

RBC WEALTH MANAGEMENT

PORTFOLIO CONSULTING SERVICES DISCLOSURE DOCUMENT

Form ADV, Part 2A Appendix 1, Wrap Fee Program Brochure

January 27, 2012

This wrap fee program brochure provides you with information about the qualifications and business practices of RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC ("RBC WM"), a wholly-owned subsidiary of Royal Bank of Canada. This brochure describes only the Portfolio Consulting Services program offered by RBC WM. This document provides investors with information about RBC WM and Portfolio Consulting Services program that should be considered before becoming a client of the program. Contact us at (612) 371-2711 if you have any questions about the content of this brochure. This information has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. Please retain for your records.

Additional information about RBC Wealth Management is available on the SEC's website at www.adviserinfo.sec.gov.

RBC Capital Markets
3 World Financial Center
200 Vesey Street
New York, NY USA 10281
(212) 858-7000

RBC Wealth Management
60 South Sixth Street
Minneapolis, MN 55402-4422
(612) 371-2711

www.rbcwealthmanagement.com/usa



RBC Wealth Management®

A division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

ITEM 2: MATERIAL CHANGES

On July 28, 2010, the U.S. Securities and Exchange Commission published amendments to Form ADV, the disclosure document that we provide to clients in our investment advisory programs as required by SEC rules. This wrap fee program brochure dated January 27, 2012, is a new document prepared in accordance with the SEC's new requirements for Form ADV.

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This Disclosure Document provides a complete description of the services provided and the fees payable under the Portfolio Consulting Services program ("Program"). The Program is sponsored by RBC Wealth Management ("RBC WM", "we", "us", or "our").

ITEM 4: SERVICES, FEES AND COMPENSATION

Program services are provided pursuant to a Portfolio Consulting Services Account Agreement ("Account Agreement") and Terms and Conditions (collectively, the "Program Agreement").

Portfolio Consulting Solutions is a customized advisory program sponsored by RBC WM through which your account is managed by one or more professional investment managers participating in the program. Our Financial Advisors ("FAs") work closely with you to analyze and define your investment objectives and needs. In addition, the FA provides you with information on investment managers whose investment philosophy and objectives may be compatible with your investment philosophy and objectives. In the Program, we owe a fiduciary duty to you under the Investment Advisers Act of 1940, as amended ("Advisers Act").

For investment advisory, brokerage execution and other services rendered under the Program, you pay a single quarterly fee based on the value of your account (regardless of the number of trades placed), or you pay us an asset-based fee for services and pay transaction commissions separately for each brokerage transaction, as described in detail in the "Program Fees" section.

Account assets may consist of a variety of securities, including but not limited to:

- equity securities;
- bonds (both taxable and non-taxable);
- mutual funds (load-waived and no-load);
- exchange traded products ("ETPs"), including exchange traded funds ("ETFs"), and exchange traded notes.

Securities selected are subject to any limitations imposed by you, the investment manager, or us.

In addition to the Portfolio Consulting Services Program, we sponsor other investment management programs that may or may not be available to you. More information on these programs may be requested from your FA.

Analysis of Client Investment Objectives

We require that you complete a written investment policy statement ("Investment Plan"), which is intended to measure your investment objectives, time horizons and risk parameters. Based on our understanding of your investment needs and objectives gained from the Investment Plan (and any additional written guidelines you establish) and the consultation process, the FA provides you with information on investment managers

participating in the Program. These investment managers have demonstrated an investment philosophy which we believe is compatible with your investment needs and objectives. You then choose one or more investment managers to provide investment management services

We notify each investment manager selected by you and provide the investment manager with a copy of your Investment Plan and all amendments, as well as any other investment policies and restrictions of which you have notified us in writing. You are responsible for promptly bringing to our attention any material change in your investment objectives or financial condition. We will forward these changes to your investment manager(s). You may also communicate directly with the investment manager(s).

A. General Description of Program

Program is designed to permit you, in consultation with an FA, to choose an investment manager that you believe is appropriate and to receive certain brokerage and/or other services from RBC WM.

The investment manager or managers selected by you will provide discretionary investment management services to you pursuant to the terms and conditions of the Account Agreement and by either a Master Investment Advisory Agreement between each investment manager and us (the "Master Agreement") or a separate advisory services agreement ("Advisory Agreement") between each investment manager and the you, and in accordance with your Investment Guidelines then in effect as defined above.

All accounts are managed by investment managers. We have no discretionary trading authority with respect to your account. Other than in connection with its consulting responsibilities, as described above, we do not assume responsibility for the conduct of investment managers selected by you, including their performance or compliance with law or regulations.

Cash Balances

If selected by you, cash custodied at RBC WM will be automatically invested or deposited the next business day (as applicable). This automatic process is referred to as a "Cash Sweep Option". Investments for non-retirement accounts will be made in shares in a money market fund managed by RBC Global Asset Management (U.S.) Inc. ("RBC GAM (U.S.)"), an affiliate, in RBC WM's Credit Interest Program, RBC Bank Deposit Program or an unaffiliated money market fund. Investments for retirement accounts will be made in shares of a money market fund unaffiliated with RBC WM. You should review the Client Account Information Agreement for details regarding our Cash Sweep Option and the Credit Interest Program. The Credit Interest Program and the RBC Bank Deposit Program are described in more detail in Item 9: *Other Financial Industry Activities and Affiliations*.

Deposits

You may deposit additional money into the Program account at any time (subject, for retirement accounts, to any limitations imposed under the retirement plan documents or the Internal Revenue Code of 1986, as amended).

Deposits to Portfolio Consulting Services Accounts will be invested by the investment manager, as appropriate.

Withdrawals

You may make withdrawals from a Program account upon prior written notice to us (effective upon actual receipt of such notice). Withdrawals will be funded first from available amounts in the Cash Sweep Option, then from the proceeds of sales or redemption of securities in the account. In the event that an orderly liquidation of securities cannot be accomplished by us in a timely manner, we may affect any such withdrawal by delivering securities in kind to you.

Termination

You may terminate your Account Agreement with us at any time by written notice to us. The Account Agreement will terminate upon our receipt of your written notice of termination. We may terminate our Account Agreement with you upon written notice to you or upon occurrence of certain events as described in the Account Agreement. Termination of the Program Agreement does not terminate any investment advisory agreement directly between you and any investment manager. As further described below, upon termination, we may owe you a prorated portion of fees for any partial billing period.

Eligibility and Classification of Certain Investments

If applicable, we may use many sources of information and analysis about funds, including data provided by independent third parties. Generally, however, SEC-registered mutual funds are eligible for the Programs if the funds are either “no-load” or agree to waive any front-end sales charges, have no contingent deferred sales charges (unless otherwise specified), and trade through standard facilities utilized by us. Thus, a broad array of funds are available for evaluation by investment managers in the context of implementing an investment strategy. In accordance with regulations, we will deliver a mutual fund’s current prospectus to you only when you purchase the mutual fund or ETP shares through us. In situations where you purchase mutual fund shares or ETPs through another financial institution, you must rely on the firm through which the shares were purchased for delivery of a current prospectus.

