing power.

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