



# RBC Advisory Programs Disclosure Document

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

March 28, 2024

RBC Advisor

RBC Unified Portfolio

Consulting Solutions

*This wrap fee program brochure provides information about the qualifications and business practices of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC ("RBC CM"), an indirectly wholly-owned subsidiary of Royal Bank of Canada. This brochure describes only the RBC Advisor, RBC Unified Portfolio and Consulting Solutions programs offered by RBC CM. This document provides investors with information about RBC CM and the programs that should be considered before becoming a client of a program. Contact us at (800) 759-4029 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.*

Additional information about RBC Capital Markets is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## RBC Clearing & Custody

250 Nicollet Mall | Minneapolis, MN 55401-1931

(800) 759-4029 | [www.rbcclearingandcustody.com](http://www.rbcclearingandcustody.com)



Clearing &  
Custody

PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

**Investment and insurance product are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.**

RBC Clearing & Custody, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

© 2024 RBC Capital Markets, LLC. All rights reserved.

24-25-00125\_25213-CC (03/24)

## ITEM 2: MATERIAL CHANGES

In this Item 2, RBC CM is required to identify and discuss all material changes to its RBC Clearing and Custody Advisory Programs Disclosure Document (Form ADV Part 2A Appendix 1, Wrap Fee Program Brochure) (the “Disclosure Document”). Since the December 15, 2023 version of the Disclosure Document, we have the following material updates.

We have updated certain sections to enhance our existing disclosures on products and services and, in certain instances, to provide additional clarity related to our conflicts of interest, including:

**Item 6.B. Related Persons and Certain Potential Conflicts of Interest** has been revised to include the following:

Our Cash Sweep Program creates a conflict of interest for us because we have an incentive for you to maintain and direct otherwise uninvested cash in your account to deposits of our affiliated banks, where they use such deposits to generate additional revenue. We also receive revenue for your cash deposits directed to third-party banks or our affiliates through our RBC Insured Deposits program. This creates an incentive for us to recommend cash balances that result in cash being swept into this program. Because the amount of interest paid to clients in RBC Insured Deposits is deducted from the revenue shared with us by the third-party banks, RBC CM has a conflict of interest in that the less interest we pay you, the more revenue we earn on those assets. By being designated as the Primary Excess Bank in RBC Insured Deposits, City National Bank (“CNB”), an RBC Affiliate Bank, will receive substantial additional deposits to use in its business to increase its profitability. CNB earns revenue on the difference between the interest paid and other costs it incurs on deposits, and the interest or other income it earns on using deposits for loans, investments, and other assets.

RBC CM will provide you with a new Disclosure Document without charge, upon request to your Financial Professional. The Disclosure Document is also available on the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ITEM 3: TABLE OF CONTENTS

Item 1	Cover Page .....	1
Item 2	Material changes .....	2
Item 3	Table of contents .....	3
Item 4	Services, Fees and Compensation .....	4
	Description of Services .....	4
	Investment Guidelines and Consultations .....	4
	Assets Under Management.....	5
	A. General Description of Programs .....	5
	RBC Advisor .....	5
	Consulting Solutions .....	5
	Client Selection of Investment Manager.....	5
	RBC Unified Portfolio.....	5
	Account Opening and Maintenance .....	9
	Performance Monitoring and Client Communications.....	12
	Risks and Tax, Accounting and Legal Considerations .....	12
	Program Fees .....	14
	B. Comparing Costs.....	17
	C. Additional Fees and Expenses .....	18
	D. Compensation to Financial Professionals.....	19
Item 5	Account Requirements and Types of Clients.....	19
	Program Minimums .....	19
	Types of Clients .....	19
Item 6	Portfolio Manager Selection and Evaluation.....	19
	A. Selection and Review of Portfolio Managers Eligibility.....	19
	Monitoring and Review .....	20
	Removal of an Investment Manager or Model Provider .....	20
	B. Related Persons and Certain Potential Conflicts of Interest.....	21
	C. Supervised Persons .....	22
	Performance-Based Fees and Side by Side Management .....	22
	Methods of Analysis, Investment Strategies.....	22
	Voting Client Securities (proxy voting).....	22
	Retirement Accounts.....	23
Item 7	Client Information Provided to Portfolio Managers .....	23
Item 8	Client Contact with Portfolio Managers.....	23
Item 9	Additional Information .....	23
	Disciplinary Information .....	23
	Education and Business Background of Correspondent Firm Personnel .....	26
	Other Financial Industry Activities and Affiliations .....	27
	Code of Ethics.....	30
	Reviewing Accounts.....	31
	Financial Information .....	31

This Disclosure Document provides a complete description of the services provided, and the fees payable to, RBC Capital Markets under each of the following advisory programs (individually, a “Program” and, collectively, the “Programs”) sponsored by RBC Capital Markets (“RBC CM,” “we,” “us,” or “our”) and offered by RBC Clearing and Custody, a division of RBC CM.

- RBC Advisor
- RBC Unified Portfolio
- Consulting Solutions

## ITEM 4: SERVICES, FEES AND COMPENSATION

In the Programs, you engage correspondent firm or its affiliate (“Correspondent Firm”) to provide investment advisory and other services. Correspondent Firm or its affiliate has entered into an agreement with us whereby RBC CM will provide certain advisory and/or other services to you and Correspondent Firm or its affiliate.

Program services are provided pursuant to your investment advisory agreement with RBC CM and Correspondent Firm. Each of the Programs (other than RBC Advisor) provides for discretionary management of your account, meaning that the investment manager or overlay manager, as applicable, will buy, sell, and otherwise effect transactions in stocks, bonds, and other securities or assets without consulting you and without your prior consent.

### Description of Services

The Programs are customized advisory Programs sponsored by RBC CM. The Correspondent Firm’s Financial Professional (“Financial Professional” or “FP”) will work with you to analyze and define your investment objectives and needs. Based on this analysis and the services selected by you, your Financial Professional will recommend an appropriate investment strategy. Each of Correspondent Firm and RBC CM (to the extent RBC CM acts as overlay manager) 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 a Program, you pay Correspondent Firm and RBC CM a quarterly program fee (“Program Fee”) typically based on the value of your account (regardless of the number of trades placed).

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

- equity securities;
- bonds (both taxable and non-taxable);
- mutual funds;
- exchange traded products (“ETPs”), including exchange traded funds (“ETFs”), and exchange traded notes.

The mutual funds or other funds used in the Programs may be managed by RBC Global Asset Management (U.S.) Inc. (“RBC GAM - U.S.”), City National Rochdale, LLC each affiliates, or other RBC CM affiliates (individually, an “RBC Fund” collectively, the “RBC Funds”).

Securities selected are subject to any limitations imposed by you, Correspondent Firm, the Investment Manager, Overlay Manager, or us.

Each investment manager selected by you in a Program is referred to as an “Investment Manager” and the overlay manager for the Programs described herein is referred to as an “Overlay Manager.”

### Investment Guidelines and Consultations

If you invest in a Program, your Financial Professional will work with you to analyze and define your investment objectives, financial condition, time horizons, and risk parameters based on the information you provide. At the onset, your Financial Professional consults with you to identify and evaluate your needs, perceived risk tolerance, and other pertinent investment considerations. Your Financial Professional will use this information to make Program recommendations that are suitable and appropriate for you. This information is used to determine a risk profile (“Risk Profile”). Subject to acceptance by Correspondent Firm, RBC CM, and, if applicable, the Investment Manager(s) and/or Overlay Manager(s), you may also establish reasonable restrictions that certain securities or categories of securities not be purchased for your account or other instructions to be used (referred to as the “Investment Guidelines”) in addition to the Risk Profile. It should be noted that any restrictions that you establish apply to individual stock, bond, open-end mutual fund and exchange traded fund securities only and do not apply to the underlying securities of commingled securities such as open-end or closed-end mutual funds, exchange traded funds, unit investment trust or other similar securities. Investment Managers and Overlay Managers may implement restrictions by taking one or more of the following actions: increasing the relative proportions of other securities to replace the restricted securities; increasing cash in the account; and selecting alternate securities. You are responsible for notifying Correspondent Firm, which will in turn notify RBC CM, and RBC CM, in turn, will notify the Overlay Manager or Investment Manager of any changes to your account restrictions. In the RBC Advisor Program you are ultimately responsible for ensuring adherence to any restrictions as RBC Advisor is a client-directed program.

Based on your Financial Professional’s understanding of your investment needs and objectives gained from the consultation process and the Risk Profile (and any additional Investment Guidelines), he/she will develop an appropriate investment strategy for the management of your Account.

It is your responsibility to ensure the information you provided is complete and accurate. It is also your responsibility to promptly notify Correspondent Firm or your Financial Professional if any of the information you provided to them changes.

### **Assets Under Management**

As of December 31, 2023, we had \$226,068,391,414 in assets under management, \$166,402,566,708 of which was managed on a discretionary basis and \$59,665,824,706 of which was managed on a non-discretionary basis.

### **A. General Description of Programs**

#### **RBC Advisor**

The RBC Advisor Program is a customized investment consulting Program through which you receive non-discretionary advice for investing in eligible securities in your Account.

The Financial Professional may recommend eligible securities, including mutual funds offered at their net asset value without any front-end or deferred sales charge, which may also include no-load funds that the Correspondent Firm believes possess investment characteristics that are consistent with your Risk Profile. If the investment strategy will be implemented with mutual funds only, you select from the various eligible mutual funds and specify the mutual funds in which account assets are to be invested and the allocation among those funds. This fund allocation may subsequently be modified by you by notifying the Correspondent Firm. It is your responsibility to advise the Correspondent Firm at such times as you determine rebalancing should occur.

Neither RBC CM nor the Correspondent Firm has discretionary authority with respect to the Program account; however, if your investment allocation includes a mutual fund share class we deem to be ineligible for the Program, we may update the allocation to include the eligible share class of the same mutual fund without notification to you. You have sole discretion to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities. You receive investment advice from the Correspondent Firm and the Correspondent Firm's Financial Professional, and not RBC CM. We do not assume responsibility for the performance of the securities selected by you, or for the conduct or particular recommendation of the Financial Professional because the advisory relationship is between you and the Financial Professional.

An Advisor account is not for day trading or excessive trading, including trading in securities based on market timing, and accounts may be restricted or terminated at the discretion of RBC CM upon written notice to you.

#### **Consulting Solutions**

Consulting Solutions is an advisory Program through which accounts are managed by one or more professional

Investment Managers participating in the Program. Your Financial Professional may provide you with information on Investment Managers whose investment philosophy and objectives may be compatible with your Risk Profile.

RBC CM makes available Investment Managers who meet our eligibility requirements for participation in the Program. See Item 6: Portfolio Manager Selection and Evaluation.

In the Consulting Solutions Program, you sign an advisory agreement with us and the Correspondent Firm. You do not sign a separate agreement with the Investment Manager.

### **Client Selection of Investment Manager**

Based on your Financial Professional's understanding of your Risk Profile (and any additional Investment Guidelines established by you) and the consultative process, your Financial Professional provides you with information on participating Program Investment Managers. These Investment Managers have demonstrated an investment philosophy which the Correspondent Firm and your Financial Professional believe are compatible with your Risk Profile. 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 Risk Profile and all amendments, as well as any additional Investment Guidelines established by you.

You or your designee will select or change the Investment Manager(s). Neither RBC CM or Correspondent Firm have discretionary authority with respect to the account.

### **RBC Unified Portfolio**

RBC Unified Portfolio is a unified managed account ("UMA") program through which your account is managed by RBC CM as Overlay Manager or a third-party Overlay Manager, Envestnet. The Overlay Manager manages the account through investments in open-end and closed-end mutual funds (collectively "mutual funds"), ETPs, and/or in accordance with one or more model portfolios provided by Model Providers or RBC CM, all in a single account.

If elected by you, the management of your account may include tax overlay management services ("Tax Management") and/or the application of Responsible Investing Screens ("Screens"). The application of Screens may cause an account to underperform compared to other accounts with a similar strategy that do not incorporate Screens. The providers of these Screens apply different definitions and criteria which generate different responsible investing ratings and, accordingly, could restrict different securities. There is no single industry definition or uniformly applied criteria that inform the Screens.

### **RBC CM as Overlay Manager**

Accounts not electing Tax Management or Screens will be managed by RBC CM as Overlay Manager. When RBC CM acts as Overlay Manager, the Overlay Manager fee is 0.05%, which

will be retained by RBC CM as compensation for its services as Overlay Manager.

The services provided by RBC CM as Overlay Manager include, but are not limited to, the following:

- Discretionary management of your account, meaning RBC CM will buy, sell, and otherwise effect transactions in stocks, bonds, and other securities or assets without consulting you and without your prior consent. See Recommendation of Investment Strategy for more information.
- Rebalancing of assets. See Rebalancing of Assets for more information.
- Proxy voting, if in the Client Agreement you designate Manager vote proxies.

#### ***Envestnet as Overlay Manager***

Tax Management is available to you if you are utilizing an equity, mutual fund or ETP model portfolios or any combination thereof. Screens are available to you if you are utilizing an equity model portfolio(s). If you elect any of these services, your account will be managed by Envestnet as Overlay Manager. When Envestnet acts as Overlay Manager, the Overlay Manager fee is 0.10% which includes the fee for these services.

