

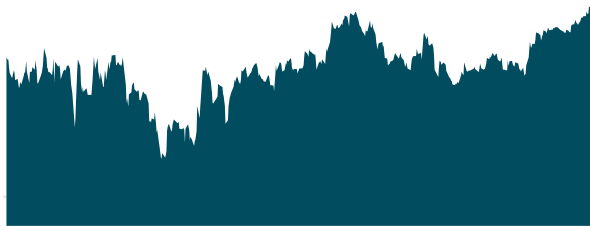


VPI CANADIAN EQUITY POOL

WHAT YOU OWN



- Dividend increased every year for the past 45 years
- Capacity to continue growing the dividend
- Dividend yield is 3.5%
- Operating costs reduced 14% in 2016



2015

2017

TRAILING TWELVE MONTHS AS OF

	Q1 2015	Q1 2017	% CHANGE
REVENUES	\$3,501	\$3,545	1%
NET INCOME	\$664	\$658	-1%
DIVIDENDS	\$289	\$358	24%
SHARE PRICE	\$36.93	\$40.88	11%

Revenues, Net Income, Dividends stated in millions CAD; share price stated in CAD; share prices as of May 31, 2015 & 2017. Source: S&P Capital IQ.

\$19 BILLION IN ASSETS | INVESTING \$5 BILLION OVER NEXT YEARS | 2M+ GLOBAL CUSTOMERS

WHAT YOU DON'T OWN



- Aeroplan Rewards losing Air Canada in 2020
- The stock is not rewarding
- No reported earnings
- Dividend at risk



2015

2017

TRAILING TWELVE MONTHS AS OF

	Q1 2015	Q1 2017	% CHANGE
REVENUES	\$2,520	\$2,243	-11%
NET INCOME	-\$2	-\$42	N/A
DIVIDENDS	\$123	\$122	-1%
SHARE PRICE	\$14.56	\$2.36	-84%

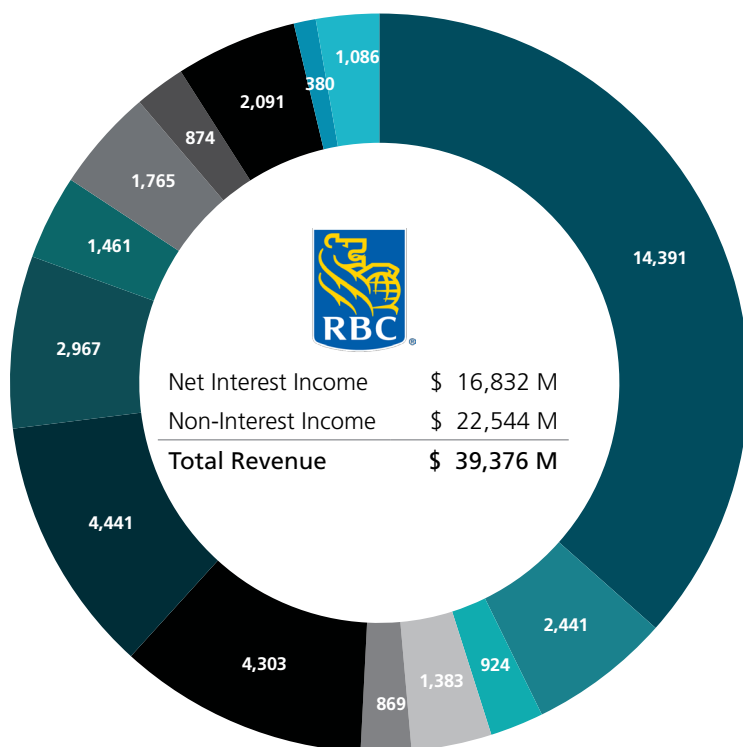
Revenues, Net Income, Dividends stated in millions USD; share price stated in USD; share prices as of May 31, 2015 & 2017. Source: S&P Capital IQ.