Certain securities, such as annuities, that are not designated and not held by us may appear on your periodic activity statements for informational purposes only. These assets are not considered to be advisory assets covered under the Client Agreement and are not subject to the advisory fee.

Performance Monitoring and Client Communications

We may provide you with a performance evaluation of the account, on periodic basis (“Portfolio Review”). The Portfolio Review may include the performance of the account in terms of rate of return and compare the account’s performance to that of selected benchmarks.

To compute the value of assets held in an account custodied at RBC WM, we value the mutual fund shares at their respective net asset values as reported on the valuation date by each mutual fund. Securities traded on a national securities exchange will be valued at the last sale price on the exchange, or, if there has been no sale that day, at the last known bid price. Securities that are traded over-the-counter and on a stock exchange will be valued according to the broadest and most representative market. Securities for which market quotations are not readily available will be valued at the known current bid price believed by us to most nearly represent current market value. Other securities and all other assets will be valued at fair value as determined in good faith by us or an independent third-party retained by us. For assets not custodied at RBC WM, we will rely on the information provided to us by custodian.

Assets not held at RBC WM may not be included in any performance calculations on the Portfolio Review.

Portfolio Reviews merely provide historical information regarding an account and should not be relied upon as predictive of future performance.

We provide you (and, where appropriate, your investment manager(s)) with the following reports of relevant activity in an account:

- trade confirmations reflecting all transactions effected with or through us (other than cash sweep transactions) unless designated otherwise by the client;
- monthly statements itemizing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month and listing securities in custody held in the account (monthly statements may not be generated if there is no activity in the account during the month); and
- quarterly statements listing securities in custody held in the account.

Risk

You are advised and should understand that:

- past performance of investment managers is not a guarantee of future results;
- market conditions, interest rates, and other investment-related risks may cause losses in your account;
- the risk parameters or comparative index selections provided for accounts are guidelines only - the selected risk parameters may be exceeded and index comparisons may outperform your account;
- all trading in your account is at your risk; and
- the value of the assets in your account is subject to a variety of factors, such as the liquidity and volatility of the securities markets

Risks Relating to Money Market Funds

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, there is no assurance that will occur, and it is possible to lose money if the fund value per share falls. Moreover, in some circumstances, money market funds may be forced to cease operations when the value of a fund drops below \$1.00 per share. If this happens, the fund's holdings are liquidated and distributed to the fund's shareholders. This liquidation process is likely to take up to a month or more. During that time, these funds would not be available to you to support purchases, withdrawals and, if applicable, check writing or ATM debits from your account.

Risks Relating to Differing Classes of Securities

Different classes of securities have different rights as creditor if the issuer files for bankruptcy or reorganization. For example, bondholders' rights generally are more favorable than shareholders' rights in a bankruptcy or reorganization.

Tax Considerations

The payment of the fees described below under *Program Fees* may produce income tax results different from those resulting from the payment of brokerage commissions or other transactional charges on a per trade basis. We do not offer advice with respect to these matters and you should seek the counsel of a qualified tax advisor, accountant and/or other professional in this respect. If you are not a tax-exempt entity, the sale, redemption or exchange of investments may result in taxable gains or losses. Further, it is your responsibility to ensure that the payment method selected, and subsequent treatment of the related expenses, complies with applicable tax laws and other regulations.

Program Fees

You may select between two payment alternatives for services provided by us: asset-based fee method or the asset-based fee + transaction commission method

Asset-Based Fee Method:

Under this alternative, you pay us a fee that may include compensation for:

- an initial analysis of your investment objectives and needs, with periodic re-evaluations, provided by us;
- consulting services provided by us as to suitable investment managers; and
- discretionary investment advisory and portfolio management services rendered by the investment manager(s) selected by you; and
- custodial and execution services (including brokerage commissions) provided by us.
- other account-related services provided by us.

Fees are calculated as a percentage of the Account value. Fees are payable in advance on a quarterly basis and calculated based on our appraisal of the market value of the assets in the account as of the last business day of the preceding period end. Fees are assessed on all assets under management including securities, cash, and money market balances. Margin debit balances, if applicable, do not reduce the value of assets under management. The following tables describe how the total fees will be calculated for equity, balanced accounts and fixed income accounts, respectively.

ASSET-BASED FEE SCHEDULE

Equity and Balanced Accounts

Value of Account	Your Asset-Based Fee
\$0 to \$500,000	3.00%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$2,000,000	1.90%
\$2,000,001 to \$5,000,000	1.60%
over \$5,000,000	1.40%

Fixed Income Accounts

Value of Account	Your Asset-Based Fee
\$0 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.90%
over \$1,000,000	0.75%

ASSET-BASED FEE PLUS TRANSACTION COMMISSION FEE SCHEDULE

Equity and Balanced Accounts

Value of Account	Asset-Based Fee to RBC WM	Transaction Compensation to RBC WM
\$0 to \$2,000,000	0.85%	Transaction Commission
Over \$2,000,000	0.75%	Transaction Commission

Fixed Income Accounts

Value of Account	Asset-Based Fee to RBC WM	Transaction Compensation to RBC WM
\$0 to \$1,000,000	0.60%	Transaction Commission
Over \$1,000,000	0.50%	Transaction Commission

You can elect to be invoiced for the amount of the fees, authorize us to deduct the amount of the fees from the Account, or direct us to deduct fees from another RBC WM account.

The portion of the program fee paid by RBC WM to investment managers under a Master Agreement typically ranges from the annual rate of 0.25% to 1.50% of Account assets under management, depending on the type of account (whether equity and balanced or fixed income).

Asset-Based Fee + Transaction Commissions Method:

Under this alternative, you pay us an asset based fee for the consulting and investment management services outlined in the preceding section and elect to pay transaction commissions for execution services rendered with respect to each securities transaction, including brokerage commissions on agency trades or mark-ups or mark-downs on principal transactions. Payment for execution services under the directed brokerage alternative is due at the time of each transaction and will be included in the transaction cost.

Conditions Applicable to All Portfolio Consulting Services Fee Payment Alternatives:

Regardless of the fee alternative that you select:

- Except as disclosed above, all of our services are included in the fee alternative you select.
- The ability to switch fee alternatives, or to use a specific fee alternative with a particular investment manager, may be limited.

Portfolio Consulting Services fees are negotiated. You may pay higher or lower fees depending on considerations such as:

- the size of your account;
- the amount of time you have had an account with us;
- the total amount of business you conduct through us;
- the type of securities and services provided; and
- other relevant criteria

Transferred Mutual Fund Shares

We may, in our discretion, accept into a Program account shares of mutual funds held in other RBC WM advisory or brokerage accounts and purchased outside of a Program account at RBC WM or at other financial institutions. Mutual fund shares transferred into a Program account are referred to as “Transferred Shares.” You may have been assessed a sales load, sales charge, or distribution fees on Transferred Shares prior to their transfer into your Program account. You will not be charged the applicable Program fee on Transferred Shares that were purchased at RBC WM with a front-end sales load until you have held those shares for two or more years from the date of initial purchase. Transferred Shares purchased at other financial institutions will be subject to the applicable Program fee immediately, regardless of whether you paid a front-end load or other compensation. Because the exception is not available for Transferred Shares purchased at another financial institution, the overall cost to you of transferring mutual fund shares into a Program account may be higher for shares you purchased at another financial institution. You should review the costs carefully before making a decision to transfer mutual fund shares into a Program account.

