

RBC Insurance Announces 2024 SRIA Guaranteed Interest Rate



WESTWARD'S VIEWPOINT

RBC Insurance (**RBCI**) recently announced that the Smoothed Return Investment Account (**SRIA**) interest rate guaranteed for calendar 2024 is **3.25%**, up from 3.0% in calendar 2023 (*announcement attached*).

Each year, RBCI measures the cumulative performance of the Reference Portfolio to August 31 to set the SRIA interest rate for the following calendar year.

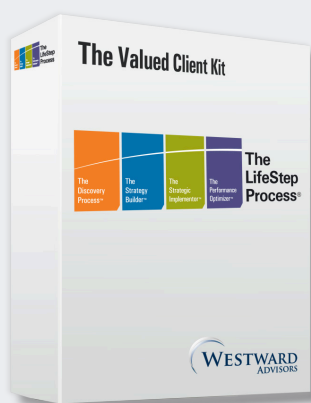
Last year, the Reference Portfolio was down 11.26% for the 8 months ended August 31, 2022, dropping the cumulative average net return since inception to 3.23% and triggering the policy rate reduction to 3.0% for calendar 2023.

Over the last twelve months, the cumulative average net return since inception has increased from 3.23% to 3.68% but remains below the cumulative average SRIA interest rate of 4.23%.

During 2023, we contacted RBCI with our concerns about the SRIA interest rate and the performance of the Reference Portfolio. RBCI advised us that *"we are carefully reviewing your concerns. This review will take some time... If our review leads us to conclude that the rates should be higher, we will adjust the 2024 rates for impacted clients... We commit to completing our review and providing our response by January 31, 2024."*

We eagerly await the RBCI response and will advise clients as soon as we receive it.

For more information, clients can contact their Account Manager or Wayne Stone at waynes@westwardadvisors.com.



RBC INSURANCE SRIA INVESTMENT ACCOUNT

The SRIA is an investment account option in certain RBCI Security Fund universal life insurance policies. Funds invested in the SRIA are managed on a discretionary basis by RBCI in an underlying portfolio (the **"Reference Portfolio"**). The investment objective is low volatility with a long-term focus targeting superior returns while minimizing risk of capital loss. Actual returns in the Reference Portfolio are smoothed into the policy interest rate through a guaranteed calendar year interest rate announced prior to each calendar year.

HISTORICAL PERFORMANCE

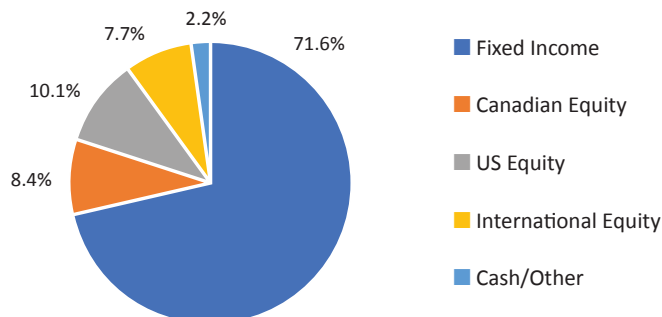
The historical performance of the SRIA is as follows:

Year	REFERENCE PORTFOLIO RETURNS			Policy Rate
	Gross	Fee	Net	
2014	6.41%	1.65%	4.76%	4.75%
2015	6.23%	1.65%	4.58%	4.75%
2016	6.16%	1.65%	4.51%	4.75%
2017	6.17%	1.65%	4.52%	4.75%
2018	3.29%	1.65%	1.64%	4.75%
2019	7.45%	1.65%	5.80%	4.25%
2020	7.15%	1.65%	5.50%	4.10%
2021	6.45%	1.65%	4.80%	4.10%
2022	(5.21%)	1.65%	(6.86%)	4.10%
2023 (to Aug 31)	4.07%	1.65%	2.42%	3.00%
Average	5.33%	1.65%	3.68%	4.23%

ASSET ALLOCATION

As of August 31, 2023, the Reference Portfolio's market value was \$1.562 billion allocated as follows:

Reference Portfolio Asset Allocation



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RBC Insurance would like to make the following announcements related to the Security Fund product for 2024:

Effective January 1, 2024:

- (a) The credited rate for the Smoothed Return Investment Account (“SRIA”) will increase to 3.25%, and
- (b) The loan rate for Annual Rate Policy Loans and associated Credit Facilities will increase to 5.35%.

Please review this communication for additional details.

Smoothed Return Investment Account (SRIA)

RBC resets the Base Interest Rate for the SRIA on each January 1st referencing the returns of the Smoothed Return Reference Portfolio and our smoothing process. The smoothing process is used to reflect the gains and losses of the Portfolio, net of the Management Fee, in the Base Interest Rate over time. For 2024 the Base Interest Rate has been set at 3.25%.