CUSTOMER BASE TOO CONCENTRATED | BREAKING UP IS HARD | FLAWED BUSINESS MODEL



GREAT BUSINESSES ARE DIVERSE

REVENUE DIVERSIFICATION



Royal Bank has a diversified revenue base that allows for growth opportunities regardless of the operating environment

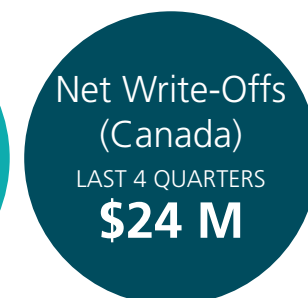
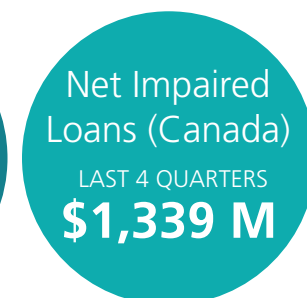
- Net Interest Income
- Trading revenue (net interest income)
- Card service revenue
- Credit fees
- Foreign exchange revenue
- Insurance premiums, investment & fee income
- Investment management & custodial fees
- Mutual fund revenue
- Securities brokerage commissions
- Service charges
- Trading revenue
- Underwriting & other advisory fees
- Share of profit in joint ventures
- Other

RESIDENTIAL MORTGAGES

The structural and regulatory backdrop of the Canadian housing market is very different than the U.S.A.

- Regulators require insurance if loan-to-value is over 80%, paid by the home buyer to protect the bank
- Mortgages that are uninsured have margins of safety to the bank
- Lenders typically have full recourse against borrowers, without stay periods
- Underwriting standards are stringent, leading to lower delinquency rates
- Mortgage interest is not tax deductible, creating incentive to pay off the mortgage

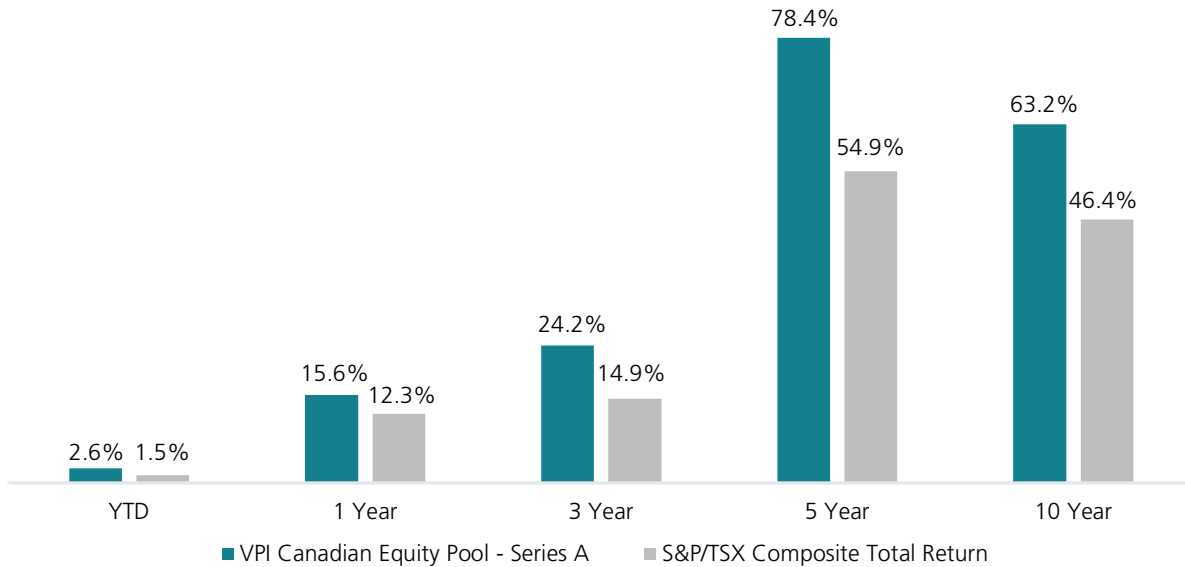
Although the value of mortgages outstanding is massive, the actual losses to the banks have been minimal



All figures in millions CDN \$ unless otherwise stated.
Sources: RBC Investor Relations, Value Partners Investments Inc.

