RBC Global Asset Management

Series T – Designed to provide tax-efficient cash flow

In today's low yield environment many investors are looking for investments that provide tax-efficient cash flow. Series T units allow investors to draw on their investments for 5% (Series T5) or 8% (Series T8) annually† with distributions paid monthly. Series T units also offer investors an easy way to transition seamlessly from investing for long-term growth to drawing regular, tax-efficient cash flow.

Series T offers four key benefits to investors

1. **Sustainable payouts** – Distribution amounts are set at the beginning of each year so you know exactly how much you'll receive each month. The monthly distribution resets each year to help mitigate the risk of capital erosion while supporting your long-term cash flow needs.

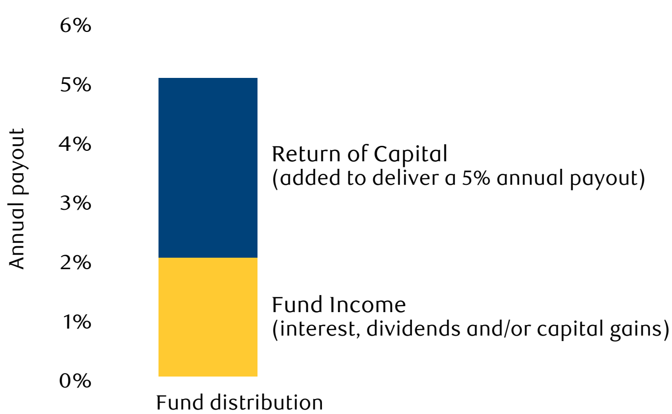
How the Series T5 Monthly Distribution is calculated		
Monthly distribution (cents/unit)	=	Previous year December 31 Net Asset Value per unit x 5% / 12 months

$$\text{Monthly distribution (cents/unit)} = \frac{\text{Previous year December 31 Net Asset Value per unit} \times 5\%}{12 \text{ months}}$$

In years when your fund increases in value, your distribution amount (in cents per unit) may rise for the following year and in years when your fund decreases in value, your distribution amount may be adjusted downward in order to re-establish the target payout rate.

2. **Tax efficiency** – Series T distributions are more tax efficient than redeeming your investment. They offer an attractive blend of tax-efficient income and tax-deferral benefits through the use of return of capital (ROC). ROC is used to top up the interest income, dividends, and/or capital gains earned by the fund to achieve the payout rate.

Example Series T5: Adding return of capital enables 5% annual payout



Hypothetical breakdown of a fund with fund income of 2%. Series T5 may distribute in excess of 5% if special capital gains are distributed at year end. The portion of the distribution that is interest, dividends and/or capital gains will be taxed in the tax year in which it is received.

What is return of capital (ROC)?

ROC is a tax term used to describe distributions in excess of a fund's earnings (ie. income, dividends and capital gains). For tax purposes, ROC represents a return to investors of a portion of their own invested capital. ROC often occurs when a fund's objective is to pay a fixed monthly distribution to unitholders.

3. **Customizable cash flows** – You can customize a monthly cash flow that meets your specific needs up to a fund's maximum payout rate of 5 or 8 per cent annually by dividing your capital between Series T5, Series T8 and any other Series of the same fund.

4. **Transitioning from saving to cash flow** – If you are an investor in another series of a fund, you may switch between the series you currently hold and Series T of the same fund at any time with no tax implications. This tax-free conversion may be particularly beneficial when transitioning to retirement. If you have built up non-registered assets in a series other than Series T, you can now start drawing on your assets without triggering a capital gain or loss until the investment is ultimately sold. Using a more traditional approach, such as a systematic withdrawal plan (SWP), would trigger capital gains in the current year if your investment has appreciated over time. This could be less tax efficient than receiving ROC as part of your cash flow.

Series T vs. SWP

	Distributions	Taxation of distributions	Cash flow management
SERIES T	▪ Tax-efficient monthly distributions	▪ Distributions may include return of capital	▪ Distributions may be adjusted due to changes in market value
SWP	▪ Automatic sale of mutual fund units ▪ Frequency and size of redemptions set by the investor	▪ Taxable gains or losses may be realized on each sale	▪ Withdrawal level must be managed by the investor to avoid depleting capital too quickly

Is Series T suitable for you?

Series T is suitable for a wide range of investors, but is most appropriate for investors who are:

- In retirement and ready to start drawing from their non-registered investment;
- Looking to establish steady, tax-efficient cash flow;
- Expecting to be in a lower tax bracket in future years; or
- Concerned about the clawback of government benefits (i.e. Old Age Security pension - OAS)

For more information about whether Series T is right for you, talk to your financial advisor today.

†Payouts may be adjusted as market conditions require; they are not guaranteed.

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, PH&N Funds and BlueBay Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

90118 (01/2020)
017GAM164_90118 (01-2020)_BRO_SERIEST_EN_V1 01/02/2020