Program fees are prorated for any billing period that is less than 3 months, and the fee may be adjusted proportionally based on the value of cash and securities added to or withdrawn from the Account between billing periods.

Ineligible Securities

If a Program account is funded with assets that are ineligible for the Program, generally those assets will be liquidated by us or moved to another account where such assets are eligible. The account may incur certain transaction charges.

Fees Upon Termination

If the Account Agreement is terminated prior to the last day of the billing period, a prorated portion of the Program fees paid by you under the fee method, based upon the days remaining in the period, will be refunded to you as required by applicable law.

B. Comparing Costs

Your total cost of each of the services provided, if purchased separately, could be more or less than the costs of the Program. Cost factors may include:

- whether you select the asset-based fee method or the asset-based + transaction commission fee method;
- your ability and the costs to obtain the desired investment advisory services;
- your ability to retain the desired investment manager(s);
- your ability to obtain expertise in selecting and monitoring investment managers;
- your cost of obtaining custodial services;
- your ability to invest in the desired investments without the payment of a sales charge;
- trading and execution costs (including principal mark-ups and mark-downs) to you; and
- your ability to obtain reports comparable to those provided through the Program.

When making cost comparisons, you should be aware that the combination of investment management, custodial, consulting, and brokerage services available through the Program may not be available separately or may require multiple accounts, documentation and fees. In addition, certain investment managers may not be available outside of the Program either because of minimum account size requirements, fee schedules, geographic availability, or other factors.

You should also consider the amount of trading activity you anticipate when assessing the overall costs of the Program. If a Program account is actively traded through RBC WM, the asset-based fee method may be less expensive than separately paying asset-based fees and transaction commissions. If an account is not actively traded, then the asset-based fee method may be more expensive than separately paying asset based fees and transaction commissions.

When utilizing no-load mutual funds within the account, you will be paying a fee on assets that could otherwise be purchased outside of an advisory account at no additional cost. Additionally, by investing in mutual funds within a Program account, management fees and other fees charged by a mutual fund company are not included as a part of the Program fees, and could result in higher costs to the client.

C. Additional Fees

Program fees cover only the services provided under the Program Agreement and do not cover certain additional fees for which you may be responsible. Such fees may include the following:

- commissions, mark-ups, spreads and other transactional charges on securities transactions effected through or with broker and dealers other than us;

- interest on debit account balances, where applicable;
- the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including us) involved in a distribution of securities;
- bid-ask spreads, odd-lot differentials, exchange fees, transfer taxes and other fees required by law;
- Investment Access® Account fees, where applicable;
- qualified retirement plan account fees, and other account maintenance fees, where applicable;
- our usual and customary transaction charges on the liquidation of assets not eligible for the Program;
- any contingent deferred sales charges assessed on the sale or liquidation of mutual fund shares, where applicable;
- check reordering costs and fees, where applicable;
- redemption charges imposed by certain mutual funds (see the fund prospectus for details);
- short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within short periods of time;
- management and other fees on certain securities which may include open-end and closed-end mutual funds and ETPs;
- RBC Express Credit (margin) interest;
- safekeeping fees for physical securities, and
- RBC Bank Deposit Program fees.
- investment advisor fees due to investment manager(s) if client has entered into a separate Advisory Agreement with investment manager(s).

Other account maintenance fees may apply and certain investment products, such as closed-end funds, unit investment trusts, ETPs or private placements may incur management and operating expenses that are not covered by the Program fees. Please refer to each investment product's disclosure document for more detailed description of the fees and expenses you may pay as an investor.

D. Compensation to Financial Advisors

If you invest in the Program described in this brochure, whether you select Asset-Based Fee or Asset-Based Fee Plus Transaction Commissions Method, we allocate to your FA, on an ongoing basis, part of the fees or commissions payable to us in connection with your account. The FA may receive different compensation depending on the rate and amount of your fee and/or commission. The amount we allocate to your Financial Advisor in connection with accounts opened in the program described in this brochure may be more than if you pay separately for investment advice, brokerage and

other services. Therefore, Financial Advisors may have financial incentive to recommend this Program over other services and programs.

If you invest in the Program described in this brochure, the Financial Advisor may charge less than the stated fee or standard commission rate. The amount of the fee or commission you pay is a factor we use in calculating the compensation we pay our Financial Advisor. Therefore, Financial Advisors have a financial incentive not to reduce fees or commissions. If your fee or commission rate is below a certain threshold, we give your Financial Advisor credit for less than the total amount of your fee in calculating his or her compensation. Therefore, Financial Advisors also have a financial incentive not to reduce fees or commissions below that threshold.

Where margin is permitted and used, the Financial Advisor may receive additional compensation depending on the amount of debit in your account and its interest rate and may have an incentive to recommend utilizing RBC Express Credit for the account that may conflict with your interests.

Mutual fund companies make payments, which may be based on assets and/or sales volume, to us via the fund's distributor, investment advisor, or other entity. These payments are generally made from the management fees they earn and may, where permitted under applicable regulatory requirements, be made to and retained by us and our Financial Advisors. Financial Advisors may receive a portion of these payments from distribution and servicing expenses related to shares of mutual funds.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Account Requirements

Account minimums vary by manager, typically ranging from \$100,000 to \$1,000,000 or more in investable assets per Account. Clients are required to meet the individual requirements of each investment manager they select. We have the discretion to accept accounts that are below the minimum account size.

Types of Clients

We provide advisory services to individuals, foundations, endowments, employee benefit plans, trusts and estates, educational institutions, corporations, businesses, government entities and other entities. The Programs are available for both non-retirement and retirement accounts, including individual retirement accounts (IRAs). Retirement Accounts are subject to the prohibited transaction provisions of the Internal Revenue Code of 1986 (the "Code"), including an "employee benefit plan" as defined in the Employee Retirement Income Security Act of 1974 ("ERISA").

ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

A. Selection and Review of Portfolio Managers

Eligibility

Each investment manager ("Portfolio Manager") in the Program is required to provide a copy of its written disclosure statement (Part 2 of its Form ADV or other comparable document) to the client either directly if selected by the client, or indirectly through RBC WM. This disclosure statement describes the general standards of education and business experience that the Investment Manager requires of its professionals, as well as the specific educational and business backgrounds of certain supervisory personnel and other information about the manager. We review this brochure, confirm that the Investment Manager is an appropriately registered investment adviser, and categorize Investment Managers by their respective investment philosophies, as stated in the brochure. Information that we gather regarding Investment Managers is believed to be reliable and accurate, but we do not independently verify it.

Other than reviewing the Investment Manager's disclosure statement, confirming that the Investment Manager is an appropriately registered investment adviser, and assessing the Investment Manager's investment philosophy and objectives (e.g. growth, income, etc., as stated in its disclosure statement, we do not conduct an approval or diligence process concerning the Investment Manager.