The services provided by Envestnet as Overlay Manager include, but are not limited to, the following:

- Discretionary management of your account, meaning Envestnet will buy, sell, and otherwise effect transactions in stocks, bonds, and other securities or assets without consulting you and without your prior consent. See Recommendation of Investment Strategy for more information.
- Rebalancing of assets. See Rebalancing of Assets for more information.
- Proxy voting, if in the Client Agreement you designate Manager vote proxies.
- Tax Management, if elected. See Tax Management Services for more information.
- Screens, if elected. See Responsible Investing Screens for more information.

Tax Management is only available to accounts utilizing equity, mutual fund or ETP model portfolios or any combination thereof. Accounts with allocations that include bond model portfolios, mutual funds and/or ETPs ("Tax Management Ineligible Investments"), may still elect Tax Management but these services will not be applied to these investments. Screens are only available to accounts utilizing equity model portfolios. Accounts that include allocations to non-equity model portfolios, mutual funds and/or ETPs ("Screens Ineligible Investments") may still elect Screens but these services will not be applied to these investments. In such cases, despite the fact that the services are only applied to a portion of the account, the 0.10%

Overlay Manager fee will be charged on all assets in the account including Tax Management and Screens Ineligible Investments. In lieu of paying the 0.10% Overlay Manager fee on Tax Management and Screens Ineligible Investments, you may place these assets in a separate RBC Unified Portfolio account and select RBC CM as Overlay Manager, in which case you will be charged a 0.05% Overlay Manager fee on these assets.

Alternatively, you may place the Tax Management and Screens Ineligible Investments in another advisory program or brokerage account.

#### ***Recommendation of Investment Strategy***

Your Financial Professional may provide you with information on mutual funds, ETPs, and/or model portfolios representing different investment styles and strategies that may be compatible with your Risk Profile. Based on our understanding of your Risk Profile (and any additional Investment Guidelines established by you), your Financial Professional will recommend an appropriate investment strategy for you. If the strategy includes an asset allocation, it will also include an investment allocation—that is, an assignment of a percentage of the overall value of the asset class to one or more mutual funds, ETPs, or model portfolios. You select from the eligible investments and specify the investments in which account assets are to be invested and the allocation among those investments. Your investment allocation may subsequently be modified by you by notifying Correspondent Firm, which will in turn notify RBC CM, of the changes. Any such changes will be effective only upon confirmation by RBC CM and the Overlay Manager. However, if your investment allocation includes a mutual fund share class RBC CM deems to be ineligible for the Program, RBC CM may update the allocation to include the eligible share class of the same mutual fund without notification to you.

The Overlay Manager will execute the securities transactions required to conform, as appropriate, to revisions in the model portfolios as soon as practicable after they are received, subject to any client-specific Investment Guidelines such as security restrictions, Screens or Tax Management; however, delays may occur between the communication of model revisions and the execution of securities transactions for an account. Depending on the circumstances (including the extent to which model portfolios are widely distributed, the timing in which the Overlay Manager receives revisions to the model portfolios and acts on them, and the trading activity in the securities contained in the model portfolios), transactions in client accounts can be subject to significant market impact and as a result can receive less favorable execution prices particularly if the overall trading in the securities is large in relation to the securities' trading volume. In addition, the Overlay Manager has discretion to aggregate orders into a block trade and execute at an average price. Depending on the size of these orders and the liquidity of the individual security the execution of the block may occur over more than one day.

### **Rebalancing of Assets**

You may choose between two rebalancing frequencies (quarterly or annually) to bring an account back to its targeted investment allocation. The Overlay Manager will rebalance the account either quarterly or annually, as selected, executing the trades necessary to rebalance the account as closely as practicable to your target investment allocation. The initial rebalance date will be based on the account start date. Your account may be rebalanced at any time when deemed appropriate by the Overlay Manager due to other factors that include, but are not limited to, contributions, withdrawals, and model portfolio changes. Any unscheduled rebalance of your account will reset the next rebalance date to the next quarter or a year, as applicable. If you have elected to receive Tax Management services (described below), Envestnet will evaluate the trade-off between rebalancing the account and the tax consequences of any client limits. If your account is not tax-exempt, the sale, redemption or exchange of investments may result in taxable gains or losses. RBC CM will not be liable for any tax consequences or mutual fund redemption fees (see the fund's prospectus) as a result of rebalancing.

Alternatively, you may elect to not have the account rebalanced, in which case the account will only be rebalanced upon your request. In addition, if the Overlay Manager deems a rebalance is necessary to implement the allocation and investments selected, they may rebalance your account at its discretion.

In general, any contributions and withdrawals of assets to or from your account will be applied to the target investment allocation.

### **Dollar Cost Averaging**

Upon agreement between you and RBC CM, RBC CM may provide Dollar Cost Averaging ("DCA") services in the RBC Unified Portfolio program. DCA is an investment strategy in which you define an investment amount and time period, and RBC CM or Envestnet as Overlay Manager will make purchases into your target investment allocation at regular intervals, in roughly equal amounts. By purchasing securities over a period of time, for a fixed investment amount, you are able to mitigate the effect of major market swings. When the market is low more shares are purchased and when the market is high fewer shares are purchased allowing you to average out the overall purchase cost of securities over time.

If you elect to participate in the Cash Sweep Program, cash balances reserved for DCA ("DCA Cash Balances") will remain in such Cash Sweep Program and will be redeemed incrementally at the time of the periodic purchase. Until DCA Cash Balances have been fully invested, your account will maintain a larger cash balance than required by the investment model/allocation you've selected. DCA Cash Balances are subject to Program Fees and RBC CM receives additional compensation or benefit from your cash balances in the Cash Sweep Program.

If for whatever reason your initial DCA investment or any periodic DCA investments cannot be processed by the Overlay Manager, the DCA Cash Balances to be invested will accumulate and will be invested at the first reasonable opportunity.

### **Tax Management Services**

Tax Management services are available as an option for accounts utilizing equity, mutual fund or ETP model portfolios or any combination thereof. If you elect Tax Management services, your account will be managed by Envestnet as Overlay Manager. Envestnet will develop a tax strategy for your account based on the information and instructions provided by you to Correspondent Firm (verbally or in writing) and the Correspondent Firm forwards to Envestnet. Tax Management services in an investment account offer benefits and limitations, as described below. The tax strategy developed for you by Envestnet is provided solely in connection with your account and Envestnet does not provide general tax planning services. If you do elect the Tax Management services option, please consider the following:

- Tax Management services are limited in scope and are not designed to eliminate taxes in the account. Envestnet makes no guarantee that tax liability in the account will be reduced or that any indicated limits will be met.
- If you select Tax Management services for the account, information provided by you may result in Envestnet making substantial deviations from the investment allocation on a more than temporary basis. The use of limits to restrict the amount of capital gains realized or your total tax bill may severely restrict trading in the account and could result in substantial deviations from the investment allocation. Limits should only be imposed on the account after you have consulted with your tax advisor. Amounts specified will be used annually until you specify otherwise.
- If mutual fund or ETP model portfolios, or any combination thereof, or Envestnet's Quantitative Portfolios are included in the allocation, mutual fund and ETF positions not included in your allocation may be retained. However, if not using mutual fund or ETP model portfolios, or any combination thereof, or Envestnet's Quantitative Portfolios, all mutual fund and ETF positions not included in your allocation will be sold upon account opening regardless of tax consequences. If your account is funded with equity positions that have long-term capital gains and you have not set a long-term capital gain limit, then all securities that are not included in your equity Model Portfolio that also have long-term capital gains will be sold, which will cause you to incur long-term capital gains.
- When Envestnet's Quantitative Portfolios are included in the allocation, Envestnet's Portfolio Diversification Solution may also be implemented. Envestnet's Portfolio Diversification Solution is designed to provide advisors and their clients a tax-efficient means of transitioning current holdings into the allocation over a specified time

horizon. To develop an optimized strategy to increase diversification while remaining tax sensitive, Envestnet combines the client's specified long-term capital gains information and desired allocation with the specified time horizon. The tracking error, which measures the difference between how accounts electing tax management services and selected model portfolios are managed, will be higher at the beginning of the time horizon and will decline over time as proceeds from capital gains taken are invested to bring your investments increasingly more in line with the target model portfolio.

- To be eligible for the Portfolio Diversification Solution, at least 35% of the your allocation must include Envestnet's Quantitative Portfolios. In addition, the equity Model Portfolios in your allocation must be Envestnet Quantitative Portfolios.
- Envestnet intends to manage the account so that the estimated investment performance does not substantially deviate from the model portfolio(s), provided account-specific limits make it practicable to do so.
- When providing Tax Management services to the account, short-term capital gains are avoided where possible, but long-term gains are not limited. Limits can be set by you and provided to Correspondent Firm (verbally or in writing) who will forward to Envestnet.
- You may cancel your Tax Management services at any time. Cancelling your Tax Management services may result in the recognition of significant taxable capital gains or losses. If you cancel Tax Management services, but your account maintains or enrolls in Screens, Envestnet will continue to act as Overlay Manager and the 0.10% Overlay Manager fee will continue to be charged. If your account does not maintain or enroll in either Tax Management services or Screens, RBC CM will act as Overlay Manager and the 0.05% Overlay Manager fee will be charged.
- You should consult a tax advisor before providing tax information to Correspondent Firm (verbally or in writing) to forward to Envestnet.
- Accounts with significant allocations to certain mutual fund/ETP model portfolios may result in less effective tax management. For example, the Overlay Manager has less flexibility in managing a client's tax strategy with an allocation to mutual fund/ETP model portfolios that make frequent, tactical changes in the portfolio thereby making it difficult to manage the portfolios tracking error.
- Tax Management services are only available to accounts utilizing equity, mutual fund or ETP model portfolios or any combination thereof. Accounts with allocations that include Tax Management Ineligible Investments, may still elect Tax Management services but these services will not be applied to these investments. In such cases, despite the fact that the services are only applied to a portion of the account, the 0.10% Overlay Manager fee will be charged on all assets in the account including Tax

Management Ineligible Investments. In lieu of paying the 0.10% Overlay Manager fee on Tax Management Ineligible Investments, you may place these assets in a separate RBC Unified Portfolio account and select RBC CM as Overlay Manager, in which case you will be charged a 0.05% Overlay Manager fee on these assets. Alternatively, you may place the Tax Management Ineligible Investments in another advisory program or brokerage account.

Any capital loss carryover specified for the current calendar year may be taken into consideration by Envestnet in managing the account. You should update this information annually. On an ongoing basis, any capital losses in the account may be taken into consideration in managing the account. If you recognize capital gains outside the account that result in the use of the specified capital losses, you must notify us and we will in turn notify Envestnet, so that the loss carryover amount may be reduced accordingly.

In providing Tax Management services, the Overlay Manager will consider the tax consequences to you of transactions in your account and will evaluate recommendations received from the Model Providers or generated by the Overlay Manager in the context of such consequences. You understand that the Overlay Manager may, in light of other considerations in account, effect transactions in your account even though such transactions may generate tax liabilities, including short-term taxable income, or exceed or violate any of the limits provided by you.

Envestnet performs an automated year-end tax loss harvest review. For accounts with Tax Management services that have net realized gains for the year, securities in equity Model Portfolios are reviewed for harvesting. Starting with the largest percentage loss tax lots that are available to sell (there is no wash sale or other sale restriction on the tax lot or security), Envestnet will harvest losses until the account's net realized gains are eliminated, or all available tax lots with losses greater than 10% are harvested. The sales proceeds are invested into other model holdings and/or cash. This review process typically occurs in early December and is intended to harvest losses while minimizing the impact to the integrity of the allocation. Envestnet's ability to harvest losses is dependent on account circumstances and market environment. Tax loss harvest requests may not be submitted for accounts with Tax Management services. Except when Envestnet's Quantitative Portfolios are included in the allocation, Envestnet will only seek to harvest losses from equity, mutual fund or ETP model portfolios or any combination thereof. Envestnet will not seek to harvest losses from mutual funds, ETPs, or bond Model Portfolios.

For more information on Tax Management services, please refer to Envestnet's ADV.

### **Responsible Investing Screens**

Clients may restrict their accounts from investing in certain securities or industries. If you elect Screens, your account will be managed by Envestnet as Overlay



Manager. Envestnet relies on third-party providers for data of the industry classification and socially responsible classifications of individual securities, and Envestnet and RBC CM make no guarantee as to the accuracy of such third parties' classification. Changes may occur that affect the industry classification of a firm and Envestnet will make reasonable efforts to implement those changes in a timely manner. In general, Envestnet may implement restrictions by taking one or more of the following actions: increasing the relative proportions of other securities to replace the restricted securities; increasing cash in the account; and selecting alternate securities.

Many of the Screens have both a "Best in Class" and "Strict" restriction. Best in Class restrictions are designed for investors aiming to achieve alignment between their values and their need to ensure the prudent management of their investments while Strict restrictions are designed for investors who want to integrate more stringent environmental/social criteria into their investments by further evaluating sources of revenue and employing tighter revenue thresholds. They seek to minimize exposure to companies with specific products, services, and operations that do not meet the personal convictions criteria set by the client.

