



# A new vision for socially responsible investing at RBC GAM

On June 30, 2017, RBC Global Asset Management Inc. (RBC GAM Inc.) merged its two socially responsible investing (SRI) suites of funds, PH&N Community Values Funds and RBC Jantzi Funds, and rebranded them into a single fund family: RBC Vision™ Funds. These funds had been part of the RBC GAM Inc. fund lineup for almost 15 years in the case of PH&N Community Values Funds, and over 10 years for RBC Jantzi Funds.

## Reduce, Reuse, Recycle

This reorganization of the SRI fund offering at RBC GAM Inc. means a number of changes. These include reducing the overall number of SRI funds from seven to four, merging three PH&N Community Values Funds with the RBC Jantzi Funds, and then renaming the suite of RBC Jantzi Funds to a suite of RBC Vision Funds. These changes are summarized in the table below:

Merging Funds	Continuing Funds	New Fund Names
PH&N Community Values Bond Fund*	Fund was not merged, only renamed	RBC Vision Bond Fund
PH&N Community Values Balanced Fund	RBC Jantzi Balanced Fund	RBC Vision Balanced Fund
PH&N Community Values Canadian Equity Fund	RBC Jantzi Canadian Equity Fund	RBC Vision Canadian Equity Fund
PH&N Community Values Global Equity Fund	RBC Jantzi Global Equity Fund	RBC Vision Global Equity Fund

\*PH&N Community Values Bond Fund was not subject to a merger, but has been renamed.

It is worth noting some of the more significant changes made to the individual funds as a result of the merger.

- RBC Vision Balanced Fund:** The Fund is now a fund-of-funds, meaning it holds other RBC Vision Funds (it also directly holds a basket of global bonds). The target asset mix will be 55% stocks and 45% bonds and cash, which is the same as the asset mix targeted by RBC Jantzi Balanced Fund (the PH&N Community Values Balanced Fund’s former asset mix was 60% stocks and 40% bonds and cash).

- RBC Vision Bond Fund:** As there was no bond fund offering within the RBC Jantzi Funds line-up, PH&N Community Values Bond Fund was renamed to RBC Vision Bond Fund. This fund recently re-opened to new investors on June 30, 2017.

## RBC Vision Funds SRI Screens

Since the inception of the PH&N Community Values Funds and RBC Jantzi Funds, both fund families have employed two methods to align the portfolios with SRI principles: Exclusionary screens, which exclude certain controversial industries altogether; and qualitative “best-of-sector” screening whereby companies are compared to their industry peers based on environmental, social, and corporate governance (ESG) practices. RBC Vision Funds use the same two methods, although the exclusionary industry screens reflect a blending of the criteria from the two legacy fund families, as shown in the table below.

Screen	PH&N Community Values Funds	RBC Jantzi Funds	RBC Vision Funds
Alcohol	✓		✓
Tobacco	✓	✓	✓
Military Weapons	✓	✓	✓
Gaming	✓		✓
Pornography	✓		✓
Nuclear Power		✓	

To determine whether a company is subject to one of the exclusionary screens listed above, a revenue threshold test is applied. A company that derives 5% of its revenue from direct involvement in a prohibited industry, or 10% indirect involvement, is excluded from the RBC Vision Funds portfolios.

The PH&N Community Values Funds and RBC Jantzi Funds used the same qualitative “best-of-sector” screening criteria, and these have been adopted unchanged by RBC Vision Funds. These criteria, which are detailed in the RBC Vision Funds Investment Principles (available at [rbcgam.com](http://rbcgam.com) › socially responsible investing), assess company practices in the following areas:

- Community
- Corporate governance
- Employee relations
- Environment
- Human rights
- Product safety

Companies that have significant controversies or poor practices in these areas will be excluded from the RBC Vision Funds.

Overall, the screening approach used for the RBC Vision Funds will be largely familiar to investors who have followed either of the legacy fund families.