In those situations where you enter into an Advisory Agreement directly with the Investment Manager, we do not conduct an approval or diligence process concerning the Investment Manager. We do not review or negotiate any Advisory Agreement between investment managers and you on your behalf.

We do not assume responsibility for the conduct of third-party Investment Managers selected by you, including their performance or compliance with applicable law and regulations. We are not responsible for any actions or omissions of any selected Investment Manager.

Monitoring and Review

We may provide you with information to allow you to compare the Investment Manager's overall performance data with industry market statistics or the data that the Investment Manager reports to consulting and database services. You are responsible for reviewing the information provided by us and assessing the adequacy of any particular Investment Manager's overall performance.

Removal

In the event that we receive information that indicates that a particular Investment Manager may no longer be suitable for you, we may recommend that you terminate

your relationship with such Investment Manager. On occasion, we may provide information to you regarding replacement of a Investment Manager.

We may remove any investment manager from Portfolio Consulting Services if our evaluation indicates unsuitability for continued participation.

B. Related Persons

Your account may be managed by an Investment Manager that is an affiliate (also referred to as a related person) of ours. Related persons acting as Investment Managers are subject to the same eligibility, review, and removal procedures as non-affiliated managers, as described above. When related persons act as Investment Managers for Program clients, certain conflicts of interest may exist.

You may be able to invest in certain investment products that are manufactured by us or its affiliates, including RBC's money market funds, as described above in Item 4, "Services, Fees and Compensation". Certain conflicts of interests among the fund, the fund manager, and/or the fund's broker may exist as described in the fund's prospectus. Where we are affiliated, through common ownership and control by the Royal Bank of Canada, with a fund or fund manager, we may be incented to recommend the proprietary or affiliated product over a nonproprietary or non-affiliated product, so that fees and expenses charged by the fund or manager are earned by us, or our affiliate rather than a non-affiliate.

Each of RBC's money market funds is a series of RBC Funds Trust, a registered open-end investment company managed by RBC Global Asset Management (U.S.) Inc. ("RBC GAM (U.S.)"). RBC GAM (U.S.) is an affiliate of ours. We may recommend to clients the purchase of shares in such funds or other RBC funds managed by RBC GAM (U.S.).

Additional information regarding money market funds, including investment policies and fees and expenses, is set forth in the fund's current prospectus. Clients should read the fund's prospectus carefully prior to making a selection.

C. Supervised Persons

In the Program no supervised persons of RBC WM will act as investment management

Performance -Based Fees and Side by Side Management

We do not have any performance - based fees.

Methods of Analysis, Investment Strategies

We prepare and disseminate various research reports on mutual funds, securities and affiliated and unaffiliated investment advisers that are utilized by RBC WM Financial Advisors in providing investment advice to clients.

There is no guarantee of performance for any investment strategy implemented. Past performance with respect to other accounts does not predict your account's future performance. Investing in securities involves risk of loss that you should be prepared to bear. Raising the awareness of this risk and discussing the factors that could lead to a loss is an important consideration for clients evaluating a potential investment opportunity.

Voting Client Securities (Proxy Voting)

Except as provided below, we will forward all proxy solicitation and related materials, including annual and interim reports and any other issuer mailings that are received with respect to the securities in an account, to you to vote. You may change your proxy voting authorization election at any time upon written notice to us at no cost to you.

Subject to their acceptance, you may designate in the Account Agreement to have the selected Investment Manager(s) receive proxy solicitations and to vote proxies on your behalf. Alternatively, you may give written instructions to us to direct all proxy solicitations to an independent third party selected by you to vote on your behalf.

Retirement Accounts

With respect to retirement accounts that are subject to Title I of ERISA ("ERISA Accounts"), we have no responsibility or authority to vote proxies on behalf of the account. For ERISA Accounts, the right to direct the voting of proxies is reserved to a named fiduciary of the plan as selected by you.

Unless you indicate otherwise in the Account Agreement, we and/or the Investment Manager(s) selected by you are expressly precluded from voting proxies on behalf of an ERISA Account (although we may, in our capacity as a broker, act pursuant to the instructions of a named plan fiduciary). We deem the authority to vote proxies as expressly reserved to a named plan fiduciary and we have no obligation to take action on your behalf with respect to proxy-related material.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Except as otherwise agreed to in writing or as required or permitted by law, we keep confidential all information concerning your identity, financial data and investments. We share relevant client information with (1) the Program Investment Manager(s) selected by you in order for the selected Program Investment Manager to adequately manage your account and/or (2) certain companies we or your selected Program Investment Manager partner with to service your accounts. Recommendations and advice given to you shall be regarded as confidential among you and the Investment Manager(s).

ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

We do not restrict you from contacting or consulting with your Investment Manager(s).

In situations in which you do not have a direct contractual relationship with the Investment Manager, we will use reasonable efforts to encourage the Investment Manager to be reasonably available to you and your Financial Advisor for consultation on the management of the account and your financial situation and investment objectives.

In situations in which you have a direct contractual relationship with the Investment Manager, you may contact the Investment Manager directly to discuss the management of the account and your investment objectives.

ITEM 9: ADDITIONAL INFORMATION

Disciplinary Information

In the past, we have entered into various orders, consents and settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision in selecting or maintaining our services for your investment advisory needs. Please note that certain disclosures discuss disciplinary events associated with Tucker Anthony, Inc.; Sutro & Co., Inc.; Rauscher Pierce Refsnes; Seasongood & Mayer, LLC; Ferris, Baker Watts, LLC; J.B. Hanauer & Co. and RBC Dain Rauscher Inc. ("RBC Dain Rauscher"). These disclosures are adverse events that involved a company that was either a predecessor broker-dealer or was merged or acquired by us.

It should be noted that the disciplinary reporting requirements for broker-dealers and investment advisers differ. Since we are registered as both a broker-dealer and investment adviser, we file information as required by both sets of regulatory requirements. In addition to the descriptions below, you can find additional information about us and management personnel on the Securities and Exchange Commission's website located at www.adviserinfo.sec.gov as well as the Financial Industry Regulatory Authority's website located at www.finra.org/brokercheck.

Please note that RBC WM is a division of RBC Capital Markets, LLC, ("RBC CM") and in each of the instances described below, we entered into various orders, consents and settlements without admitting or denying any of the allegations.

FINRA alleged that RBC CM violated FINRA rule 2010, 2110 and 3010 by charging markups and markdowns on Collateralized Mortgage Obligations (CMO) with mostly retail, non-institutional customers that exceeded the internal guidelines based on the type and maturity. In addition, RBC CM did not adjust or justify in writing on the order records the reason for the markup and markdown. RBC CM also failed to establish, maintain and enforce a supervisory system and written supervisory

procedure reasonably designed to ensure that the markup and markdowns were fair, reasonable and compliant with FINRA rule 2440. On January 3, 2012; RBC CM was censured and fined \$25,000.