Screens are only available to accounts utilizing equity model portfolios. Accounts with allocations that include both equity model portfolios and Screens Ineligible Investments, may still elect Screens but these services will not be applied to Screens Ineligible Investments. In such cases, despite the fact that the services are only applied to a portion of the account, the 0.10% Overlay Manager fee will be charged on all assets in the account including Screens Ineligible Investments. In lieu of paying the 0.10% Overlay Manager fee on Screens Ineligible Investments, you may place these assets in a separate RBC Unified Portfolio account and select RBC CM as Overlay Manager, in which case you will be charged a 0.05% Overlay Manager fee on these assets. Alternatively, you may place the Screens Ineligible Investments in another advisory program or brokerage account.

## **Account Opening and Maintenance**

### **Opening a Program Account**

You must sign an advisory agreement with RBC CM prior to enrollment in the Programs. If you sign an Advisory Master Services Agreement (the "Master Agreement"), you are granting Correspondent Firm and RBC CM the authority to effect certain investment advisory transactions or make updates to your account(s) with verbal instruction to your Financial Professional, including, but not limited to:

- Program enrollment;
- Establishing Program Fees;
- Selecting a method of payment;
- Program changes;

- Risk Profile;
- Investment Manager or allocation changes, if applicable;
- Changes to your Program Fees;
- Rebalancing frequency;
- Adding/removing account restrictions;
- Tax Management enrollment/update/termination; and
- Advisory Program termination.

RBC CM will provide to you in writing changes made to your Program Account(s). In certain circumstances, RBC CM may require you to sign a separate Client Agreement or additional documentation relating to your Program Account(s). Alternatively, you may have signed a separate client agreement (the "Single Program Agreement") that contains terms and conditions that may differ from the Master Agreement. The Single Program Agreement and the Master Agreement are collectively referred to herein as the Client Agreements. client agreement ("Client Agreement").

### **Account Preferences**

When you open a Program Account, you will select account preferences ("Preferences"). Except as described herein, preferences elected in the Master Agreement will be applied to all existing and future accounts subject to the Master Agreement. Where applicable, Preferences selected by you in the Master Agreement will supersede any and all elections made in a pre-existing Single Program Agreement. At your discretion, you may make changes to update existing Preferences upon written notice to Correspondent Firm who will, in turn, notify RBC CM. Preferences that you must select include:

- Proxy voting authority; and
- Trade confirmation frequency

In certain circumstances, based on the Program or Investment Manager selected by you, your Preferences will not be available. You should speak with your Financial Advisor to determine availability.

**1. Proxy Voting Authority.** In the Client Agreement, you may elect to vote proxies for securities held in your Account(s) or designate a third-party agent to vote on your behalf. To the extent you designate an Investment Manager and/or an Overlay Manager to vote proxies on your behalf, your designation is only valid if accepted by that designee. In addition, to the extent your designation cannot be implemented for one or more Programs (because it is not available as an option in such Program), you or another third-party agent as designated by you will be responsible for voting such proxies. See Voting Client Securities (Proxy Voting) under Item 6: Portfolio Manager Selection and Evaluation.

If you, Correspondent Firm or RBC CM terminate a Program Account, RBC CM will revert proxy voting authority to you or another third-party selected by you.

**2. Trade Confirmation Frequency.** In the Client Agreement you elect whether you wish to receive trade confirmations on a Daily or Monthly basis. Clients of some Programs may not be eligible to receive monthly trade confirmations. If you are enrolled in the RBC Advisor Program, you can only receive trade confirmations on a trade-by-trade daily basis. At any time, you may request a copy of the trade confirmation from transactions that appear on the monthly transaction summary statement, as well as any subsequent transaction, or previous transaction effected through RBC CM at no additional cost.

If you or Correspondent Firm or RBC CM terminate a Program account, RBC CM will revert the frequency of trade confirmations to daily.

***Mutual Fund Share Class Selection; Eligibility and Classification of Certain Investments; and Certain Conflicts of Interest***

Correspondent Firm and/or RBC CM may restrict the purchase of or holding of certain investments in Program Accounts. If a Program Account is funded with investments deemed to be ineligible or unacceptable for the Program ("Non-Program Assets"), generally those assets will be liquidated by us, moved to another account where such assets are eligible, or in the case of mutual funds, converted to an eligible share class of the same mutual fund without notice to you. Your account may incur certain transaction charges as a result.

In identifying and selecting mutual funds eligible for recommendation in Advisory Programs, we may use many sources of information and analysis about funds, including data provided by independent third parties. RBC CM chooses which share classes are available in the Programs based on availability, eligibility requirements and payment of operational and/or marketing support to us, as defined in the Mutual Fund Fees and Expenses section. We do not always make the lowest cost share class available to you to purchase. Lower cost share classes may be available to you elsewhere, including, but not limited to, through Correspondent Firms of which you are not a client, if you meet the eligibility requirements. Where RBC CM offers a lower cost share class than the designated eligible share class for the Programs, in certain circumstances, RBC CM may grant exceptions for clients to hold their existing share class and for institutional clients to purchase the lower cost share class option. Thus, a broad array of funds are available for evaluation by you, Investment Managers and Financial Professionals in the context of implementing an investment strategy. In accordance with regulations, RBC CM will deliver a mutual fund's current prospectus to you only when you purchase the mutual fund or ETP shares through us.

Certain securities, such as annuities that are not designated as eligible and not held by RBC CM 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 Program Fee.

RBC CM has a conflict of interest in retaining funds in our Cash Sweep Program. In certain circumstances as an eligible sweep option in the Cash Sweep Program, cash will be swept into the RBC BlueBay U.S. Government Money Market Fund (TUIXX), managed by our affiliate RBC Global Asset Management (U.S.) ("RBC GAM - U.S."). If your accumulated cash balance in the Cash Sweep Program reaches \$1,000,000, you may be eligible to elect RBC BlueBay U.S. Government Money Market Fund (TIMXX) as your primary Cash Sweep Program which provides a lower cost share class. Outside of the Cash Sweep Program, a lower cost share class of the same RBC BlueBay U.S. Government Money Market Fund (TUGXX) is also available to you. TUGXX is subject to eligibility requirements in retirement accounts.

***Cash Balances***

If you elect to participate in the Cash Sweep Program, cash held in your account custodied at RBC CM will be automatically invested or deposited the next business day. This automatic process is referred to as a "Cash Sweep Option".

There are different Cash Sweep Options available, which are subject to eligibility restrictions.

- **Non-Retirement Accounts:** Cash held in non-retirement accounts will be swept to the Cash Sweep Option you direct. Available Cash Sweep Options for non-retirement accounts are:
- RBC Insured Deposits - Amounts invested in RBC Insured Deposits will be deposited with our affiliate banks RBC Bank (Georgia), N.A. ("RBC Bank") and/or City National Bank ("CNB") and third party banks up to applicable limits, as discussed in the RBC Insured Deposits program disclosures. For additional information, refer to "Program Banks" under RBC Insured Deposits on our public website at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures). Cash balances in RBC Insured Deposits in excess of such applicable limits will be swept to one or more other Excess Banks, which will accept funds without limitation and without regard to the FDIC limit, which may be RBC Affiliate Banks. Currently, the primary Excess Bank is CNB, an RBC Affiliate Bank.
- A money market fund managed by our affiliate, RBC GAM - U.S., subject to eligibility and applicable minimum amounts; or
- Credit Interest Program - Amounts invested in the Credit Interest Program represent 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 difference between amounts earned by us from our investments and the rate we pay to Credit Interest Program account holders is our profit.

- **Retirement Accounts:** Cash held in retirement accounts will be swept to an unaffiliated money market fund upon enrollment in the Program.

RBC CM may add, remove or change available Cash Sweep Options upon appropriate notice to you. You should review your Client Account Agreement and related Cash Sweep disclosures for details regarding our Cash Sweep Options. The Credit Interest Program and the RBC Insured Deposits are also described in more detail in Item 9: Other Financial Industry Activities and Affiliations. For more information see the “Cash Sweep Program Overview” on our public website at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

RBC CM has a conflict of interest in offering these Cash Sweep Options because RBC CM and/or its affiliates will receive compensation or benefits, in addition to the Program Fees assessed, from your cash balances swept to these Cash Sweep Options. This creates an incentive for RBC CM to offer these Cash Sweep Options to encourage deposits in these specific Cash Sweep Options.

- For RBC Insured Deposits cash balances placed with our affiliate banks RBC Bank and City National, including amounts that exceed total FDIC program coverage that are placed at City National in its capacity as an excess bank, these affiliates will receive a stable source of deposits at a cost that is less than other funding sources available to them. Our affiliated banks make a profit on the difference between the interest paid to you and other costs they incur on deposits, and the interest or other income they earn using the deposits for loans, investments, and the purchase of other assets. In addition, RBC CM receives compensation and benefits from these amounts in the form of a per account fee paid directly to RBC CM by the affiliate banks. In addition, RBC CM receives internal accounting credits to RBC CM that help us meet our internal profitability goals as reported to our mutual parent company, which positively affect the amount of bonuses paid to senior executives. Our affiliate banks can change the interest rate they pay on deposits at any time, which can change the amount of interest you receive.
- For RBC Insured Deposits cash balances placed with third party banks, these banks pay RBC CM a fee based on a percentage of assets placed with the third party bank. RBC CM pays you interest out of the amount we receive from the third party banks. The amount retained by RBC CM is larger than the amount we pay to you. The banks can change the interest rate they pay on deposits and we can increase the amount of the fee we retain, both of which can change the amount of interest you receive. Because the amount of interest paid to clients is deducted from the revenue shared with us by the third party banks, RBC CM has a conflict of interest in that the more we pay you, the less we earn on those assets.
- For amounts invested in shares of the RBC GAM - U.S. managed money market fund, RBC GAM - U.S. is an

affiliate of RBC CM and RBC GAM - U.S. will receive fees for managing and servicing the fund (including management and other fees). RBC GAM - U.S. will also pay RBC CM 12b-1 fees, which provides us with another incentive to use this money market fund instead of another fund that does not pay us the same or any revenue share.

- For the Credit Interest Program, we invest and use such cash balances as free credit balances for our benefit. We will earn more on these balances than the rate we pay to you. We use free credit balances in the ordinary course of our brokerage business, subject to the requirements of Rule 15c3-3 under the Securities Exchange Act of 1934. Under these arrangements, we generally earn interest or a return based on short-term market interest rates prevailing at the time.
- For amounts invested in an unaffiliated money market fund, the third party money market fund pays RBC CM service fees in the form of a recordkeeping fee and a shareholder servicing fee. This provides us with an incentive to use third party money market funds that pay us such fees instead of other funds that do not. These money market funds typically pay you a lower yield than money market funds that do not pay us these recordkeeping or shareholder servicing fees.

We charge Program Fees on cash balances in your account and RBC CM and/or our affiliates receive substantial benefits from amounts invested in the Cash Sweep Options. This means that we and/or our affiliates earn two layers of fees on the same cash balances in your account.

Except for amounts invested in the money market funds described above, the Cash Sweep Option does not offer access to other money market funds. Money market funds will usually pay a higher rate on cash balances than the RBC Insured Deposits and Credit Interest Program. Other firms may offer cash sweep options that pay you a higher rate than is available under the Program. You can also receive higher rates on cash balances in the Program by investing directly in money market funds or other cash alternative outside of the Cash Sweep Option, however those investments must be directed from time to time and will not be automatically swept.

You may also elect to automatically distribute accrued dividends, interest, capital gains, and return on capital payments from your Account on a recurring basis. RBC CM invests and uses such cash balances as free credit from the date of deposit until the funds are distributed from your Account, which is a benefit to us. You do not earn interest on free credit cash balances. Additional information regarding RBC CM's use of free credit cash balances is located in the Credit Interest Program section of your Customer Account Agreement Terms and Conditions.

## **Contributions and Withdrawals**

You may deposit additional cash and/or securities into a 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).

For RBC Advisor accounts, all deposits will remain in the Cash Sweep Option absent an instruction from you to the contrary.

Deposits to Consulting Solutions or RBC Unified Portfolio accounts will be invested by the Investment Manager, Overlay Manager, or Financial Professional, as appropriate.

You may make withdrawals from a Program account upon prior notice to Correspondent Firm which will, in turn, notify RBC CM and/or Overlay Manager (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.

For RBC Advisor and RBC Unified Portfolio accounts, unless otherwise directed by you, withdrawals will be funded first from amounts in the Cash Sweep Option, then sufficient securities will be sold or redeemed according to the rebalancing process.

RBC CM reserves the right to terminate the Program account if a withdrawal or series of withdrawals results in the Program assets falling below the Program minimums set forth.

## **Termination**

You may terminate your Program Account with Correspondent Firm and RBC CM at any time upon notice to your Correspondent Firm, which will in turn notify RBC CM (effective upon actual receipt of such notice by RBC CM). Correspondent Firm or RBC CM may terminate your Program Account upon written notice to you, or upon the occurrence of certain events as described in the Client Agreement. As further described below under Program Fees, upon termination, we may owe you a prorated portion of the Program Fee.

If you signed a Master Agreement with us, termination of a Program Account does not terminate that Master Agreement between you, Correspondent Firm and RBC CM. The Master Agreement will remain in effect allowing you to open additional Program Accounts or make changes to existing Program Accounts upon verbal or written instruction to Correspondent Firm or your Financial Professional.

You, or in certain instances Correspondent Firm or RBC CM, may terminate the Master Agreement at any time subject to the termination of all Program Accounts subject to that Master Agreement.

## **Performance Monitoring and Client Communications**

With respect to all Programs, we may provide Correspondent Firm with a performance evaluation of the account on a periodic basis ("Portfolio Review") which the Correspondent Firm may provide to you. 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.

