

RBC Insurance Announces 3.40% SRIA Guaranteed Interest Rate for 2025

WESTWARD'S VIEWPOINT

On November 1, 2024, RBC Insurance (RBCI) announced the Smoothed Return Investment Account (SRIA) interest rate guaranteed for calendar 2025 is 3.40%, up from 3.25% in 2024 and 3.00% in 2023 (announcement attached).

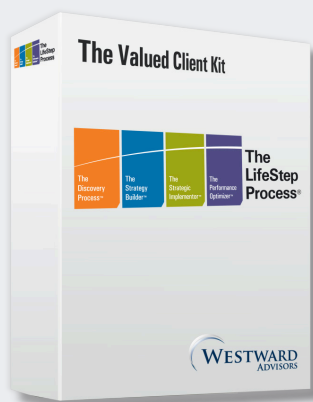
The SRIA interest rate lags the performance of the underlying Reference Portfolio. For example, the Reference Portfolio incurred a net loss of 6.9% in 2022 causing a drop in the SRIA interest rate from 4.1% in 2022 to 3.0% in 2023.

The SRIA interest rate increased in 2024 and 2025 reflecting the improving cumulative performance of the Reference Portfolio in 2023 and 2024.

33% of the Reference Portfolio is composed of fixed income loans secured by SRIA account values. The gross return on the loans is approximately 5.35% in 2024 and 5.40% in 2025.

67% of the Reference Portfolio is composed of the [RBC Select Conservative Portfolio - RBF461](#) Series A mutual fund.

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



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RBC INSURANCE SRIA INVESTMENT ACCOUNT

The SRIA is an investment account option in certain RBCI Security Fund universal life insurance policies. Interest credited to the SRIA is determined by reference to the underlying **Reference Portfolio**. Each year, RBCI measures the cumulative performance of the Reference Portfolio to August 31 to set the guaranteed SRIA interest rate for the following calendar year. The SRIA rate is based on the returns of the Reference Portfolio to which RBCI applies a smoothing formula to bring the gains and losses of the Reference Portfolio into the SRIA credited rate over time. The smoothing process reduces the impact of market volatility and provides a more stable credited rate from year to year.

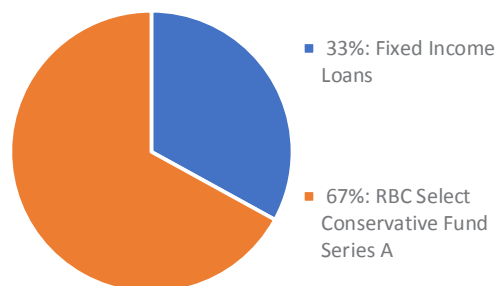
HISTORICAL PERFORMANCE

RBCI reports the historical performance of the Reference Portfolio as follows and we compare it in this table to the historical annual SRIA interest rates:

Year	REFERENCE PORTFOLIO RETURNS			SRIA Rate	(Over) Under Credited
	Gross	Fee	Net		
2014	6.46%	1.66%	4.8%	4.75%	0.05%
2015	6.26%	1.66%	4.6%	4.75%	(0.15%)
2016	6.17%	1.67%	4.5%	4.75%	(0.25%)
2017	6.19%	1.69%	4.5%	4.75%	(0.25%)
2018	3.41%	1.71%	1.7%	4.75%	(3.05%)
2019	7.52%	1.72%	5.8%	4.25%	1.55%
2020	7.43%	1.73%	5.7%	4.10%	1.60%
2021	6.56%	1.76%	4.8%	4.10%	0.70%
2022	(5.13%)	1.77%	(6.9%)	4.10%	(11.00%)
2023	6.77%	1.77%	5.0%	3.00%	2.00%
2024 (to Aug 31)	9.27%	1.77%	7.5%	3.25%	4.25%
Average	5.32%	1.72%	3.6%	4.13%	(0.53%)

REFERENCE PORTFOLIO COMPOSITION

RBCI reports the Reference Portfolio market value was \$1.6 billion as of August 31, 2024, composed as follows:



See attached RBCI Smoothed Return Reference Portfolio Performance Update for more details.



Insurance

November 2024

RBC Insurance would like to make the following announcements related to the Security Fund product for 2025:

Effective January 1, 2025:

- (a) The credited rate for the Smoothed Return Investment Account (“SRIA”) will increase to 3.4%, and
- (b) The loan rate for Annual Rate Policy Loans and associated Credit Facilities will increase to 5.4%.

