Advisor Guide
RBC Emerging Markets Fund

A fully-diversified emerging markets fund to help manage risk

RBC Emerging Markets Fund offers investors access to the full range of opportunities in emerging markets. The Fund has the flexibility to invest across all emerging market countries, rather than just one country (i.e. an India or China fund) or a small group of countries (i.e. Brazil, Russia, India and China, collectively referred to as "BRIC").

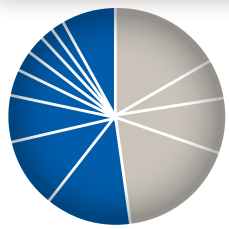
Not only does this broad diversification provide access to more opportunities it also reduces country specific risk and the risk of being too concentrated in too few stocks and or industries.

A disciplined stock selection process

The manager's rigorous quantitative and fundamental screening process helps sort through the enormous emerging market universe of stocks. The Fund will typically invest in a concentrated portfolio of high quality stocks bought at reasonable prices.

The Fund also incorporates long-term themes to focus on industries with the best prospects for long-term growth.

Beyond "BRIC"
A world of opportunity



MCSI Emerging Markets Index country weightings, February 26, 2010

A bottom-up stock selection process with a macro (geographic and thematic) overlay

Top Down Overlay	Stock Selection	Portfolio Construction
Long term sector themes	High quality growth at a reasonable price	40 – 60 stocks
20% – 40% target contribution to relative performance	60% – 80% target contribution to relative performance	

An experienced manager

Philippe Langham has more than 18 years' experience managing emerging market mandates. Prior to joining RBC Asset Management, Phil was head of Global Emerging Markets at Société Générale Asset Management in London, where he managed the firm's emerging-market equity portfolios. Phil also worked for four years at Credit Suisse in Zurich, where he was a director and Head of Asia and Emerging Markets for the Multi Asset Class Division. Before that, he spent nine years with the Kuwait Investment Office in London, where he managed portfolios spanning emerging markets, Asia, Latin America and the United States.

Competitive fees

	Fund Codes	Trailer	Management Fee	MER*
Series A (no load)	RBF499	1.00%	1.85%	2.31%
Series F (fee-based)	RBF699	-	0.75%	1.15%
Advisor Series				
- ISC (front end)	RBF798	1.00%	1.85%	2.31%
- DSC (back end)	RBF899	0.50%	1.85%	2.31%
- Low load	RBF099	1.00%	1.85%	2.31%

*Annualized 2009 MER as the Fund was launched December 17, 2009.

Q & A

Why is it important to consider emerging markets today?

Emerging market economies show superior growth, and have high savings and investments, low tax rates, fiscal and current account surpluses and huge monetary reserves, while developed markets have the bulk of the world's current account deficits and debt, have been losing market share, and experiencing low wage growth.

Of course there are still some economic reforms that we can look forward to in the emerging market world, such as further currency liberalization and deregulation, both of which only add to the attractiveness of this asset class.

Aren't emerging markets risky?

Compared to developed markets, stocks in emerging markets have shown a pattern of higher risk but have also generated higher returns over the past 20 years.

Interestingly, emerging markets have shown a new level of resiliency in recent years as they were among the first to recover from the recent global financial crisis. While the stock markets in many developed countries remain well below their 2007 highs, emerging markets have fully returned to their pre-crisis levels.

To be sure, emerging markets aren't for everyone. But today, holding emerging markets within portfolios has become a way for investors to generate higher returns at reasonable risk levels.

Emerging markets have had a good run, so are they now overvalued?

We believe emerging market stocks are more attractively valued than their counterparts in developed markets. This is because emerging market stocks trade at similar valuation levels to stocks in developed markets, but emerging markets have much better long-term growth prospects.

Why consider a fund that invests beyond "BRIC"?

The four BRIC markets (Brazil, Russia, India and China) comprise approximately 40% of total emerging market capitalization and are therefore very significant to this asset class. However, including emerging markets beyond BRIC provides a significant increase in opportunities as well as diversification benefits.

By investing in a more diversified fund, an investor reduces the risk of being too concentrated in a few stocks and industries. A more diversified fund also provides access to more investment opportunities than one that is limited to just a few countries.

Is the 3D investment approach used in RBC Emerging Markets Fund?

Although the approach this Fund takes is not identical to the 3D approach, the Fund uses the stock ranking system of CSFB Holt that shares many features with our 3D process, the components of which are used in the detailed research process for each investment in the portfolio.