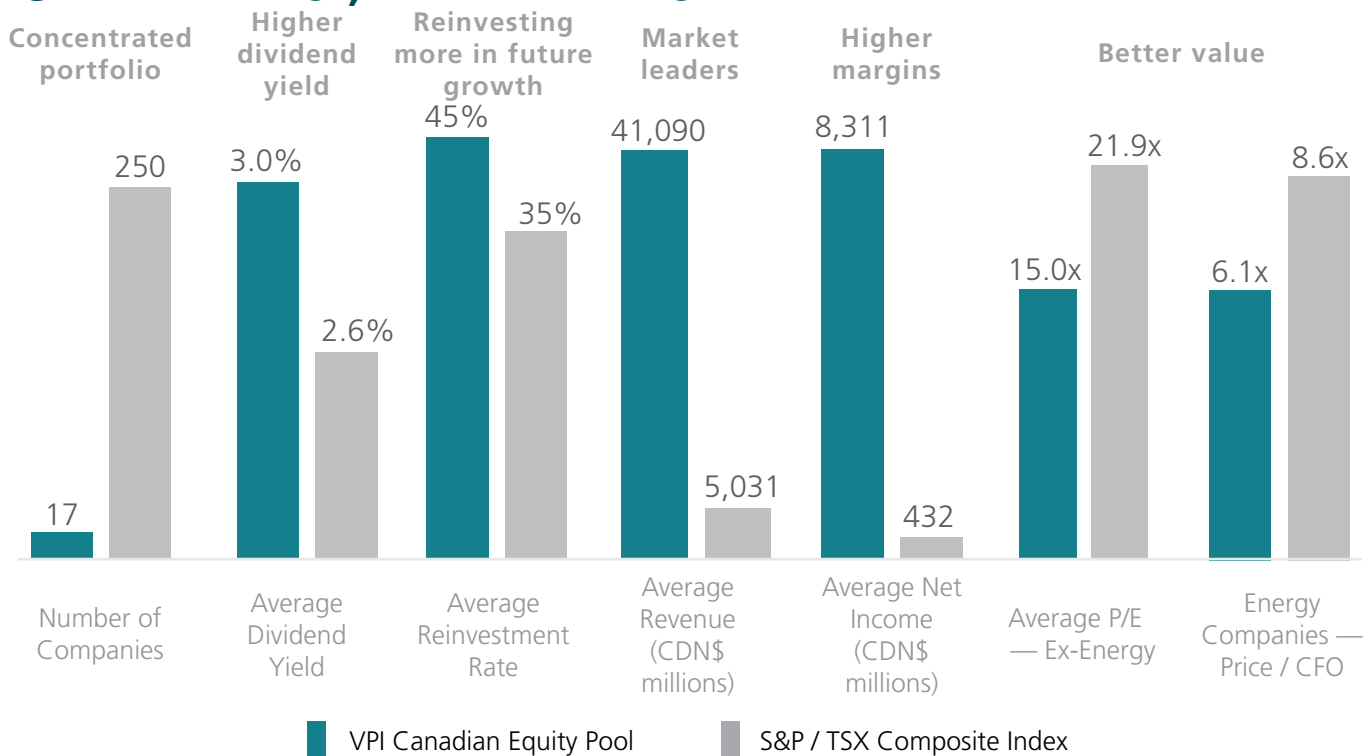
CANADIAN EQUITY AT A GLANCE (MAY 31, 2017)

ABSOLUTE (CUMULATIVE) PERFORMANCE



Source: S&P Capital IQ, Value Partners Investments Inc., Morningstar. Absolute (cumulative) performance ending May 31, 2017.

OWN THE BEST, LEAVE THE REST



Average P/E & Price / CFO reflect forward consensus estimates. Average P/E excludes companies classified as operating in the "Energy" industry by S&P, or with negative P/E, and P/E > 100. Average Reinvestment Rate excludes non-dividend paying companies, and for companies with DPS > EPS, payout set to 100%. CFO refers to Cash Flow from Operating Activities. Sources: S&P Capital IQ, Value Partners Investments Inc., as of May 31, 2017.

STANDARD PERFORMANCE INFORMATION (MAY 31, 2017)

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
SERIES A	15.6%	7.5%	12.3%	5.0%

Note: Annualized returns as of May 31, 2017.

DISCLAIMER

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