For assets not custodied at RBC CM, we will rely on the information provided to us by custodian and will not validate the accuracy of such information. Additionally, assets not held at RBC CM 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.

RBC CM will provide your Correspondent Firm (and, where appropriate, your Investment Manager(s) and/or Overlay 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 you;
- monthly statements itemizing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month and a listing of 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.

## **Risks and Tax, Account and Legal Considerations**

All investments involve varying degrees of risk. Prior to Program enrollment, you are advised and should understand that:

- market conditions, interest rates, and other investment-related risks may cause losses in your account;
- past performance of Investment Managers, Model Providers, Overlay Managers or securities selected by you is not a guarantee of future results;
- 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;
- benchmarks are selected by RBC CM or your Financial Professional and are intended to be an accurate comparison to the performance of your account. However, your account performance may not correspond directly to the selected benchmark, which may be more or less volatile than your actual portfolio;
- certain securities in your account may be considered to be a complex product. Complex products may be used by Investment Managers, Model Providers, RBC CM, Financial Professionals or selected by you and may present additional risk due to the intricacy of these products and the possibility that the product will not perform as anticipated. For further information on complex products, please consult your Financial Professional;

- certain securities and mutual fund share classes may be deemed ineligible for the Programs. If you have a systematic buy or sell transaction established for a security or mutual fund share class deemed ineligible for the program selected, the transaction may reject resulting in your trade(s) not being fulfilled;
- 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;
- all trading in your account is at your risk; and
- neither RBC CM nor its affiliates provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. No information, including but not limited to written materials, provided by RBC CM should be construed as legal, accounting or tax advice.

You are encouraged to consult with your Financial Professional if you have questions pertaining to the risks described herein.

#### ***Risks Relating to Extension of Credit and Collateral***

Certain Program accounts may be eligible for margin or other types of securities-based lending as part of RBC CM's brokerage services. The extension of credit may be obtained through an unaffiliated or affiliated loan program, such as, RBC Express Credit (margin), RBC Premier Line of Credit (pledge) and RBC Credit Access Line (collectively referred to as "Lending Programs"). Prior to enrollment in such Lending Programs, you should carefully review that Lending Program's disclosure document and understand the risks associated with leveraging your Account. In particular, you must carefully consider:

- Whether or not you can afford, and want, to assume the additional risks that losses in your account may be significantly greater than if you decide not to invest with borrowed funds (i.e., not to use leverage). You may lose more than your original investment;
- You will pay RBC CM and the Correspondent Firm interest on the outstanding loan balance; thus the use of leverage will increase your costs of investing;
- Leveraging your account may increase your risks and make your investment objectives more difficult to realize;
- Since the wrap fee is calculated as a percentage of assets under management, the use of margin to purchase securities in a managed account generally will increase the amount (but not the percentage of) the wrap fee that you pay to us. This will result in additional compensation to RBC CM and Correspondent Firm;
- RBC CM, or a third-party lender in the case of a pledged account, can force the sale of Program assets to satisfy collateral requirements without notice to you;

- Neither RBC CM, our affiliates nor Correspondent Firm will act as an investment advisor to you with respect to the liquidations of securities held in the Program account to meet collateral requirements;
- These liquidations will be executed in our capacity as broker-dealer and creditor and may, as permitted by law, result in executions on a principal basis in your Account;
- Under these circumstances, RBC CM cannot guarantee a favorable price on the sale of Program assets or that the liquidations align with your investment strategy; and
- RBC CM is permitted to lend or utilize margin securities in its possession and receives compensation in connection with the use of such securities.

The costs associated with Lending Programs is not included in the Program Fee and will result in additional compensation to RBC CM, our affiliates and Correspondent Firm.

#### ***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 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 other money movement debits from your account.

#### ***Risks Relating to Cash Sweep Program Deposit Accounts***

RBC Insured Deposits balances are automatically deposited, or "swept," into "Deposit Accounts" at participating depository institutions ("Program Banks"). Balances maintained in the Deposit Accounts are not protected by Securities Investor Protection Corporation ("SIPC") or any excess coverage purchased by RBC CM. Funds in Deposit Accounts in excess of the Deposit Limit, as described in the RBC Insured Deposits Terms and Conditions, are not covered by the Federal Deposit Insurance Corporation ("FDIC").

For more information see the Cash Management section of our public website at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

#### ***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.

### ***Risks Relating to Sector Concentration***

If you are invested in a manner that may overweight your Account(s) in one or more economic sectors ("Sector Concentration"), you understand that, in general, Sector Concentration assumes greater risk than a diversified portfolio.

### ***Risks Relating to Foreign Securities***

Investments in foreign securities may involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, and regulatory conditions; changes in currency exchange rates and currency controls; differing securities market structures; and higher transaction costs. Exchange rate risk between the U.S. dollar and foreign currencies may cause the value of investments to decline. Investments in emerging markets may have these and other risks, including increased risk of volatility and political instability.

### ***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. In addition, careful consideration should be made prior to purchasing or selecting strategies that may utilize investments with tax advantages in certain qualified accounts. This may result in no additional tax benefits at the expense of performance.

### ***Program Fees***

For Accounts enrolled in the Program, you will pay an annual asset-based Program Fee for services provided to you under the Client Agreements. The Program Fee is payable quarterly in advance.

Program Fees vary and may be negotiated between you and your Financial Professional at the time of Program enrollment. You will receive written confirmation of your Program Fee upon enrollment and each time you and your Financial Professional agree to changes to your Program Fee or Program Account. In certain circumstances, your Correspondent Firm or RBC CM may require you to sign additional documentation relating to your Program Fee(s).

Program Fees are established at the account-level and may vary between your Program Accounts. Your Program Fee may be higher or lower than (i) the fees and commissions

you would pay in a brokerage account; (ii) the fees your Correspondent Firm charges other clients depending on considerations such as the size of your account, the combined value of related advisory accounts, the total amount of business you conduct through Correspondent Firm, the types of securities and services provided, and other relevant criteria; and (iii) the cost of similar services offered through other financial institutions. The Correspondent Firm's Disclosure Document (brochure) or Part 2 of the Form ADV, if applicable, contains important information regarding the Program Fees in your Account.

### ***Program Fee Components***

The Program Fee is comprised of the following fee components, where applicable, 1) the Correspondent Firm Fee for Program services provided by Correspondent Firm, 2) the Program Sponsor Fee payable to RBC CM, 3) the fee for Investment Managers and Model Providers (the "Investment Manager Fee"), and 4) Overlay Manager Fee. Your Program Fee structure may vary depending on the Program and services selected by you and your Financial Professional.

Investment Manager, Model Provider, investment strategy and allocation changes in Consulting Solutions or RBC Unified Portfolio, agreed upon by you and your Financial Professional may result in the Investment Manager Fee or Model Provider fee component of the Program Fee to increase or decrease, which could increase or decrease the amount of the fee the Correspondent Firm receives. If you are enrolled in these Programs, you will receive written confirmation of these changes and, if applicable, changes to your Program Fee that may result.

### ***Program Fee Coverage***

The Program Fee covers the investment advisory services detailed in this Disclosure Document, including (where applicable):

- an initial analysis of your investment needs and objectives with periodic re-evaluations provided by Correspondent Firm;
- consulting services provided by Correspondent Firm as to investments and/or Investment Managers/Model Providers, as applicable under the Program;
- ongoing evaluations provided by RBC CM on Model Providers and the Overlay Manager(s);
- investment advisory services and portfolio management services rendered by RBC CM, Correspondent Firm and, if applicable, the Overlay Manager(s), and/or the Investment Manager(s)/Model Provider(s) selected by you under a Program;
- custodial and execution services (including brokerage commissions) provided by RBC CM; and
- other account related services provided by RBC CM.



### ***Calculation of Program Fees***

The Program Fee is calculated as a percentage of assets under management, including securities, cash, money market funds, RBC Insured Deposits balances or Credit Interest Program balances and the full value of any assets purchased on margin. Margin debit balances are excluded from the calculation of the Program Fee. Program Fees are generally payable in advance on a quarterly basis, and are calculated based on our appraisal of the market value of the billable assets in the account as of the last business day of the preceding calendar quarter.

To compute the value of assets held in an account custodied at RBC CM, 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 within the past 45 days as provided by a third-party vendor. 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 within the past 45 days as provided by a third-party pricing vendor, and believed by us to most nearly represent current market value. Other securities and all other assets will be valued as determined by an independent third-party retained by us or, if not available from a third-party, by a statement of valuation provided by the issuer of the security on an annual basis, at minimum. Where fair value cannot be determined for certain securities and assets, no Program Fee will be charged by RBC CM on those securities and assets. For assets not custodied at RBC CM, we will rely on the information provided to us by custodian and will not validate the accuracy of such information.

If you have elected to automatically distribute accrued dividends, interest, capital gains, and return on capital payments from your Account on a recurring basis, the proceeds of these payments will not be assessed a Program Fee from the date the dividends, interest, capital gains, and return on capital payments is paid to the date of distribution.

In some circumstances, you may pay an annual rate that is a fixed percentage of the assets in the account. Alternatively, in limited circumstances, you may pay an annual fixed dollar amount. In either case, the fixed percentage rate or fixed dollar amount, as applicable, does not change as the value of your Account changes.

Program Fees are prorated for any billing period that is less than a complete quarter. Deposits to or withdrawals from the Account of cash and/or securities with a value equal to or greater than \$10,000 will be billed at the applicable fee rate on a pro rata basis. Increases or decreases of assets may be caused by, but is not limited to, the following: deposits, withdrawals, and conversions or sale of certain mutual fund share classes. Increases and decreases will

offset each other and the net amount will be used to calculate on a daily basis an additional Program Fee or refund to your Account. In each case, the additional fee or refund will be equal to the applicable fee rate times the amount of the increase or decrease, pro-rated based on the number of days from the date of the triggering event to the last day of the quarter.

If there is any change in your Overlay Manager, Model Provider(s), Investment Manager, investment style or investment allocation in your Account before the end of a quarter, we will use the market valuation from the date of the change, pro rata, to adjust only the portion(s) of the Program Fee (i.e. Overlay Manager fee, Model Provider fee, Investment Manager fee) affected by such change. At the time of such account change the market value of your Account may be higher or lower than the market value of your Account at the time your quarterly Program Fee was calculated. As a result, the prorated Model Provider, Overlay Manager and/or Investment Manager fee portion of the Program Fee may be higher or lower than the Model Provider, Overlay Manager and/or Investment Manager fee portion of the quarterly Program Fee when originally calculated.

Each of RBC CM and Correspondent Firm reserve the right, in their sole discretion, to adjust Program Fees for changes in security type, trading activity or Account size at any time without notice. RBC CM also reserves the right to correct errors in calculations of Program Fees that were charged to you by debiting or crediting your account, as applicable, without prior notice to you. RBC CM also reserves the right to correct errors in calculations of Program Fees that were charged to you by debiting or crediting your account, as applicable, without prior notice to you. Additionally, RBC CM reserves the right to increase any or all of the Program Fees and/or charges upon thirty (30) days' advance written notice to you.

### ***Deduction of Program Fees***

The quarterly Program Fee will be deducted directly from your Program Account unless you affirmatively elect, verbally or in writing, to be billed directly for Program Fees or to have the fees deducted from another Correspondent Firm account held by RBC CM to the extent permitted by applicable law. You may be able to pay Program Fees from assets outside your Program Account, provided the Account is not a UGMA/UTMA custodial account, retirement account, or with assets in which RBC CM is not custodian. Automatic fee deductions will be funded from available cash or the proceeds of the sale of securities in the account. If you have elected to be invoiced for Program Fees and such fees and/or other Program charges are not paid within sixty (60) days of the date on the invoice for such fees and/or charges, RBC CM will debit the applicable Program Account for the invoiced amounts due from you.

Certain products, such as mutual funds and ETPs, have investment advisory expenses, and as such, you may

actually incur two fees; one indirectly in the form of an investment advisory fee to the investment adviser of each mutual fund or ETP, which is charged as part of the expense ratio, and one to RBC CM as the Program sponsor. Except as otherwise described herein, RBC CM and its affiliates receive greater revenue if RBC Funds are included in the Programs, and therefore, RBC CM has a conflict of interest in including RBC Funds in the Program.

### ***Mutual Fund Fees and Expenses***

If you are holding or investing in mutual funds in a Program Account, you should consider the following information as it pertains to transactions and fees in your account. RBC CM receives payments from certain mutual fund companies which are used in part to offset certain administrative and operational costs that RBC CM incurs in connection with providing certain sub-accounting and sub-transfer agent services in distributing mutual funds and provides a financial benefit to RBC CM ("Operational Support"). RBC CM also receives payments from certain mutual fund and insurance companies for general marketing and Financial Professional educational programs, to offset compliance and product management costs, to support client education programs and seminars and to offset transaction fees that would otherwise be charged to you and/or your Correspondent Firm ("Marketing Support"). Oftentimes, mutual funds offer multiple share classes that are available based on various eligibility requirements designated by the fund company. RBC CM will decide which share classes to offer based on such eligibility requirements, availability of share classes under our distribution agreements and other considerations such as payments of Operational Support and/or Marketing Support. As a result, in some cases, we will choose to make a higher cost share class available or will choose not to offer a fund at all if we are unable to negotiate adequate Operational Support and/or Marketing Support from a fund family for the use of a lower cost share class. Additional funds and lower cost share classes are available elsewhere, including but not limited to, through Correspondent Firms of which you are not a client, if you meet the eligibility requirements. Additionally, the above section Mutual Fund Share Selection; Eligibility and Classification of Certain Investments, and Certain Conflicts of Interest provides information regarding share class availability in and outside of the Cash Sweep Program. Generally, it is in your best interest to invest in a lower cost share class as investment performance is impacted by expenses charged by the funds. RBC CM has a conflict of interest in offering certain funds and choosing share classes with higher expense ratios where we receive Operational Support and/or Marketing Support from fund families. RBC CM has an incentive to choose share classes, fund families, or investment strategies in which we receive payments of Operational Support and/or Marketing Support. RBC CM does not calculate compensation or provide incentives to Correspondent Firms or Financial Professionals based on the share class, fund family, or investment strategy that is chosen.