Bottom-up stock selection process:

- Quantitative screening based on the Holt scorecard (1,500 stocks) is used to screen for attractive stocks based on cash flow valuation, cash flow growth and momentum and cash flow return on investment.
- Focused fundamental analysis based on quality of management, industry positioning, sustainability of growth, financial strength and valuation check.

The Holt scorecard is an important quantitative model and is employed as an initial screening tool. This scorecard assesses a wide range of variables with a focus on quality, growth and value. The framework is based on cashflows that correct for accounting distortions and measure consistent, real economic performance worldwide.

How is risk managed in the Fund?

Risk is managed on many levels, including:

- Buys will only be taken after in-depth research, a thorough assessment of the investment case, contact with analysts who study the company, a detailed report (company, sector) and confirmation that the position fits with the team's investment style/approach. The size of the position will be driven by conviction level, how the stock fits with the rest of the portfolio (beta, style, country and sector weighting) and expected return. The manager has a 5% limit on active allocation at the stock level and a 10% limit at the country or sector level.
- A strong sell discipline is in place and is based on such factors as the investment case changing, a valuation case correction, a better stock being found, or management changing its conviction on the stock.
- The Fund is diversified across countries, sectors and stocks to reduce the overall risk level of the portfolio.

Is currency hedged in RBC Emerging Markets Fund?

Currencies are not hedged because:

- The Fund's benchmark is unhedged
- The long run trend for emerging market currencies is to appreciate, driven by macro factors, such as higher growth, strong currency reserves, low debt and high surpluses
- Government policies in many emerging markets have caused many currencies in the region to remain undervalued relative to developed markets
- Hedging in emerging markets generally carries a high cost and is not feasible in many currencies

Why doesn't the fund manager have a published performance record?

Philippe Langham, the fund manager, has been managing portfolios in emerging markets for more than 18 years but regulatory restrictions do not allow us to promote his previous track record due to differences in mandates, benchmarks and other factors.

Why buy RBC Emerging Markets Fund over an ETF?

The Fund's stock selection process focuses on owning a concentrated portfolio of high-quality companies with characteristics such as higher-than-average profitability, stronger balance sheets and more predictability than the benchmark. The Fund should show a significant difference relative to its benchmark, and provide an opportunity to outperform.

Emerging markets exposure in RBC Portfolio Solutions

With the launch of RBC Emerging Markets Fund, investors in RBC Portfolio Solutions will now be able to tap into the benefits of investing in this asset class. Allocations have been made to the following solutions:

- RBC Balanced Fund
- RBC Balanced Growth Fund
- RBC Select Portfolios
- RBC Select Choices Portfolios

Why are we adding emerging markets exposure to certain RBC Portfolio Solutions?

Our research shows that adding small concentrations of emerging market equities can boost potential returns, while keeping total portfolio risk at a reasonable level.

Which Portfolio Solutions are affected and what do the allocations look like?

RBC Emerging Markets Fund added to:	Initial Allocation
RBC Balanced Fund	1.25%
RBC Balanced Growth Fund	1.25%
RBC Select Balanced Portfolio	1.25%
RBC Select Growth Portfolio	1.50%
RBC Select Aggressive Growth Portfolio	2.50%

AGF Emerging Markets Fund added to:	Initial Allocation
RBC Select Choices Balanced Portfolio	1.25%
RBC Select Choices Growth Portfolio	1.50%
RBC Select Choices Aggressive Growth Portfolio	2.50%

Will the allocations change?

Yes. We plan to increase these allocations in small increments over time, as appropriate. The amount invested in other equity markets will be adjusted to accommodate the new allocations, meaning the *overall asset mix among stocks, bonds and cash in each portfolio will remain essentially unchanged.*

Will exposure to emerging markets make the portfolios more expensive?

No. As with all of our portfolio solutions, investors in RBC Select and RBC Select Choices Portfolios benefit from fixed MERs that are not affected by changes in the underlying funds. RBC Select and Select Choices Portfolios feature some of the lowest costs in the industry among fund-of-fund programs.

Why are we using AGF Emerging Markets Fund in RBC Select Choices Portfolios?

RBC Select Choices Portfolios cater to investors who prefer to own a portfolio of third-party funds with some of the industry's finest managers, including RBC Asset Management and PH&N. As a result of the program's third-party focus, it was deemed appropriate to consider emerging market equity options across the full spectrum of Canadian mutual funds.

AGF Emerging Markets Fund is a top-rated performer in its fund category with a solid track record of performance across various time periods. Before a fund can be added to the program, it must satisfy the rigorous criteria set out by the RBC Mutual Fund Research Team.

RBC Global
Asset Management™

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