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 2025 the Base Interest Rate has been set at 3.4%.

Loan Rate

For 2025, 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 5.4%. This loan rate is equal to the 2025 SRIA Base Interest Rate of 3.4% + 1.65% plus the 2025 Smoothing Adjustment Factor of 0.35%.

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, 2025, 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.



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In Security Fund universal life policies, interest credited to the Smoothed Return Investment Account is determined by reference to the Smoothed Return Reference Portfolio (Reference Portfolio). Before the end of each calendar year, the credited rate for the Smoothed Return Investment Account is set for the upcoming calendar year. This credited rate is based on the notional net returns of the Reference Portfolio to which the company applies a smoothing process. This smoothing process brings the gains and losses of the Reference Portfolio into the credited rate over time, in order to reduce the impact of market volatility and provide a more stable credited rate from year to year.

The Reference Portfolio Composition:

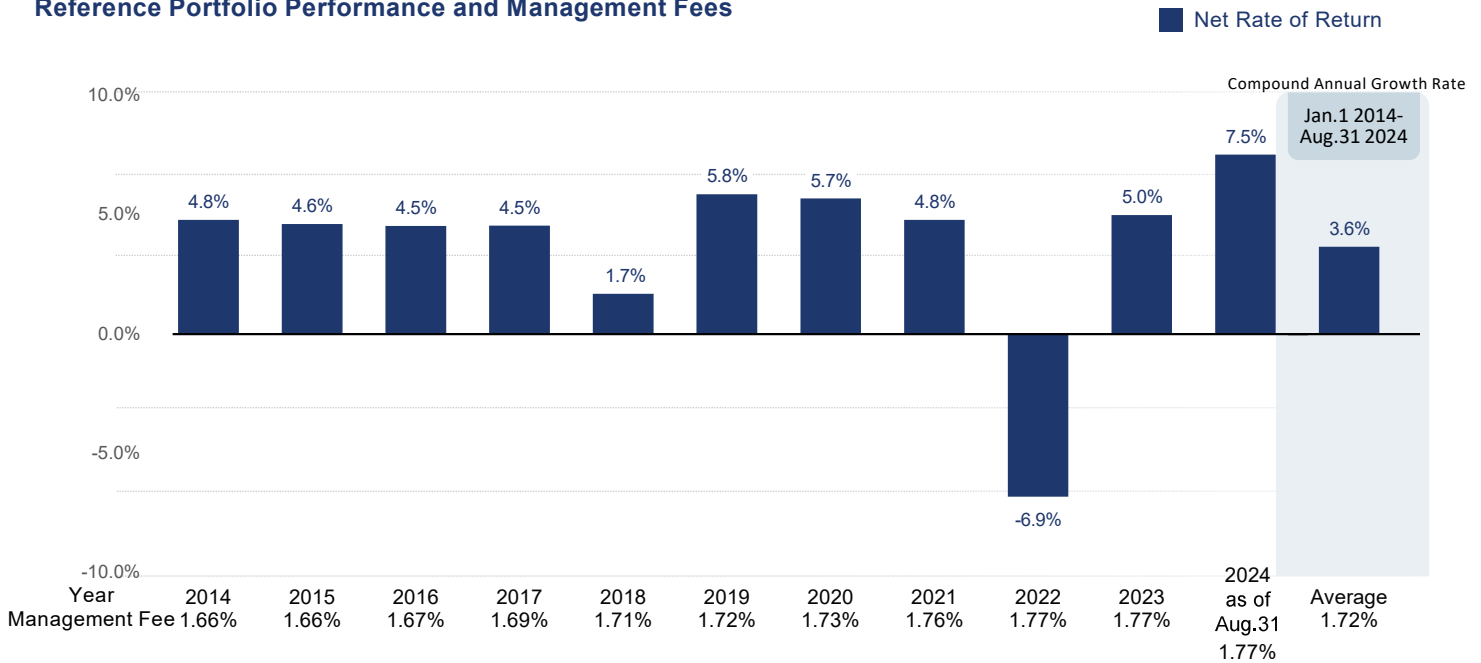
1. fixed income loans
2. the RBC Select Conservative Portfolio, Series A
3. the RBC Short Term Income Fund – Series A, and
4. cash