Loan Rate

For 2024, the loan rate for Annual Rate Policy Loans and for Credit Facilities (facilities for which the policy has been pledged to RBC Insurance as collateral) will be 5.35%. This loan rate is equal to the 2024 SRIA Base Interest Rate of 3.25% + 1.65% plus the 2024 Smoothing Adjustment Factor of 0.45%.

The Smoothing Adjustment Factor is a factor that is determined by the company to adjust the rate of interest used to calculate the Interest Payable in Advance for Annual Rate Policy Loans and the Security Deposit for Credit Facilities. The Smoothing Adjustment Factor is the mechanism which the company uses to pass on cumulative gains/losses of the Portfolio to the borrower.

For more information on the Smoothed Return Reference Portfolio, please see the next section. Beginning on January 1, 2024, the rates discussed in this bulletin will be published on our website in the [weekly rate sheet](#).

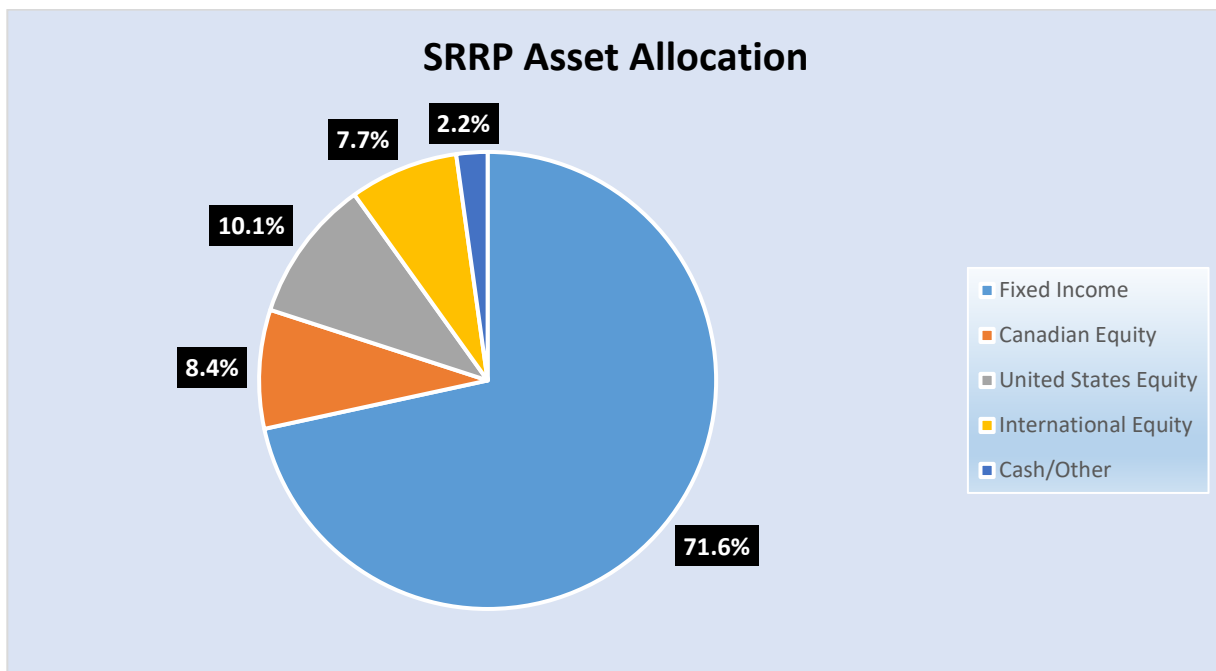
Smoothed Return Reference Portfolio (SRRP)

Inception Date: January 1st, 2014

The SRRP is comprised of a mix of assets that the company manages and tracks with the objective of maintaining a stable long-term credited rate for the Smoothed Return Investment Account (SRIA) under the Security Fund universal life plan. Policy owners with funds allocated to the SRIA do not own assets in the SRRP.

SRRP Historical Annualized Rates of Return

	2014	2015	2016	2017	2018	2019	2020	2021	2022	Jan 1 2023 - Aug 31 2023	Average
Net Rate of Return	4.76%	4.58%	4.51%	4.52%	1.64%	5.80%	5.50%	4.80%	-6.86%	2.42%	3.68%
Gross Rate of Return	6.14%	6.23%	6.16%	6.17%	3.29%	7.45%	7.15%	6.45%	-5.21%	4.07%	5.33%



As of August 31, 2023

As of August 31, 2023 the total asset value of the SRRP was \$1.562 billion