Mutual funds eligible for the Programs will be subject to Program Fees which could also subject you to a higher overall cost. Outside of the cash sweep program, RBC CM may, without notice to you, convert mutual funds in your Program Account to a lower cost share class of the same mutual fund offered by RBC CM or make changes to your investment model or allocation in the event a lower cost share class of the same mutual fund is available at RBC CM. However, if you purchased a mutual fund from RBC CM with an up-front sales charge, those shares will not be subject to Program Fees for two or more years from the date of initial purchase. Mutual funds purchased at other financial institutions may be converted and subject to the applicable Program Fee immediately and irrespective of if you paid an up-front sales charge or other compensation. RBC CM may also elect not to convert particular share classes or lots of shares if, for example, there is no equivalent share class available in the Programs or if it may subject you to additional sales charges or in other circumstances, as determined by us.

Additionally, if you have a systematic buy or sell transaction established for a security or mutual fund share class deemed ineligible for the Program selected, the transaction may reject resulting in your trade(s) not being fulfilled.

Prior to enrolling in the Programs, you should review the costs and impact of converting your mutual fund share classes and discuss this with your Financial Professional. If you do not want your mutual funds converted, or your investment model/allocation updated, you should discuss transferring those holdings to another account that is not subject to Program Fees with your Financial Professional

### ***Offset of Certain Fees to Retirement Plan Accounts***

With respect to retirement accounts in the Consulting Solutions or RBC Unified Portfolio Programs (including accounts that are subject to Title I of ERISA and individual retirement accounts), if you hold RBC GAM – U.S. Funds, including the RBC BlueBay Access Capital Community Investment Fund or City National Rochdale, LLC Funds, the management fee charged by the mutual fund company will be rebated to you. For other RBC CM affiliated funds, or third party mutual funds sub-advised by RBC GAM or City National Rochdale, LLC, the Program Sponsor Fee payable to RBC CM, and when RBC CM acts as Overlay Manager, the Overlay Manager fee component of the Program Fee will not be assessed to the value of these funds maintained in Consulting Solutions and RBC Unified Portfolio retirement accounts. Unless required by applicable law, the credit or offset does not apply to other mutual fund expenses such as transfer agency fees and shareholder servicing fees, or actual distribution, shareholder servicing and other fees paid to RBC CM and its affiliates. Additionally, RBC CM has a conflict of interest in utilizing proprietary or affiliated funds over non-proprietary or non-affiliated funds, such that the fees and expenses charged by the fund company are earned by us, or our affiliate rather than a non-affiliate. For



more information see “Fees to RBC Affiliates” on our public website at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

### **Fees Upon Termination**

If the Program Account is terminated prior to the last day of the quarter, a prorated portion of the Program Fees paid by you, based upon the days remaining in the quarter, will be refunded to you as required by applicable law.

### **Consulting Solutions**

In Consulting Solutions, the Program Fee consists of the Correspondent Firm Fee negotiated between you and your Financial Professional, the Program Sponsor Fee payable to RBC CM and the Investment Manager fee. The portion of the Program Fee paid by RBC CM to the Investment Managers typically ranges from the annual rate of 0.00% to 0.50% of account assets under management depending on the type of investment strategy and the total amount of assets allocated to the Investment Manager. Investment Manager fee rates vary based on several factors including, but not limited to, type of investment strategy, types of services provided, and fee negotiations between RBC CM and the Investment Manager.

The portion of the Program Fee retained by RBC CM for advisory services typically ranges from the annual rate of 0.00% to 0.50% of account assets under management.

In some cases fees RBC CM pays to Investment Managers may be lower than the fee charged to you. In other cases incremental fee schedules are negotiated which will lower the effective fee rate RBC CM pays to Investment Managers as the total amount of program assets allocated to the Investment Manager increase. Any differences in fees charged to you and fees RBC CM pays to the Investment Managers are retained by RBC CM. Program fees that are not paid to the Investment Manager or RBC CM will be paid to the Correspondent Firm.

Any difference in fees paid by you and fees RBC CM pays to Investment Managers may change from time to time without notice to you and such change will not impact the total fee paid by you. Any difference in fees paid by you and fees RBC CM pays to Investment Managers are either retained by RBC CM or paid to Correspondent Firm and Financial Professionals. When RBC CM pays fees to Correspondent Firm and Financial Professionals, there is an incentive for Correspondent Firm and Financial Professionals to recommend one Investment Manager over another Investment Manager offering the same strategy.

### **RBC Advisor**

In RBC Advisor, the Program Fee consists of the Correspondent Firm Fee negotiated between you and your Financial Professional and the Program Sponsor Fee payable to RBC CM. The portion of the Program Fee retained by RBC CM for advisory services typically ranges from the annual rate of 0.00% to 0.40% of account assets under management.

### **RBC Unified Portfolio**

In RBC Unified Portfolio, the Program Fee is comprised of the following fee components: 1) the Correspondent Firm Fee for Program services provided by Correspondent Firm, 2) the Program Sponsor Fee payable to RBC CM, 3) the fee for Model Providers, and 4) the Overlay Manager fee.

When RBC CM acts as Overlay Manager, the Overlay Manager fee is 0.05%, which will be retained by RBC CM as compensation for its services as Overlay Manager. This fee is in addition to any other fees that RBC CM may receive or retain under the RBC Unified Portfolio Program. When Envestnet acts as Overlay Manager, the Overlay Manager fee is 0.10%, which includes the fee for its services as Overlay Manager and Tax Management and/or Screens. In such cases, the portion of the Overlay Manager fee paid by RBC CM to Envestnet ranges from an annual rate of 0.00%–0.08% of Account assets under management depending on services selected by you.

Model Provider fees vary, typically ranging from 0.00% to 0.65%, and are based on a variety of factors including, but not limited to, type of investment strategy and fee negotiations between RBC CM and the Model Provider. The fees RBC CM pays to Model Providers and Envestnet may change from time to time without notice to you and such

### **B. Comparing Costs**

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

- your ability and the costs to obtain the desired investment advisory services;
- your ability to retain the desired Investment Manager(s) or Overlay Manager(s) and obtain model portfolio(s), where applicable;
- your ability to obtain expertise in selecting and monitoring Investment Managers, Overlay Managers, and Model Providers, where applicable;
- your costs of obtaining custodial services;
- your ability to invest in and, where applicable, rebalance the desired investments without payment of a sales charge;
- your cost and ability to obtain custodial services, 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 a Program may not be available separately or may require multiple accounts, documentation, and fees. In addition, certain Investment Managers, Overlay Managers, and/or model portfolios may not be available to clients outside

of a Program either because of minimum account size requirements, fee schedules, geographic availability, or other factors.

When assessing the overall cost of a Program you should also consider an Account with low trading volumes, high cash balances, and/or significant fixed income positions could receive similar services at a lower cost in a brokerage account. If a Program account is actively traded through Correspondent Firm and RBC CM, the Program Fees may be less expensive than separately paying investment management fees, consulting fees, and trading and execution costs. If an account is not actively traded, then the Program Fees may be more expensive than separately paying investment management fees, consulting fees, and commissions.

Investments that have no upfront fees or commissions, such as no-load mutual funds and certain alternative investments and annuities, may be available to you outside of an advisory account at no additional cost. Fees charged by certain investments in your advisory account, such as management and other fees charged by mutual funds, are not included as a part of the Program Fees and could result in higher costs than if you invest in such securities outside of an advisory account.

### C. Additional Fees and Expenses

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

- commissions, mark-ups, spreads, and other transactional charges on securities transactions effected, where applicable, by Investment Manager(s), Overlay Manager(s), through or with brokers and dealers other than RBC CM, and, for non-retirement accounts, through or with broker-dealer affiliates of RBC CM;
- account maintenance or other fees charged to you by your Correspondent Firm;
- the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including RBC CM) involved in the primary or secondary underwriting or distribution of securities;
- bid-ask spreads, odd-lot differentials, exchange fees, certain taxes, other fees required by law or regulation, and fees payable to an exchange or self-regulatory organization, including transaction fees as calculated in accordance with Section 31 under the Securities Exchange Act of 1934;
- RBC CM's usual and customary transaction charges on the liquidation of Non-Program Assets;
- 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 or alternative investments (see fund prospectus or PPM for details);
- short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within a short period of time;
- Unit Investment Trusts (UITs) are subject to the UIT sponsors' organization costs and annual operating expenses not covered by your Program Fee. These costs and expenses may include, without limitation, portfolio supervision, bookkeeping, administrative and evaluation fees, trustee's fees, and other operating expenses. You indirectly pay these expenses because they are deducted from the trust assets and reflected in the net asset value of the units;
- management and other fees on certain securities, which may include open-end and closed-end mutual funds, UITs, ETPs, annuities and alternative investments;
- RBC Express Credit (margin) interest or interest on other debit account balances, where applicable;
- non-sponsored alternative investment processing and maintenance fees;
- safekeeping fees for physical securities;
- American Depositary Receipt (ADR) pass-through fees;
- additional costs incurred when purchasing foreign securities that are assessed by the foreign exchange. Additional fees may include, but are not limited to: exchange fees, taxes, conversion fees and currency translation costs. For example, when "ordinary shares" are purchased on a foreign exchange (which may charge a fee or tax on the trade) and are converted to American Depositary Receipts ("ADR"), the depository bank may charge a fee to convert the ordinary shares to ADRs and in doing so, there may be currency translation costs associated with the conversion;
- additional costs when investing in foreign securities and when you utilize GlobeTax Services, Inc. for Foreign Tax relief and reclaims;
- fees charged by RBC CM related to reporting and filing unrelated business taxable income in retirement accounts; and
- RBC Insured Deposits fees.

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 a more detailed description of the fees and expenses you may pay as an investor.

Each mutual fund charges separate management fees and other fees and expenses as detailed in the fund's prospectus. Some of the fees and expenses are paid to and, where permitted under applicable regulatory requirements, retained by us for advisory and/or other services. As a result, you may indirectly pay duplicate advisory and other fees in connection with such investments. Certain mutual funds or alternative investments may charge you redemption fees that are not imposed by RBC CM.

#### **D. Compensation to Financial Professionals**

Correspondent Firm may pay a portion of the Program Fee to your Financial Professional. This compensation may be more than your Financial Professional would receive if you participated in another Correspondent Firm or RBC CM Program or paid separately for investment advice, brokerage, and other services. Therefore, Financial Professionals may have a financial incentive to recommend the Program over other available services and Programs.

Mutual fund companies make Operational Support payments, which may, where permitted under applicable regulatory requirements, be made to and retained by us. We may share a portion of these payments with Correspondent Firms who may share their portion with their Financial Professionals.

Financial Professionals are compensated based on the market value of billable assets in the account. In certain instances, your account may contain assets that are not included in the billable value of the account. Therefore, Financial Professionals may have a financial incentive to sell these assets and purchase assets that would be included in the billable value of the account and directly impact compensation.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Program Minimums**

The general minimum account sizes for the Programs are listed below. RBC CM has the discretion to accept accounts that are below the program minimums. Under certain circumstances, account minimums may be higher based on the services provided by us or the investment strategy employed by the Investment Manager.

- RBC Unified Portfolio: \$10,000
- Consulting Solutions: \$100,000. Fixed Income accounts generally require \$250,000.
- RBC Advisor: \$25,000

### **Types of Clients**

RBC CM provides 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).

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **A. Selection and Review of Portfolio Managers Eligibility**

RBC CM has certain standards of eligibility for Investment Managers, Model Providers and Overlay Managers (each, a "Portfolio Manager") in our Programs. In RBC Unified Portfolio and Consulting Solutions, we consider and select only Investment Managers and Model Providers who meet our eligibility requirements. In identifying and choosing Investment Managers and Model Providers, we evaluate the financial and organizational stability of the firm and product, historical performance results, experience, and other factors. Based on the evaluation, Investment Managers and Model Providers are categorized by their respective investment styles. Each investment strategy added to the RBC Unified Portfolio and/or Consulting Solutions Programs are further categorized by the level of conviction RBC CM has in the Investment Manager and/or Model Provider and their respective investment strategy. Information that we gather regarding Investment Managers and Model Providers is believed to be reliable and accurate, but we do not independently verify it.

As described above in Item 4: Services, Fees and Compensation, you will establish a Risk Profile. For Programs in which you select an Investment Manager(s) or Model Provider(s), Correspondent Firm and your Financial Professional are available to consult with you regarding investment alternatives that may be compatible with your Risk Profile. You then choose one or more Investment Managers or Model Providers.