A. Reference Portfolio Facts

Total value of the Reference Portfolio as of August 31, 2024:

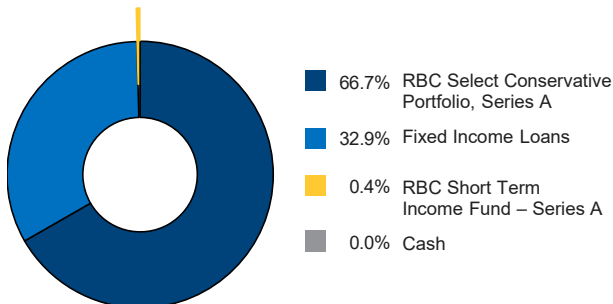
\$1.6 Billion

Reference Portfolio Performance and Management Fees



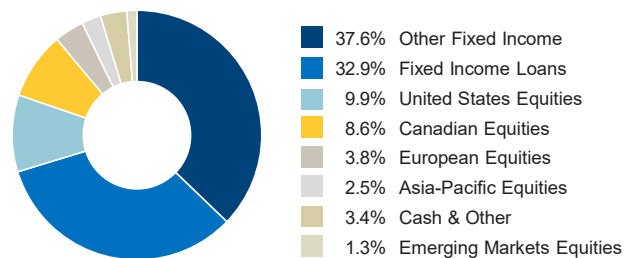
Composition of Reference Portfolio

(August 31, 2024)



Composition of Reference Portfolio by Asset Classes

(August 31, 2024)





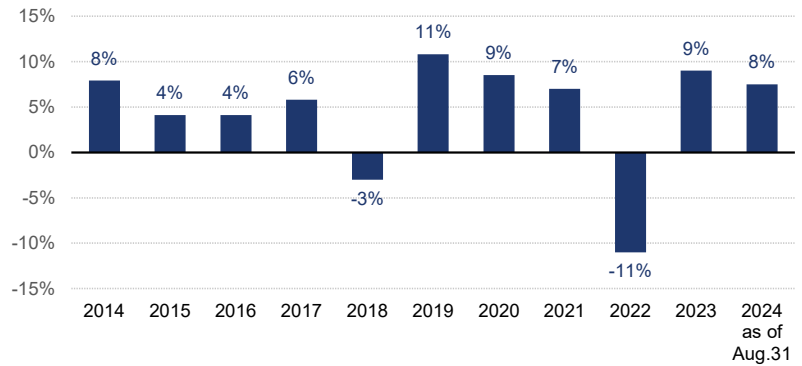
B. Refence Portfolio Facts

Reference Fund: RBC Select Conservative Portfolio, Series A, Managed by RBC Global Asset Management

Objective:

The RBC Select Conservative Portfolio is a strategic asset allocation fund. It focuses on providing income and the potential for moderate capital growth. It does this by maintaining a balance of investments across several asset classes. The portfolio invests primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the underlying funds), emphasizing mutual funds that invest in Canadian fixed income securities and have the potential to generate income. It also invests in equity mutual funds, with an emphasis on Canadian equity funds and some exposure to U.S. and international equity funds.

RBC Select Conservative Portfolio (Series A) Performance



What type of assets does the Select Conservative Portfolio invest in?

The underlying funds are managed by RBC GAM or an affiliate of RBC GAM. The portfolio manager uses strategic asset allocation as the principal investment strategy.

The following table shows you the target weighting for each asset class:

Fixed income	Canadian equities	U.S. equities	International equities
61%	13%	15%	11%

The percentages specified above are target weightings for each asset class. RBC GAM will manage the allocation so that it will be no more than 15% above or below the target weighting for the fixed income asset class, and no more than 10% above or below the target weighting for the Canadian equities, U.S. equities and international equities asset classes.

More helpful links on the RBC Select Conservative Portfolio:

[Fund overview and Performance](#) - Updated Monthly, also contains links to extensive documentation, including the following:

- [Monthly Update](#)
- [Quarterly Update](#)
- [Portfolio Manager Commentary](#)

* For full details on the fund, please refer to the prospectus at this link: [RBC GAM Prospectus](#)

C. Smoothed Return Investment Account Rate

The Base Interest Rate (credited rate) for the Smoothed Return Investment Account as of January 1, 2025: 3.4%