FINRA alleged that RBC CM violated various FINRA, MSRB and SEC rules because it failed to report the following to the TRACE for TRACE eligible securities: block transactions within 15 minutes of execution time, transactions it was required to report, the correct contra-party's identifier, the time of trade execution in the correct format, the correct price and symbol indicating whether the trade was a buy or sell and the correct trade execution time. RBC CM also reported transactions to TRACE it was not required to report and double reported TRACE transactions. RBC CM also failed to report information regarding purchase and sale transactions and block purchase and sale transactions effected in municipal securities to the RTRS within 15 minutes of the time of trade to a RTRS portal. RBC CM also improperly reported information to RTRS, failed to report information and reported a transaction it should not have. RBC CM failed to report the correct yield for municipal securities to the RTRS and provided written notification disclosing to customers the incorrect yield. RBC CM failed to transmit to the OTC reporting facility (OTCRF) last sale reports of transactions within 90 seconds after execution and to designate the reports as late. RBC CM failed to report to the OTCRF the correct execution time for transactions in reportable securities. It is also alleged that RBC CM failed to show the correct execution time on brokerage order memoranda, execute orders fully and promptly, use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price for customers were as favorable as possible under the prevailing market conditions. On November 8, 2011; RBC CM was censured and fined \$125,000 and ordered to pay \$241.26, plus interest, in restitution to investors.

ICE Futures U.S., Inc. alleged that RBC CM violated Exchange Rule 27.09(a) by failing to assign unique login IDs to three employees of a corporate affiliate who accessed the Exchange's electronic trading platform through the Firm. On September 28, 2011, RBC CM was ordered to cease and desist and pay a fine of \$15,000.

It is alleged by the SEC that RBC CM violated Sections 8A, 17(A)(2) and 17(A)(3) of the Securities Act of 1933 (the "Securities Act"), Section 15(B) of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 203(E) of the Investment Advisers Act of 1940 by negligently marketing and selling collateralized debt obligations (CDOs) to five school districts in Wisconsin that may have been inadequate or unsuitable. On September 27, 2011, RBC CM was censured, ordered to cease and desist and paid \$6.6 million in disgorgement and restitution, plus interest of \$1.8 million. RBC CM also paid a civil penalty of \$22 million.

FINRA alleged that in several transactions RBC CM violated MSRB Rules G-17 and G-30(A) by purchasing municipal

securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable. On August 25, 2011, RBC CM was censured and was ordered to pay \$43,157 plus interest in restitution and a fine of \$95,000.

FINRA alleged that Ferris, Baker Watts, LLC (FBW), a firm acquired by RBC CM, violated FINRA rules 2110, 2310, 3010(A), and 3010(B) because it failed to have adequate written supervisory procedures governing suitable sales of reverse convertible notes and to reasonably supervise certain accounts that purchased the notes. On October 20, 2010, RBC CM was censured and paid \$189,723 in restitution and a fine of \$500,000.

It is alleged by NYSE ARCA that RBC CM failed to reasonably supervise the activities of its associated persons by implementing adequate controls, including a reasonable system of follow-up and review, designed to detect and prevent potential violation of wash trading activity on the NYSE ARCA Marketplace. On September 15, 2010, RBC CM was censured and was fined \$95,000.

The Nebraska Department of Banking & Finance alleged that RBC CM did not enforce policies and procedures designed to prevent an RBC Financial Consultant from engaging in trading in a customer's account that appeared to be excessive in size or frequency in view of the customer's financial resources and the character of the account. On May 1, 2010, RBC CM was fined \$60,000, plus disgorgement and restitution.

FINRA alleged that RBC CM violated various FINRA, MSRB and SEC rules because it had fail-to-deliver positions and failed to immediately take proper action before executing proprietary short sales in the security. RBC CM sent information to Order Audit Trail System (OATS) that contained inaccurate, incomplete or improperly formatted data and made this data available in a report on the covered orders in National Market System Securities. RBC CM acted as principal for its own account and failed to provide written notification disclosing to its customers that it was a market maker in each such security. The supervisory system was not reasonably designed to achieve compliance with applicable securities laws and regulations concerning the use of multiple market participant identifiers (MPIDs). RBC CM did not make available in a timely manner a report on the covered orders in National Market System Securities that it received and did not, in a timely manner, make publicly available the reports on the routing of non-directed orders in covered securities or execute orders fully and promptly. RBC CM did not use reasonable diligence to ascertain the best inter-dealer market, or accept or decline transactions in reportable securities within 20 minutes after execution in the trade reporting facility. RBC CM transacted in municipal securities for its own account and with customers at an aggregate price (including any mark-down or mark-up)

that was not fair and reasonable and failed to report trade reporting and compliance engine (TRACE) transactions in eligible securities within 15 minutes of the time of execution. Information regarding transactions and block transactions effected in municipal securities to the real-time transaction reporting system (RTRS) was not made within 15 minutes to a portal. RBC CM failed to report the correct special condition indicator code to the RTRS in municipal securities transaction reports and over-reported transactions in municipal securities. RBC CM was censured, ordered to revise its written supervisory procedures, and pay a fine of \$150,000, plus restitution payments of \$7,254, plus interest.

NASDAQ alleged that RBC CM entered orders into the NASDAQ market center that failed to correctly indicate whether the orders were a buy, short sale or long sale, in violation of NASDAQ Rule 4755. On January 6, 2010, RBC CM was ordered to pay a fine of \$5,000 to NASDAQ.

FINRA alleged that RBC CM failed to maintain adequate written supervisory procedures relating to non-cash compensation that was relevant for its non-cash compensation monitoring compliance and FINRA's non-cash compensation rules, in violation of FINRA Rules 2110 and 3010(B). On January 4, 2010, RBC CM was ordered to pay a fine of \$5,000.

FINRA alleged that RBC CM violated MSRB Rule G-36 by, acting as an underwriter in primary offerings and advance refunding of municipal securities, failing to submit forms G-36(OS) and related official statements with the MSRB in a timely manner. In addition, it is alleged that RBC CM failed to submit Forms G-36(ARD) and related advance refunding documents to the MSRB in a timely manner and submitted Form G-36(OS) with inaccurate information. On January 4, 2010, RBC CM was censured and fined \$7,500.

FINRA alleged the RBC CM sold unregistered securities in violation of Section 5 of the Securities Act and failed to establish, maintain and enforce a supervisory system reasonably designed to detect and prevent the sale of unregistered securities, in violation of FINRA Rules 2110 and 3010. On January 4, 2010, RBC CM was censured and was ordered to pay a fine of \$135,000.

FINRA alleged that certain research analysts at RBC CM did not have the proper registrations and the names of those analysts had appeared on numerous research reports, in violation of FINRA Rules 1050 and 2110. On July 8, 2009, RBC CM was censured and fined \$150,000.

It is alleged by FINRA that RBC CM violated FINRA Rules 2110, 2420, 3010, 3110, NYSE Rule 345(A), Sections 15(A) and 17(A) and Rules 17a-3 and 17a-4 of the Exchange. Act because it permitted a non-registered finder to act in the capacity of a registered broker-dealer in the conduct of certain stock loan transactions and made or caused profit-based payments to be made to the non-registered finder. RBC CM allowed the non-registered finder to

negotiate the terms of the stock loan transactions, select the counterparties to those transactions, and was aware of and arranged with the non-registered finder for another broker-dealer to make payment to the non-registered finder based on the profits of related arbitrage transactions. RBC CM also failed to reasonably supervise the activities of its stock loan department in that it did not have adequate supervisory procedures in place to detect and deter these types of transactions and payments. On March 16, 2009, RBC CM was censured and fined \$400,000.