If a third-party Investment Manager(s) or Model Provider with a model portfolio is selected, the account is managed by such Investment Manager(s) or an Overlay Manager. Other than in connection with our responsibilities to you or in our capacity as Overlay Manager, we have no discretionary trading authority and do not assume responsibility for the conduct of third-party Portfolio Managers selected by you, including their performance or compliance with applicable law or regulations.

When required to do so by law or as otherwise agreed to with the Investment Manager, we will provide you with a copy of a third-party Investment Manager's and/or Overlay Manager's written disclosure statement (Part 2A of its Form ADV or other comparable document) at the time of Program enrollment.

BC CM serves as an Overlay Manager, we will provide you with a copy of our written disclosure statement to the extent required by law or as otherwise agreed to with you.

## Monitoring and Review

We review performance data of all RBC Unified Portfolio and Consulting Solutions Investment Managers and Model Providers on a periodic basis. The evaluation may involve, among other things, investment discipline and trends in investment philosophies. Comparisons are made to other accounts and to standard industry market statistics. In addition, we may compare account performance to the data that the Investment Manager or Model Provider reports to various consulting and database services. This review is designed to determine whether the reported performance data is consistent with the actual experience of Program Accounts. We monitor, review, and calculate account performance. We do not:

- audit the performance data reported to the databases to be sure they are calculated on a uniform and consistent basis;
- review the appropriateness of the methodology used to calculate performance;
- audit the mathematical accuracy of the calculations; or
- audit compliance with any standards an Investment Manager or Model Provider has stated it will follow.

The level of review applied to each investment strategy depends on RBC CM's conviction in the Investment Manager and Model Provider and their investment strategy. Investment strategies with the highest conviction are subject to a more comprehensive review by RBC CM's internal Global Manager Research group. This review is based on both the investment style descriptions offered by the Investment Managers and Model Providers (qualitative factors) and analysis performed by RBC CM's internal Global Manager Research group (quantitative factors). RBC CM's internal Global Manager Research group's ratings and opinions for the highest convictions strategies are available to Correspondent Firm. These ratings and opinions are updated on a regular basis.

Investment strategies not deemed highest conviction are reviewed quarterly based solely on quantitative factors. A score is assigned to each investment strategy based on multiple factors related to the firm and product, investment professionals, investment approach and performance and weights assigned to the individual factors selected. Investment strategies not deemed highest conviction must meet these predefined scores to be added and maintained in the RBC Unified Portfolio and Consulting Solutions Programs.

Through our monitoring process, the level of conviction in an investment strategy may change and therefore the level of review applied to each investment strategy may change from time to time. If you would like information regarding RBC CM's conviction in an investment strategy you are considering or are already invested in, please contact your Financial Professional. The level of conviction in an investment strategy is not indicative of the quality of

the strategy nor is it a basis for how your Program Fee is determined and agreed upon by you.

As part of our Investment Manager/Model Provider monitoring process, RBC CM maintain a watch list of Investment Managers and Model Providers for which there may be developments of potential concern. Such developments may include the Investment Managers' or Model Providers' adherence to management style, consistency with client objectives, unexplained poor performance, or other matters that come to our attention. The watch list provides us with the means to review and communicate developments related to Investment Managers and Model Providers in RBC Unified Portfolio and Consulting Solutions. Placement of Investment Managers and Model Providers on the watch list initiates a probationary period that allows us adequate time to better assess the effects—negative or positive—stemming from the developments in question.

We conduct periodic reviews of Envestnet and our own Overlay Manager function to evaluate adherence to model portfolios and investment allocations selected by you.

## Removal of an Investment Manager or Model Provider

RBC CM may recommend to Correspondent Firm the termination of a Model Provider from RBC Unified Portfolio or Investment Manager from Consulting Solutions if our original opinion of the Investment Manager or Model Provider is materially changed. This is most commonly a result of fundamental developments that are determined to be detrimental to the potential longer-term success of the Model Provider, Investment Manager or underlying investment strategy.

RBC CM may remove a Model Provider from RBC Unified Portfolio or an Investment Manager from Consulting Solutions upon written notice to the affected clients. In the event that we terminate any Model Provider or Investment Manager selected by you, RBC CM will promptly contact Correspondent Firm, which will in turn contact you and consult with you as to the reallocation of the applicable account assets.

In the event RBC CM removes an Investment Manager from the Consulting Solutions Program, RBC CM and the Correspondent Firm may terminate your Program Account. Alternatively, we may move your assets to an Investment Manager available under the Program that we deem to be consistent with the Investment Manager that is no longer available.

In the case of RBC Unified Portfolio, when RBC CM removes a Model Provider selected by you, if you do not select a new Model Provider, we will move your assets to a Model Provider available under the Program that we deem, in our sole discretion, to be consistent with the Model Provider that is no longer available. If an appropriate model portfolio is not available we will move your assets to an appropriate ETP or mutual fund.

In RBC Unified Portfolio, we may provide Correspondent Firm with information regarding the replacement of a mutual fund or ETP in the event that it is no longer eligible for inclusion in the Program. Correspondent Firm will contact you and consult with you as to the reallocation of the applicable account assets. If you do not select a new mutual fund or ETP available under the Program, we will move the assets to a mutual fund or ETP available under the Program that we deem to be most consistent with the mutual fund or ETP that is no longer available.

In RBC Unified Portfolio, we may change Overlay Managers upon advance written notice to the affected clients.

## **B. Related Persons and Certain Potential Conflicts of Interest**

If you invest in certain Programs described in this Disclosure Document, your account may be managed by an Investment Manager that is an affiliate (also referred to as a related person) of ours, or that is a client of an affiliate of ours. In addition, we or our affiliates (or clients of our affiliates) may act as Model Providers. Related persons or their clients acting as Investment Managers or Model Providers are subject to the same eligibility, review, and removal procedures as non-affiliated Investment Managers and Model Providers, as described above. When related persons or their clients act as Investment Managers or Model Providers for Program clients, certain conflicts of interest exist.

In some cases, the same investment strategies are used in both Consulting Solutions and RBC Unified Portfolio. However, the fees associated with these investment strategies may differ, depending on the Program. Generally, the fee rates for investment strategies used in both Consulting Solutions and RBC Unified Portfolio are lower in RBC Unified Portfolio than Consulting Solutions. Consulting Solutions client accounts are separately managed to an investment strategy by one or more professional Investment Managers participating in the Program. Alternatively, RBC Unified Portfolio client accounts are professionally managed by us as Overlay Manager or a third-party Overlay Manager, Envestnet, in accordance with model portfolios provided by Investment Managers or us. RBC Unified Portfolio accounts may include allocations to the same investment strategies available in Consulting Solutions. When we act as Overlay Manager, we retain 0.05% of the Program Fee. Any difference in fees paid by you and fees we pay to Investment Managers, Model Providers or the Overlay Managers are either paid by us or retained by us. Program Fees that are not paid to Investment Managers, Model Providers or RBC CM will be paid to the Correspondent Firm. However, in the Consulting Solutions program, RBC does, in certain instances, retain a larger portion of the Investment Manager fee we pay to Investment Managers than the portion of Model Provider or Overlay Manager fees we pay to Model Providers and Overlay Managers.

RBC CM and its affiliated banks, RBC Bank (Georgia), N.A., CNB and the Three World Financial Center Branch of Royal Bank of Canada will receive additional economic benefits, in addition to the Program Fees, from cash investments swept into RBC Insured Deposits. This conflict of interest is greater when higher cash balances are maintained in your account. At times, however, we and/or the Investment Manager or Model Providers may believe that it is in your best interest to maintain assets in cash, particularly for defensive purposes in volatile markets. We address these conflicts of interest through proper disclosure and by also offering in RBC Insured Deposits the ability to opt-out of having your deposits maintained in affiliated banks.

Our Cash Sweep Program creates a conflict of interest for us because we have an incentive for you to maintain and direct otherwise uninvested cash in your account to deposits of our affiliated banks, where they use such deposits to generate additional revenue. We also receive revenue for your cash deposits directed to third-party banks or our affiliates through our RBC Insured Deposits program. This creates an incentive for us to recommend cash balances that result in cash being swept into this program. Because the amount of interest paid to clients in RBC Insured Deposits is deducted from the revenue shared with us by the third-party banks, RBC CM has a conflict of interest in that the less interest we pay you, the more revenue we earn on those assets. By being designated as the Primary Excess Bank in RBC Insured Deposits, City National Bank (“CNB”), an RBC Affiliate Bank, will receive substantial additional deposits to use in its business to increase its profitability. CNB earns revenue on the difference between the interest paid and other costs it incurs on deposits, and the interest or other income it earns on using deposits for loans, investments, and other assets.

In select Programs and accounts, you may be able to invest in RBC Funds as well as certain other investment products that are manufactured by us or our affiliates, as described above in Item 4: Services, Fees and Compensation. Certain conflicts of interest among the issuer, fund, the fund manager, and/or the broker or agent may exist as described in the Private Placement Memorandum or prospectus. Where we are affiliated, through common ownership and control by the Royal Bank of Canada, with a fund, fund manager, issuer or agent, we have an incentive to recommend the proprietary or affiliated product over a non-proprietary or non-affiliated product, such that the fees and expenses charged by the fund, fund manager, issuer or agent are earned by us or our affiliate, rather than a non-affiliate.

If, and to the extent that your account is invested in a fund managed by an affiliate of ours, you will indirectly pay duplicate advisory and other fees to us in connection with such balances (i.e., the Program Fees and, as a fund shareholder, your prorated portion of the fund's fees and expenses). We address this conflict through disclosure and by subjecting the RBC Affiliated Funds to the same selection

and evaluation standards as non-RBC Affiliated Funds. Further, in retirement accounts, if you hold RBC GAM-U.S. Funds, including the RBC BlueBay Access Capital Community Investment Fund, or City National Rochdale, LLC, the management fee charged by the mutual fund company will be rebated to you in Consulting Solutions and RBC Unified Portfolio. For other RBC CM affiliated funds, or third party mutual funds sub-advised by RBC GAM (U.S.) or City National Rochdale, LLC, the Program Sponsor Fee payable to RBC CM, and when RBC CM acts as Overlay Manager, the Overlay Manager fee component of the Program Fee will not be assessed to the value of these funds maintained in Consulting Solutions and RBC Unified Portfolio retirement accounts.

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

Agency cross trades and internal cross trades are prohibited for your Account.

### **C. Supervised Persons**

RBC CM may act as a Portfolio Manager in RBC Unified Portfolio. Our participation in a Program creates an incentive for us to recommend or select ourselves over other qualified and suitable Portfolio Managers.

Where RBC CM serves as the Overlay Manager, we will retain the Overlay Manager Fee, which is a portion of the Program Fee you pay. You do not pay more for selecting us as the Overlay Manager, however, we do retain additional compensation when we are selected over another qualified and suitable non-affiliated Investment Manager or Overlay Manager.

In select Programs, we may utilize model portfolios created by our internal research group(s), referred to herein as Portfolio Advisory Group ("PAG"). PAG provides timely, independent information to Correspondent Firm Financial Professionals and you by independently analyzing research from its research providers. The research that is produced by PAG seeks to provide a broad and extensive array of fundamental research in the marketplace by focusing on key analysts, recommendations, and trends within their research sources, including those of RBC CM as well as through nationally recognized correspondents. PAG does not receive compensation for providing these models to Correspondent Firm and you in the Program.

In select Programs, RBC CM may make model portfolios created by our internal Global Manager Research Group available to Correspondent Firm and you. While the research conducted in creating model portfolios is independent, RBC CM has a conflict of interest because we have an incentive to use certain mutual funds in a model and 1) receive additional compensation from the investments made in certain mutual funds and/or 2) use mutual funds managed by an affiliate of RBC CM. We mitigate this conflict of interest by disclosure and subjecting the model portfolios

created by PAG and RBC CM's internal Global Manager Research Group to review by an RBC CM internal oversight committee on a regular basis, consistent with performance standards employed when reviewing non-affiliated Investment Managers and Model Providers.

Our advisory Programs offered are described in more detail above under Item 4: Services, Fees and Compensation.

### **Performance-Based Fees and Side by Side Management**

RBC CM does not have any performance-based fees for any advisory Programs.

### **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 Correspondent Firms and Financial Professionals 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.

Additional information on the method of analysis and investment strategies for the various advisory Programs offered by us can be found above under Item 4: Services, Fees and Compensation and Item 6: Portfolio Manager Selection and Evaluation.

### **Voting Client Securities (proxy voting)**

In the Client Agreement, you indicate your proxy voting authority preference. If you designate "Client" to vote proxies, we will forward all proxy solicitation and related shareholder materials, including annual and interim reports that are received with respect to the securities in your Account(s) to you or another third party designated by you, and you or that designee are responsible for voting proxies. If you designate "Manager" to vote proxies, you authorize a third party Investment Manager(s) or Overlay Manager, or RBC CM as Overlay Manager, if applicable, to vote proxies on your behalf. If you designate "Manager" to vote proxies, we will not provide you with notice that we have received a proxy solicitation, nor will we or any third-party Investment Manager or proxy voting agent consult with you before casting a vote. In certain circumstances, based on the Program or Investment Manager selected by you or your Financial Professional, your proxy voting authority preference may not be available. If your preference is not available for the Program(s) in which you are enrolled, or the Investment Manager or Overlay Manager have elected to not vote client proxies, we will default your proxy voting authority to "Client" for that Account.