### Another fund option for investors

The RBC Vision Fund line-up will expand on August 28, 2017, with the addition of RBC Vision Fossil Fuel Free Global Equity Fund. Like the RBC Vision Global Equity Fund, this fund will provide exposure to global equity markets. However, it will not use the same exclusionary and qualitative screening criteria, but rather a single exclusionary screen to minimize exposure to companies involved in the extraction, processing, and transportation of coal, oil, and natural gas.

### Looking Forward

At PH&N Investment Services, we believe that the demand for responsible investment strategies will continue to grow, and we are proud to provide options for our clients to incorporate ESG considerations into their portfolios. A recent survey<sup>1</sup> conducted by the Responsible Investment Association of Canada found that 85% of Millennials aged 18-35, 80% of

Generation X (36-54) and 69% of Baby Boomers (55+) are interested in responsible investing. The survey also found that 82% of investors would like to dedicate at least a portion of their portfolio to responsible investments.

As a provider of investment solutions, RBC GAM is a leader in integrating ESG into its investment decision making. All RBC GAM portfolio managers are required to develop a process to more formally integrate ESG factors into their investment process, in a way that makes sense for their particular asset classes and the investment mandates they manage. RBC GAM also maintains a four-person Corporate Governance & Responsible Investment team, the mandate of which includes providing investment managers with timely and relevant information on ESG-related research, insights and analysis.

However, for some clients, integrating ESG is not enough and they want to take the next step of actively screening out poor ESG practices from their portfolios. With the launch of RBC Vision Funds, RBC GAM Inc. has reinforced its commitment to socially responsible investment options for Canadian investors, and continues the SRI legacy established by PH&N Community Values Funds and RBC Jantzi Funds.

<sup>1</sup> 2017 RIA Investor Opinion Survey, June 1, 2017: <https://www.riacanada.ca/investor-opinion-survey>

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 funds are not guaranteed, their values change frequently and past performance may not be repeated. RBC Funds, BlueBay Funds and PH&N Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

This document is provided by RBC Global Asset Management (RBC GAM) for informational purposes only and may not be reproduced, distributed or published without the written consent of RBC GAM. This document does not constitute an offer or a solicitation to buy or to sell any security, product or service in any jurisdiction. This document is not available for distribution to people in jurisdictions where such distribution would be prohibited.

RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc. (RBC GAM Inc.), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, the asset management division of RBC Investment Management (Asia) Limited, and BlueBay Asset Management LLP, which are separate, but affiliated subsidiaries of RBC.

In Canada, this document is provided by RBC GAM Inc. (including Phillips, Hager & North Investment Management) which is regulated by each provincial and territorial securities commission with which it is registered. In the United States, this document is provided by RBC Global Asset Management (U.S.) Inc., a federally registered investment adviser. In Europe, this document is provided by RBC Global Asset Management (UK) Limited, which is authorised and regulated by the UK Financial Conduct Authority. In Asia, this document is provided by RBC Investment Management (Asia) Limited, which is registered with the Securities and Futures Commission (SFC) in Hong Kong.

This document has not been reviewed by, and is not registered with any securities or other regulatory authority, and may, where appropriate, be distributed by the above-listed entities in their respective jurisdictions. Additional information about RBC GAM may be found at [www.rbcgam.com](http://www.rbcgam.com).

This document is not intended to provide legal, accounting, tax, investment, financial or other advice and such information should not be relied upon for providing such advice. RBC GAM takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when printed. RBC GAM reserves the right at any time and without notice to change, amend or cease publication of the information.

Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. RBC GAM and its affiliates assume no responsibility for any errors or omissions.

Past performance is not indicative of future results. Return estimates are for illustrative purposes only and are not a prediction of returns. Actual returns may be higher or lower than those shown and may vary substantially over shorter time periods. It is not possible to invest directly in an unmanaged index.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of future results or events. Forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Do not place undue reliance on these statements because actual results or events may differ materially from those described in such forward-looking statements as a result of various factors. Before making any investment decisions, we encourage you to consider all relevant factors carefully.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018  
Publication date: February 2018