It is alleged by the SEC that RBC CM violated the fair dealing, gifts and gratuities, and supervisory rules of the Municipal Securities Rulemaking Board for advances made on behalf of and expenses reimbursed to one of its municipal clients during the client's municipal bond issuance process, in violation of MSRB rule G-17, G-20, G-27 and Section 15B of the Exchange Act. On February 24, 2009, RBC CM was censured, ordered to cease and desist and fined \$125,000.

The NYSE alleged that RBC CM violated NYSE rules by entering for execution odd-lot orders that aggregate 100 shares or more without having those orders consolidated into round lots as far as possible and filed with the NYSE inaccurate daily program trade reports. In addition, it is alleged that RBC CM failed to file certain daily program trade information with the NYSE within the required timeframes and failed to provide for, establish and maintain appropriate procedures of supervision and control, including a system of follow-up and review reasonably designed to achieve compliance with NYSE Rules and policies pertaining to odd-lot orders and the submission of daily program trade reports. On October 8, 2008, RBC CM was censured and fined \$125,000.

Seasongood & Mayer, LLC, a broker-dealer acquired by RBC Dain Rauscher, allegedly violated MSRB Rule G-14 by failing to report information about transactions effected in municipal securities within 15 minutes to the RTRS in the manner prescribed by Rule G-14 RTRS procedures and the RTRS users manual. On January 10, 2008, Seasongood & Mayer was censured and fined \$7,500.

It is alleged by FINRA that RBC Dain Rauscher violated FINRA Rule 3370 by accepting customer short sales in certain securities and failed to make/annotate an affirmative determination to receive delivery of the security on behalf of the customer for delivery by settlement date. On January 3, 2008, RBC Dain Rauscher was fined \$5,000.

The NYSE alleged violations of NYSE Rules 342, 401(A) and 1100(B) by RBC Dain Rauscher, in connection with the delivery of prospectuses and product descriptions for sales of registered securities and exchange traded funds as well as providing for, establishing, and maintaining appropriate supervision and control procedures relating to the delivery of prospectuses and product descriptions. RBC Dain Rauscher was censured and ordered to pay a fine of \$500,000 on October 2, 2007.

It is alleged by the NYSE that RBC Dain Rauscher violated NYSE Rules 351(A)(8) and 445 by failing to establish written procedures regarding the filing of Suspicious Activity Reports. It also failed to conduct an adequate review for structuring and have an adequate monitoring system to review and document follow-up on exceptions found by the firm's Anti-Money Laundering Department. It is also alleged that RBC Dain Rauscher failed in certain instances to promptly report to the exchange the settlement of customer complaints. RBC Dain Rauscher was censured and ordered to pay a fine of \$90,000 on April 18, 2007.

The NASD alleged that from January 2002 through July 2004, RBC Dain Rauscher violated NASD Rules 2110 and 3010 by failing to establish, maintain and enforce systems and procedures designed to ensure that all eligible investors received the benefit of net asset value transfer programs offered by various mutual fund companies. RBC Dain Rauscher was censured, ordered to pay restitution and a fine of \$250,000 on December 11, 2006.

It is alleged by the NASD that RBC Dain Rauscher failed to submit to the OATS required information for reporting members, in violation of NASD Rule 6955(A). On January 3, 2008, RBC Dain Rauscher was censured and fined \$20,000.

The SEC alleged that RBC Dain Rauscher violated Section 17(a)(2) of the Securities Act by engaging in one or more of the following practices: completion of open or market bids, intervention in auctions, bids to prevent failed auctions, bids to set a "market" rate, bids to prevent all-hold auctions, prioritization of bids, submission or revision of bids after deadlines, allocation of securities, partial orders, express or tacit understanding to provide higher returns, and providing certain customers with information that gave them an advantage over other customers. RBC Dain Rauscher was ordered to cease and desist and pay a fine of \$1.5 million on May 31, 2006.

It is alleged that RBC Dain Rauscher violated Section 7-11-203 of the Rhode Island Uniform Securities Act of 1990, wherein five investment adviser representatives conducted investment advisory business in the state without being licensed or exempt from licensing. On October 28, 2005, RBC Dain Rauscher was ordered to pay a fine of \$10,000 plus \$750 in back taxes to the state of Rhode Island.

The NASD alleged that RBC Dain Rauscher violated Exchange Act Rules 17a-3 and 17a-4 and various NASD Conduct Rules because it bought a security for its own account from a customer or sold a security for its own account to a customer and failed to buy or sell such security at a price that was fair. RBC Dain Rauscher's supervisory system for its high-yield bond desk did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and NASD rules concerning fair pricing and NASD's mark-up policy. On October 28, 2005, RBC Dain Rauscher was censured, ordered to revise its supervisory procedures and

ordered to pay a fine of \$1 million and made restitution payments totaling \$158,467 plus interest.

The NASD alleged that RBC Dain Rauscher violated Section 17(A) and Rule 17a-4 of the Exchange Act, and NASD Conduct Rules 2830(K), 2110, 3110 and 3010 by maintaining shelf space (or revenue sharing) programs in which participating mutual fund complexes paid a fee in return for preferential treatment which included enhanced access to the sales forces and hyperlinks to those funds' websites on the internal website. Participating fund complexes paid all or some of their fees for participating in the programs by directing mutual fund portfolio brokerage commissions to RBC Dain Rauscher. In addition, RBC Dain Rauscher failed to establish and maintain a system and procedures reasonably designed to detect and prevent the electronic mail retention violations. RBC Dain Rauscher was censured and ordered to pay a fine of \$1.7 million on June 8, 2005.

It is alleged that RBC Dain Rauscher violated NASD conduct Rules 2110 and 3010, and NASD Marketplace Rule 6130(b) relating to violations of automated confirmation transaction service (ACT) reporting and firm procedure to review trade reports for compliance with Rule 6130(b). On June 3, 2005, RBC Dain Rauscher was censured and fined \$15,000.

The NASD alleged that during the period December 23, 2002 to January 21, 2003, RBC Dain Rauscher failed to report 15 short sale transactions with the appropriate short sale modifier, in violation of NASD Rule 6130. On February 8, 2005, RBC Dain Rauscher was censured and fined \$8,000.

The NASD alleged that RBC Dain Rauscher violated Article V, Sections 2(c) and 3(b) of NASD's bylaws, and NASD Rules 2110 and 3010 due to not filing in a timely manner at least 140 late amendments to Forms U4 and U5, which represented approximately 35% of the required amendments relating to reportable customer complaints, terminations, regulatory actions, and criminal disclosures. It was also alleged that during the relevant period, RBC Dain Rauscher's supervisory system and procedures were not reasonably designed to achieve compliance with its Article V reporting obligations. On November 30, 2004, RBC Dain Rauscher was censured and fined \$150,000.