Except as provided below, RBC CM will not take any action or give advice regarding the voting of proxy solicitations related to securities held in your Account(s). You may change your proxy voting authorization election at any time upon written notice to your Correspondent Firm which will in turn will notify us. Investment Managers and Overlay Managers retain the right to rescind their acceptance of the proxy authorization or start voting client proxies at any time. If an Investment Manager or Overlay Manager elects to stop voting proxies, we will forward them to you or another third-party agent as designated by you, and if an Investment Manager or Overlay Manager elects to start voting proxies we will send to them all proxy related materials and you will not receive them.

#### ***Consulting Solutions***

If you designate “Manager” to vote proxies, such designation is subject to acceptance by the applicable Investment Manager. Under this delegation, we will forward all proxy solicitation and related shareholder materials, including annual and interim reports that are received with respect to the securities in your Account(s), to the applicable Investment Manager(s). If an Investment Manager has elected to not vote client proxies, you or another third-party agent as designated by you will be responsible for voting such proxies.

#### ***RBC Advisor***

If you designate “Manager” to vote proxies, we will default proxy voting authority to you, “Client”, and will forward all proxy solicitation and related shareholder materials, including annual and interim reports that are received with respect to the securities in your Account(s), to you or a third-party agent as designated by you.

#### ***RBC Unified Portfolio***

If you designate “Manager” to vote proxies, RBC CM as Overlay Manager, or Envestnet as Overlay Manager (for accounts that have elected Tax Management or Screens, and subject to Envestnet’s acceptance) will vote proxies on your behalf. When we vote proxies, we have a fiduciary responsibility to vote in a manner that we believe is consistent with your best interest and in accordance with the policies and procedures adopted by RBC CM. We have retained an independent third-party proxy voting agent (Institutional Shareholder Services (ISS)) to provide fundamental research and independent voting recommendations based on its standard proxy voting guidelines, and to vote proxies in your Account(s) on our behalf. The proxy voting guidelines set forth by ISS are reasonably designed to identify potential conflicts of interest when voting proxies on a client’s behalf. The engagement of ISS as our agent is not intended to be a delegation of our proxy voting responsibilities and does not relieve us of any fiduciary obligations with respect to the voting of proxies.

While RBC CM uses its best efforts to vote proxies, there are instances when voting is not practical or is not in the best interest of clients. For example, casting a vote on a foreign security may involve additional costs or may prevent, for a period of time, sales of shares that have been voted.

RBC CM has implemented policies reasonably designed to identify potential material conflicts of interest to help us vote proxies without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. These policies include:

- Causing the proxies to be delegated to an independent third-party;
- Causing the independent third-party to use predetermined voting guidelines;
- Causing proxies to be voted in accordance with recommendations of an independent third-party.

You may contact your Financial Professional to request and obtain a copy of our proxy voting policies and procedures, ISS’ standard proxy voting guidelines, and records of how RBC CM actually voted proxies with respect to securities held in your Account(s).

#### **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 Client Agreements, RBC CM, the Correspondent Firm, the Investment Manager(s) selected by you and/or the Overlay Manager(s) 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, RBC CM will keep confidential all information concerning your identity, financial data and investments. We share relevant client information with (1) the Investment Manager(s) or Overlay Manager(s) selected by you in order for the selected Investment Manager or Overlay Manager to adequately manage your account, and/or (2) certain companies that we or your selected Investment Manager or Overlay Manager partner with to service your accounts. Recommendations and advice given to you will be



regarded as confidential among you and, if applicable, the Investment Manager(s) and/or Overlay Manager(s).

## ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

Correspondent Firm, through RBC CM, shall serve as the liaison for communications between you and the Investment Managers and/or Overlay Managers selected by you.

We do not restrict you from contacting and consulting with Correspondent Firm or your Financial Professional.

## 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.

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](http://www.adviserinfo.sec.gov) as well as the Financial Industry Regulatory Authority's (FINRA) website located at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

Please note that RBC Clearing & Custody is a division of 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.

In May 2023, RBC CM reached a settlement with the Commonwealth of Virginia regarding allegations that RBC CM employed an investment advisor representative in the Commonwealth of Virginia without that person being duly registered with the Division of Securities and Retail Franchising of the State Corporation Commission of Virginia, in violation of § 13.1-504 c (ii) of the Virginia Securities Act. The representative was registered in another state but moved offices with RBC CM. RBC CM agreed to pay a \$10,000 monetary penalty and \$1,000 for the cost of the investigation.

In April 2023, without admitting or denying the findings, RBC CM reached a settlement with FINRA and consented to sanctions and to the entry of findings that it failed to

establish and maintain a supervisory system reasonably designed to achieve compliance with its suitability obligations in connection with syndicate preferred stock in brokerage accounts. The findings stated that while the firm's procedures called for supervisors to closely examine representatives' short-term trading of preferred stocks, the firm's electronic surveillance of short-term trading in preferred stock was unreasonably designed, and it failed to monitor for that activity. Although the surveillance system had certain alerts that specifically monitored for short-term trading in other products, such as closed-end funds, it did not have any alerts that specifically monitored for short-term trading in preferred stock. The firm also did not have any other alerts that flagged the purchase and sale within 180 days of syndicate preferred stock. Registered representatives at the firm recommended a number of the firm's retail customers purchase syndicate preferred stocks, and then sell the positions within 180 days, and the customers sustained losses on these transactions. The firm earned \$653,313 in selling concessions from the syndicate purchases and \$128,643 in sales commissions from the subsequent sales. The firm conducted a substantial syndicate preferred stock business yet did not maintain a reasonable supervisory system to monitor whether its representatives recommended short-term trading of syndicate preferred securities that was unsuitable, including for the purpose of capturing sales concessions and commissions. The firm was censured, fined \$300,000, ordered to pay \$128,643.17, plus interest, in restitution to customers, ordered to pay \$653,312.83, plus interest, in disgorgement, and required to certify that it has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA rule 3110 regarding the issues identified in this AWC.

On March 3, 2022, City National Rochdale, LLC ("CNR"), a registered investment advisor and affiliate of RBC CM, reached a settlement with the SEC concerning CNR's breach of fiduciary duties relating to its use of proprietary mutual funds and share classes in advisory accounts. Those funds generated fees for CNR and its affiliates, rather than competitor funds within the same asset classes that may not have generated such fees, and created a conflict that was not disclosed. The SEC determined that CNR willfully violated sections 206(2) and 206(4) of the Advisers Act as well as Rule 206(4)-7 by failing to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Under the terms of the settlement, CNR paid \$30,361,804 in fines, disgorgement and interest.

Without admitting or denying the findings, RBC CM consented to the sanctions and to the entry of findings



that it failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA and Municipal Securities Rulemaking Board (MSRB) rules with respect to representatives' recommendations of high-yield corporate and municipal bonds. The findings stated that the firm's policies and procedures did not sufficiently address the suitability factors that representatives should consider before recommending high-yield bonds. On December 15, 2021, RBC CM was censured, fined \$550,000, and ordered to pay \$456,155, plus interest, in restitution to customers.

It is alleged that from 2014-2017, RBC CM engaged in improper conduct in connection with the allocation, purchase and sale of certain new issue municipal bond offerings in violation of internal procedures, as well as MSRB and SEC rules. The SEC order found that as a result of its conduct it violated MSRB and SEC rules. RBC CM was censured; and paid disgorgement of \$552,440, prejudgment interest of \$160,886.97 on disgorgement, and a civil money penalty of \$150,000 to the commission. The payments were made by RBC CM on September 22, 2021.

The Virginia state corporation commission alleged that, from December 1, 2017 through November 27, 2020, RBC CM employed an investment advisor representative (IAR) who was registered in the District of Columbia but not Virginia and that RBC CM failed to enforce its written supervisory procedures regarding IAR registration. On September 8, 2021, RBC CM executed the settlement order which states that RBC CM neither admits nor denies the Virginia state corporation commission's allegations and paid a \$10,000 civil penalty.

It is alleged by the NYSE that RBC CM violated NYSE rule 3110(a) and (b) (supervision) by failing to establish and maintain a supervisory system and written supervisory procedures (WSPs) reasonably designed to detect and prevent errors in market on close (MOC) orders. On July 6, 2021, RBC CM entered into a letter of acceptance, waiver and consent with NYSE under which RBC CM consented to the sanctions and was censured and fined \$10,000.

It is alleged that RBC CM violated SEC Rule 15c3-5(b) and (c)(1)(ii) and Rules 3.2 and 5.1 of the CBOE BZX Exchange, Inc., CBOE EDGA Exchange, Inc., CBOE BYX Exchange, Inc., and CBOE EDGX Exchange, Inc. due to the fact that the Firm's financial risk management controls and supervisory procedures were not reasonably designed to (i) prevent the entry of erroneous orders, (ii) reject orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or (iii) reject duplicative orders. On March 30, 2021, without admitting or denying the findings, RBC CM was censured and fined \$45,000 by CBOE BZX Exchange, Inc., \$45,000 by CBOE EDGA Exchange, Inc., \$70,000 by CBOE BYX Exchange, Inc. and \$45,000 by CBOE EDGX Exchange, Inc.

The Massachusetts Securities Division alleged that RBC CM failed to adequately supervise its representatives with respect to concentration and suitability of master limited partnership energy and telecom positions in certain client accounts. On February 2, 2021 without admitting to any supervisory deficiencies RBC CM agreed to the described sanctions and fines totaling \$320,267.41.

Without admitting or denying the findings, on December 15, 2020 RBC CM consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to supervise representatives' recommendations to customers to purchase particular share classes of 529 college savings plans. The findings stated that RBC CM did not provide adequate guidance to representatives regarding the importance of considering share class differences when recommending 529 plans and had no procedures requiring supervisors to review 529 plan share class recommendations for suitability. RBC CM updated its procedures to include such a requirement, but the updated procedures failed to adequately instruct supervisors to consider either the age of the beneficiary or the number of years until expected withdrawals, both critical factors in determining the suitability of the recommended share class. Also, RBC CM did not consistently provide supervisors with the information necessary to review the suitability of 529 plan share class recommendations. Later, RBC CM issued a company-wide compliance alert that provided guidance to representatives regarding 529 plan share class recommendations. RBC CM then updated its supervisory systems and procedures with respect to 529 share class recommendations. Among other things, RBC CM instructed supervisors to consider the age of the beneficiary when assessing the suitability of a representative's 529 share class recommendation. RBC CM has agreed to pay restitution and interest relating to the sale of class C shares to certain 529 plan customers in the estimated amount of \$839,803.

The SEC alleged that from at least July 2012 through August 2017, RBC CM disadvantaged certain retirement plan and charitable organization brokerage customers who maintained accounts at RBC CM ("Eligible Customers") by failing to ascertain that they were eligible for a less expensive share class, and recommending and selling them more expensive share classes in certain open-end mutual funds when less expensive share classes were available. RBC CM did so without disclosing that it would receive greater compensation from the Eligible Customers' purchases of the more expensive share classes. Eligible Customers did not have sufficient information to understand that RBC CM had a conflict of interest resulting from compensation it received for selling the more expensive share classes. Specifically, RBC CM recommended and sold these Eligible Customers class A shares with an up-front sales charge, or class B or class C shares with a back-end contingent deferred sales charge (a deferred sales charge the purchaser pays if the purchaser sells the shares during a specified time period following the purchase) and higher ongoing fees

and expenses, when these Eligible Customers were eligible to purchase load-waived class A and/or no-load class R shares. RBC CM omitted material information concerning its compensation when it recommended the more expensive share classes. RBC CM also did not disclose that the purchase of the more expensive share classes would negatively impact the overall return on the Eligible Customers' investments, in light of the different fee structures for the different fund share classes. In making those recommendations of more expensive share classes while omitting material facts, RBC CM violated sections 17(a)(2) and 17(a)(3) of the Securities Act. These provisions prohibit, respectively, in the offer or sale of securities, obtaining money or property by means of an omission to state a material fact necessary to make statements made not misleading, and engaging in a course of business which operates as a fraud or deceit on the purchaser. As a result of the conduct described above, RBC CM willfully violated sections 17(a)(2) and 17(a)(3) of the Securities Act. On April 24, 2020 RBC CM was censured and paid disgorgement of \$2,607,676, prejudgment interest of \$631,331, plus a civil monetary penalty of \$650,000.

Without admitting or denying the findings, RBC CM consented to the sanctions and the entry of findings that RBC CM entered 670 principal orders with incorrect origin codes, indicating that the orders were for customers instead of RBC CM. The findings state that RBC CM ignored red flags and failed to remedy the pattern of entering and executing orders with incorrect origin codes. In addition, for the calendar year 2018 RBC CM conducted 11 of 12 monthly origin code reviews late because RBC CM failed to enforce its procedures requiring timely origin code reviews. Between August 28, 2019 and October 2, 2019, RBC CM settled for a total of \$100,000 across eight exchanges (NASDAQ PHLX LLC \$7,138; NASDAQ Stock Markets/The NASDAQ Options Market \$5,687; CBOE BZX Exchange, Inc. \$28,271; NASDAQ ISE, LLC Fine \$6,721; NYSE American LLC \$4,098; NYSE ARCA, Inc. \$5,509; CBOE Exchange, Inc.: \$36,592; and CBOE C2 Exchange, Inc., \$5,984).