It is alleged that RBC Dain Rauscher violated NASD Conduct Rule 2110 and 1021(a) having permitted an individual to engage in activities requiring registration as a general securities principal when he was not so registered. On October 25, 2004, RBC Dain Rauscher was censured and ordered to pay a fine of \$5,000.

The NASD alleged that based on bids obtained from a broker, RBC Dain Rauscher purchased securities from public customers for its own account and then sold the securities to a broker at a nominal gain, which were below the fair market value, in violation of MSRB Rules G-17 and G-30(A). By relying on the bids, RBC Dain Rauscher failed to ensure that the transactions were executed at aggregate

prices that were fair and reasonable. On October 21, 2004, RBC Dain Rauscher was censured and ordered to pay a fine of \$10,000, plus \$8,714 interest in restitution.

The SEC alleged violations of Exchange Act Rule 15c3-3 for failing to fund RBC Dain Rauscher's proprietary account for introducing brokers causing a hindsight deficiency. The NYSE alleged violations of NYSE Rule 92(b) by entering proprietary orders while representing customer orders without using separate proprietary accounts. There were also alleged violations of Exchange Act Rules 17a-3(a) (6) and 17a-4(b)(1) and NYSE Rule 440 for failing to make, maintain and preserve certain required records of customer orders. The NYSE also alleged violations of NYSE Rules 342(a) and (b) for failing to provide appropriate procedures of supervision and control and establish a system of follow-up and review to prevent such violations. On September 21, 2004, RBC Dain Rauscher was censured and fined \$80,000.

The NASD also alleged that Rauscher Pierce Securities Corporation, a division of RBC Dain Rauscher, violated NASD Marketplace Rule 6130(b) and NASD Conduct Rule 2110 relating to violations of the ACT. On August 27, 2003, RBC Dain Rauscher was censured and fined \$7,500.

The NYSE alleged that RBC Dain Rauscher failed to make and preserve timely records relating to the designation and execution of customer orders, in violation of NYSE Exchange Rules 342 and 440 and Exchange Act Rules 17a-3 and 17a-4. On August 22, 2003, RBC Dain Rauscher was censured and fined \$275,000.

The NASD alleged that RBC Dain Rauscher caused locked/cross market and failed to timely respond to trade or move messages, in violation of NASD Marketplace Rule 4613(E) (1)(C). On June 26, 2003, RBC Dain Rauscher was censured and ordered to pay a fine of \$17,500.

It is alleged by the NYSE that Tucker Anthony, Inc. and Sutro & Co., Inc. failed in the supervision of joint NYSE Floor trading activity, maintenance of outside accounts and Continuing Education requirements in violation of NYSE rules. On February 5, 2003, RBC Dain Rauscher was censured and fined \$125,000.

It is alleged that RBC Dain Rauscher failed to timely report Fixed Income Pricing System (FIPS) transactions, in violation of NASD Conduct Rule 2110 and NASD Marketplace Rule 6240(A)(2). On January 30, 2003, RBC Dain Rauscher was censured and ordered to pay a fine of \$12,500.

The SEC alleged that Rauscher Pierce Refsnes Inc. violated anti-fraud provisions of the Securities Act and Exchange Act in connection with their capacity as underwriter or financial advisor on 12 one-year taxable note offerings and one pooled tax and revenue anticipated note offering. On August 13, 2002, RBC Dain Rauscher was ordered to cease and desist and fined \$500,000.

The NASD alleged that RBC Dain Rauscher caused locked/cross market, failed to respond to trade or move messages and failed to meet the Firm's firm quote, in violation of NASD Conduct Rule 3320, NASD Marketplace Rule 4613(B), 4613(E)(1)(C) and Exchange Act Rule 11Ac1-1. On August 5, 2002, RBC Dain Rauscher was censured and ordered to pay a fine of \$35,000.

The NASD alleged that RBC Dain Rauscher inaccurately reported FIPS transactions, in violation of NASD Marketplace Rules 6240(A)(3) and 6240(B)(3). On April 2, 2002, RBC Dain Rauscher was censured and ordered to pay a fine of \$7,500.

The SEC, as well as 46 states and territories, alleged in separate allegations that RBC CM failed to disclose in communications with customers the increasing risks associated with auction rate securities that the firm underwrote, marketed and sold. Between June of 2009 and July of 2011, RBC CM was ordered to cease and desist, repurchase or provide opportunities for liquidity and was fined an aggregate amount of \$7.6 million.

Other Financial Industry Activities and Affiliations

RBC WM is a division of RBC CM, which is a full-service brokerage and financial services firm and is registered as a broker-dealer and an investment adviser with the U.S. Securities and Exchange Commission. RBC CM is also registered with the Commodity Futures Trading Commission (CFTC) as a futures commission merchant. Further, RBC CM is a member of the New York Stock Exchange (NYSE), the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC), and several other exchanges and self-regulatory organizations.

In addition to sponsoring the Programs, RBC CM sponsors other investment advisory programs and engages in a broad range of brokerage and other financial services. These include public and private investment banking and underwriting, retail and institutional brokerage and trading, institutional research and numerous other brokerage, advisory and financial services. Our broker-dealer activities are our principal business and account for the vast majority of our time, energies and resources.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, we may, when appropriate:

- act as principal, buy securities from, or sell securities to you;
- act as broker or agent, effect securities transactions for compensation for you;
- act as broker or agent for any person other than a Program client, effect transactions in which a Program client's securities are sold to or bought from a brokerage client;

- recommend to you that you buy or sell securities or investment products in which we or a related person has some financial interest; or
- buy or sell for ourselves securities that we also recommend to you.

We have adopted and enforce internal policies and procedures with respect to conflicts of interest between us and our clients. Pursuant to these policies and procedures, we, when engaging in the activities enumerated above, treat your orders fairly and do not give our own orders preference over your orders. Where required by applicable law or exchange rules, we obtain the consent of affected clients in advance of any transactions in which we will be engaging in the activities referenced above. When we engage in the activities referenced above, all statements and/or confirmations of such transactions contain the disclosures required by applicable law and exchange rules. Securities activities are monitored daily to detect and prevent employees from trading ahead of client accounts.

It is the duty of the entity with brokerage discretion under a Program to seek the best net price and execution on securities trades for client accounts. In the event that we sell a security to you or buy a security from you, we will use all reasonable efforts to ensure that you obtain the best net price and execution on the purchase or sale based on prevailing inter-dealer market prices. In some circumstances, the change in market price may result in a financial benefit to us. We may consider it appropriate to use our own execution services to effect purchases and sales of securities for investment advisory clients. We may receive brokerage commissions in connection with such transactions and, in accordance with Section 11(a) of the Exchange Act, may execute transactions for investment advisory accounts over which we have discretion on the floors of securities exchanges of which we are a member. Mark-ups and mark-downs charged by a dealer unaffiliated with us may be included in the price of certain transactions.

From time to time, we may incur trade errors. In these instances, we may profit from the error or may incur a loss. Regardless, the client transaction will not be affected. We may receive compensation from executing transactions for securities for which we have also received compensation as a result of providing research services.

We and our affiliates may give advice and take action in performing our duties to other clients that differs from advice given, or the timing and nature of action taken, with respect to you. In the course of our respective investment banking activities or otherwise, we and our affiliates may, from time to time, acquire material non-public or other information about corporations or other entities or their securities. We and our affiliates are not obligated and may not be permitted to divulge any such information to or for the benefit of clients, or otherwise act on the basis of any such information in providing

services to clients. We, our related persons and affiliates may purchase for our own accounts securities that are recommended to Program clients.

It is contemplated that investment managers will affect substantially all portfolio trades for Program accounts with or through us. This arrangement could create an incentive for us to recommend investment managers with lower portfolio turnover rates. This arrangement may also create a financial incentive for investment managers to refrain from searching as actively among other securities brokers and dealers for best execution.

RBC WM executive offices are located at RBC Plaza, 60 South Sixth Street, Minneapolis, MN 55402-4422. We service our clients from numerous branch offices located throughout the United States.

RBC CM corporate headquarters are located at 3 World Financial Center, 200 Vesey Street, New York, NY 10281.

RBC GAM (U.S.) is an affiliate of RBC CM. RBC GAM (U.S.) is an SEC-registered investment adviser providing taxable and tax-exempt fixed income and portfolio management services to federal, state and local entities (separately managed and pooled funds); corporations; financial, insurance and health care institutions; pension and profit-sharing plans; foundations and endowments; registered investment companies and individuals. On occasion, RBC CM solicits clients for RBC GAM (U.S.) individually managed account services. RBC CM also sweeps some account credit balances into RBC GAM (U.S.) advised money market funds.

RBC CM and RBC GAM (U.S.) are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

Royal Bank of Canada owns shares of certain series of preferred stock in Placemark Holdings, Inc., the parent company of Placemark Investments, Inc. Royal Bank of Canada does not control Placemark Investments, Inc. for regulatory purposes and Placemark Investments, Inc. disclaims control by Royal Bank of Canada.

O'Shaughnessy Asset Management, LLC ("O'Shaughnessy") serves as investment sub-adviser to certain Van Kampen O'Shaughnessy mutual funds that are offered by us. Royal Bank of Canada owns a minority interest in O'Shaughnessy, but Royal Bank of Canada does not control O'Shaughnessy for regulatory purposes.

RBC WM and its affiliated banks, RBC Bank (USA) and RBC Bank (Georgia), N.A., receive financial benefits in connection with the RBC Bank Deposit Program. In addition to the fees RBC WM receives from the banks, RBC WM receives other compensation that is reflected by allocations made for reporting purposes. Through the RBC Bank Deposit Program, RBC Bank (USA) and RBC Bank (Georgia), N.A., will receive a stable source of deposits at a cost that may be less than other funding sources available

to them. RBC Bank (USA) and RBC Bank (Georgia), N.A., intend to use deposits to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on the deposits and other costs of maintaining the deposit accounts, and the interest rate and other income earned on those loans and investments made with the deposits. Fees earned by RBC WM through the RBC Bank Deposit Program will be in addition to the advisory fees paid to RBC WM. It should be noted that Royal Bank of Canada, through its affiliate, has entered into an agreement for the sale of RBC Bank (USA) to an unaffiliated third party. The closing of such sale is currently anticipated to be on or around March 2, 2012. At such time, RBC Bank (USA) will no longer be an affiliated bank. Prior to the closing of the sale, and pending any necessary regulatory approvals, it is anticipated that balances in RBC Bank (USA) will be transferred to RBC Bank (Georgia), a bank affiliated with RBC WM.

The Credit Interest Program option represents our direct obligation to repay the invested amount, on demand, plus interest. We invest Credit Interest Program assets and periodically adjust the interest rate payable on Credit Interest Program accounts. The spread between interest earned by us from our investments and the rate paid to Credit Interest Program account holders may be favorable to us. Because we do not waive the Program fees, to the extent that your cash balance is invested in the Credit Interest Program, we earn duplicate income on such investments. The Credit Interest Program is not available to retirement account clients or to those clients who reside in Louisiana or Utah.

We may receive payments from mutual fund companies, investment managers, and ETF companies. We use this money for general marketing and educational programs, to offset compliance and product management costs, and to support client education, Financial Advisor education, and other internal programs and educational seminars. In return for the payments, fund companies and investment managers are given access to our branch offices for the purpose of educating our Financial Advisors and informing them about the available products. Our Financial Advisors do not receive any extra commission for selling funds from these companies, nor do they receive additional compensation by using a specific investment manager in one of our advisory Programs.

We may also receive payments to help offset administrative costs and the cost of maintaining shareholder accounts, a service which is typically performed by the mutual fund's transfer agent. Such services could include sending shareholder transaction confirmations and account statements; sending federal income tax information; maintaining shareholder records; calculating and disbursing dividends and capital gains; facilitating enforcement of prospectus requirements; and performing regulatory mailings.

Code of Ethics

Our Investment Adviser Code of Ethics, summarized below, is available separately upon your request. All covered personnel are subject to our Code of Ethics and must certify receipt and compliance with the Code of Ethics annually.

We are committed to ensuring that in our capacity as an investment adviser as well as a broker-dealer, we achieve the objectives below, as reflected in our Code of Ethics:

- Act in the best interests of our clients and not allow personal interests or the interests of the organization to take precedence over the interests of our clients;
- Act with due skill, care and diligence in conducting our business and all transactions and trading activities;
- Preserve client confidentiality at all times;
- Respect the intellectual property rights of others;
- Prevent and/or fully disclose any perceived or real conflicts of interest;
- Protect and promote the integrity of the market;
- Preserve honesty, integrity and trust in all communications with clients, employees and shareholders;
- Encourage and foster an organization and work environment that promotes the internal reporting through a defined escalation path regarding violations of the Code of Ethics as related to securities transactions, personal trading activities of employees and supervisory personnel, employee behavior, and the RBC Code of Conduct;
- Comply with applicable securities laws, rules, and regulations through leveraging an ethics-based approach;
- Promote honest and ethical conduct by all employees, Financial Advisors, and executives, including the ethical management of actual or apparent conflicts of interest between external, personal and professional relationships;
- Promote full, fair, accurate, and understandable disclosure in reports, documents, and client communications that we create, submit, and disseminate; and
- Establish accountability on the part of employees, Financial Advisors, and executives regarding adherence to the Code of Ethics.

Reviewing Accounts

At account opening, your Financial Advisor confirms that the account and the investment strategy are suitable investments for you. Your Financial Advisor is then responsible for reviewing your account on an ongoing basis. Your Financial Advisor will contact you at least annually and be available for consultation with you to discuss your accounts as well as your investment objectives and financial condition.

We conduct various account checks on a periodic basis (e.g., identifying and reviewing accounts with a high cash balance, and inactive accounts). See Item 4: *Services, Fees and Compensation* above for a discussion of account statements, investment monitoring and performance reports.

Financial Information

We are not required to include a balance sheet in this brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not have any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to clients.

Neither RBC WM nor its predecessors have been the subject of a bankruptcy petition during the past ten years.