FINRA alleged that from March 2008 to June 2016, RBC CM failed to make the statutorily required delivery of prospectuses to customers who purchased approximately 165,000 exchange traded funds and notes and hundreds of thousands of mutual funds. RBC CM failed to design, implement and enforce a reasonable supervisory system, procedures and set of controls to comply with prospectus delivery rules for ETFs, ETNs and mutual funds and as a result, failed to discover the delivery failures until FINRA's investigation into the matter. On October 17, 2019, RBC CM was censured and fined in the amount of \$2,900,000.

The firm self-reported to the SEC the violations described below pursuant to the Division of Enforcement's Share Class Selection Disclosure Initiative ("SCSD Initiative"). The SEC alleged that RBC CM, during the period of January 1, 2014 through March 27, 2017, failed to make adequate disclosures, in its Form ADV or otherwise, regarding its mutual fund share

class selection practices, and the 12b-1 fees it received, in connection with advisory account transactions. Specifically, at times during the relevant period, RBC CM purchased, recommended or held in advisory accounts mutual fund share classes that charged 12b-1 fees instead of lower cost share classes in the same fund. The SEC alleged that RBC CM failed to adequately disclose the receipt of the 12b-1 fees and the associated conflict of interest, thereby allegedly willfully violating sections 206(2) and 207 of the Investment Advisers Act. On March 11, 2019, without admitting or denying the findings the firm shall cease from committing or causing any violation and any future violations of sections 206(2) and 207 of the Advisers Act. Respondent is censured, shall pay disgorgement of \$10,494,813.38 and prejudgment interest of \$1,220,581.34, and shall comply with the undertakings enumerated in the offer settlement.

It is alleged by FINRA that RBC CM failed to identify and apply sales charge discounts to eligible customer transactions in Unit Investment Trusts (UITs). This resulted in approximately 4,399 eligible transactions paying an excess sales charge amount of approximately \$502,088.88. In addition, it is alleged that RBC CM failed to effectively inform and train registered representatives and supervisors to ensure the proper procedures were followed and applicable sales charge discounts were applied. On April 4, 2016; RBC CM was censured and fined \$225,000 and ordered to pay \$502,088.88 plus interest in restitution to customers.

It is alleged by the NYSE that RBC CM violated NYSE rule 92(A) by entering a proprietary order on thirteen occasions to buy or sell an NYSE-listed security while knowingly was in possession of a customer order to buy or sell such security that could have been executed at the same price. This resulted in the proprietary order to be traded along with, or ahead of, the customer order or caused the customer's order to be traded outside of their consent parameters. It is also alleged that on two occasions, the Firm violated NYSE Rule 2010 by failing to document customer consent to the allocation split as required by NYSE Rule 92(B). In addition, it is alleged that the Firm violated NYSE Rule 342 by failing to reasonably supervise and implement adequate controls reasonably designed to achieve compliance with certain NYSE rules and policies. On August 28, 2015; RBC CM was censured and fined \$80,000.

It is alleged by the Securities and Exchange Commission ("SEC") that RBC CM violated section 17(A)(2) of the Securities Act by conducting inadequate due diligence in certain municipal securities offering and, as a result, failed to form a reasonable basis on the validity of certain material representations in official statements issued in connection with those offerings. On June 18, 2015 RBC CM was fined \$500,000 and ordered to retain an independent consultant to conduct a review of the policies and procedures relating to municipal securities underwriting due diligence.

It is alleged by FINRA that between 2008 and 2012, RBC CM violated NASD rules 3010(A), 2310, 2110 and FINRA rule

2010 by failing to have in place supervisory systems and procedures reasonably designed to ensure compliance with applicable laws and regulations and its internal guidelines concerning suitability of reverse convertibles, a type of complex structured product. On April 23, 2015, RBC CM was censured and fined \$1,000,000 and ordered to pay \$433,898.10 plus interest in restitution to certain clients.

### **Education and Business Background of Correspondent Firm Personnel**

The Correspondent Firm is required to provide you with a copy of its regulatory brochure. This brochure describes the disciplinary history of Correspondent Firm, general standards of education and business experience that Correspondent Firm requires of its professionals, and other information about Correspondent Firm. We have no affiliation with Correspondent Firm, other than providing clearing services for securities transactions.

Refer to Correspondent Firm's regulatory brochure for its Code of Ethics.

### **Other Financial Industry Activities and Affiliations**

RBC CM 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 and swap firm. 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. Contact your Correspondent Firm or Financial Professional for information regarding these programs. 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. Clients of RBC CM may include Investment Managers and Overlay Managers under RBC CM Programs. Our broker-dealer activities are our principal business and account for the vast majority of our time, energies and resources.

Through our Correspondent Services division, we provide and market correspondent clearing services on a fully disclosed basis to broker-dealers, including Correspondent Firm, who are charged fees based on their use of these services. We, in our capacity as a securities broker-dealer, investment banker and investment adviser, are routinely engaged in various securities transactions and trading activities for various clients and customers (in addition to you) which could create conflicts of interest among our duties to you and our duties to other clients and customers.

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;
- effect transactions between your Program account and another RBC CM client's account;
- make available to Correspondent Firm, securities or investment products in which we or a related person or a family member of an employee has some financial interest;
- buy or sell for ourselves securities that we also make available to Correspondent Firm; or
- sell or convert mutual fund shares or other unbilled assets, which will subject proceeds to Program Fees.

RBC CM and its affiliates are not obligated to effect any transaction that they would believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body.

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.

RBC CM 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, as a general matter, Investment Managers and Overlay Managers will effect substantially all portfolio trades for Program accounts with or through us, although there are exceptions as discussed below. This arrangement creates an incentive for us to recommend Investment Managers or Model Providers with lower portfolio turnover rates. This arrangement also creates a financial incentive for Investment Managers or Overlay Managers to refrain from searching as actively among other securities brokers and dealers for best execution. As noted, in some circumstances and with some strategies, Investment Managers can be expected to trade away from RBC CM with other broker/dealers. RBC CM makes information on Consulting Solutions Investment Managers' trading practices in this regard available via the "Investment Managers and Trading Practices" link at RBC CM's legal disclosure website, [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

If Investment Managers trade away from RBC CM with other broker/dealers, you should understand that commissions, mark-ups, spreads, and other transactional charges for transactions executed by these other broker/dealers are charged to you by the executing broker/dealer (and passed along to you by RBC CM), whereas the Program Fees assessed by RBC CM covers these costs when the transactions are executed by RBC CM. The executing broker/dealers net these commissions, mark-ups, spreads and other transactional charges into the purchase or sale price of the trades and would not be delineated from the purchase or sale price found on your RBC CM trade confirmation, monthly transaction summary or statement. RBC CM does not restrict an Investment Manager's ability to trade away, as the responsibility to determine the suitability of trading away from RBC CM falls under the Investment Manager's expertise in trading the securities in their portfolio and their individual fiduciary duty to you. RBC CM does not evaluate whether an Investment Manager is meeting its best execution obligation when trading away. You should understand that RBC CM is not a party to transactions that

are traded away from RBC CM and we are not in a position to negotiate the price or transaction related charge(s) with the executing broker/dealer. While the costs associated with equity trades done away are typically in the form of commissions and other transactional charges that are disclosed and accessible to RBC CM, the costs associated with fixed income trades are usually done through a mark-up or mark-down of the total cost and are therefore not accessible to or disclosed by RBC CM. Additional information regarding trade away practices of Investment Managers in the Consulting Solutions Program is publicly available via the Legal/Disclosures section of RBC CM's website, [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

RBC Clearing and Custody, a division of RBC CM, headquarters are located at 250 Nicollet Mall, Minneapolis, MN 55401-1931.

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 a federally registered investment adviser that provides portfolio management services to institutional separate accounts, registered investment companies, pooled vehicles, and portfolio management services for wrap fee accounts and model portfolios offered by other providers. RBC GAM-U.S. also serves as a sub-advisor to RBC CM sponsored wrap program and is a model provider.

On occasion, RBC CM solicits clients for RBC GAM - U.S. RBC CM also sweeps some account credit balances into RBC GAM-U.S. advised money market funds. RBC GAM-U.S. may also serve as investment adviser and/or sub-advisor to mutual funds that may be recommended by RBC CM. This is a conflict of interest as we are incented to recommend mutual funds managed by RBC GAM or third-party mutual funds sub-advised by RBC GAM over other investments. We address this conflict of interest by proper disclosure and by rebating or not charging omnibus, management, and 12b-1 fees in Consulting Solutions and RBC Unified Portfolio retirement accounts, including accounts subject to Title I of ERISA and individual retirement accounts within those Programs.

City National Rochdale, LLC is a subsidiary of CNB, an affiliate of RBC CM. City National Rochdale is a federally registered investment adviser that provides money management services to high net worth individuals, families and foundations. City National Rochdale may also serve as investment adviser and/or sub-advisor to mutual funds that may be recommended by RBC CM. This is a conflict of interest as we are incented to recommend City National Rochdale Funds or third-party mutual funds sub-advised by City National Rochdale over other investments. To the extent permitted by applicable law, this conflict is addressed by proper disclosure and by rebating or not charging certain fees in Consulting Solutions and RBC Unified Portfolio retirement accounts, including accounts subject to Title I of ERISA and individual retirement accounts within those Programs.

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

RBC Global Asset Management (UK) Limited ("GAM UK") is a wholly owned indirect subsidiary of RBC and an affiliate of RBC CM. GAM UK serves as an investment sub-adviser to certain U.S. registered mutual funds for which RBC GAM-U.S. serves as the investment adviser. Such funds may be recommended by RBC CM. This is a conflict of interest as we have an incentive to recommend funds that are sub-advised by our affiliates over other products. To the extent permitted by applicable law, this conflict is addressed by proper disclosure and by not assessing the RBC CM Program Sponsor Fee or the Overlay Manager fee component of the Program Fee, when RBC CM acts as Overlay Manager, to the value of these funds maintained in Consulting Solutions and RBC Unified Portfolio retirement accounts, including accounts subject to Title I of ERISA and individual retirement accounts.

RBC USA Holdco Corporation, a wholly-owned indirect subsidiary of Royal Bank of Canada, owns a minority interest in Matthews International Capital Management, LLC ("MICM") which serves as Investment Adviser for Matthews Asia Funds. MICM is a privately owned, federally registered investment adviser that provides investment services to institutional clients, pension and profit sharing plans, insurance companies, endowments and foundations and other business entities. MICM also serves as an investment adviser or sub-adviser to mutual funds which may be recommended by RBC CM. This is a conflict of interest as we are incented to recommend MICM mutual funds over a non-RBC fund. To the extent permitted by applicable law, this conflict is addressed by proper disclosure and by not assessing the RBC WM Advice Fee, and when RBC WM acts as Overlay Manager, the Overlay Manager fee component of the Program Fee to the value of these funds maintained in retirement accounts, including accounts subject to Title I of ERISA and individual retirement accounts.

Clients may select RBC Trust Company (Delaware) Limited, a Delaware chartered trust company and a division of RBC, or CNB, a nationally chartered bank and trust company and an affiliate of RBC CM, as a professional trust and estate settlement service provider.

Clients may select TrustCorp America (TCA), a Washington DC chartered trust company, as a professional trust and estate settlement service provider. RBC CM has a minority interest in TCA.

RBC CM and its affiliated banks, RBC Bank (Georgia), N.A., and CNB (collectively, the "Affiliate Banks"), receive financial benefits in connection with RBC Insured Deposits. In addition to the fees RBC CM receives from the Affiliate Banks, RBC CM receives internal accounting credits that help us meet our internal profitability goals as reported to our mutual parent company. Through RBC Insured Deposits, the Affiliate Banks will receive a stable source of deposits

at a cost that is less than other funding sources available to them. The Affiliate Banks 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 CM through RBC Insured Deposits will be in addition to the advisory fees paid to RBC CM.

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 will 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.

RBC CM receives payments from certain mutual fund companies, insurance companies, Investment Managers, Model Providers, ETP companies and Overlay Managers ("Marketing Support"). We use this money for general marketing and Financial Professional educational programs, to offset compliance and product management costs, to support client education programs and seminars and to offset transaction fees that would otherwise be charged to you and/or your Correspondent Firm. Marketing Support payments received by RBC CM from mutual fund and ETP companies are generally calculated as a percentage of Client assets, excluding assets held in retirement accounts within the RBC Unified Portfolio Program, invested in the funds. Marketing Support payments received from Investment Managers, Model Providers and Overlay Managers are paid based on a flat dollar amount to RBC CM. Neither the Correspondent Firm nor their Financial Professionals receive any extra compensation for selling funds from these companies, nor do they receive additional compensation by using a specific Investment Manager, Model Provider or Overlay Manager in our Programs.

RBC CM receives payments from certain mutual fund companies which are used in part to offset certain administrative and operational costs that RBC CM incurs in connection with providing certain sub-accounting and sub-transfer agent services in distributing mutual funds and provides a financial benefit to RBC CM ("Operational Support"). These costs include sending shareholder statements, maintaining shareholder records, and performing regulatory mailings. RBC CM has a conflict of interest in utilizing firms that make payments to RBC CM over firms that do not make payments. RBC CM has a conflict of interest in choosing higher expense ratio share

classes where we receive payments from fund families to help offset certain operational costs that RBC CM incurs in connection with distributing mutual funds.

RBC CM has a conflict of interest associated with utilizing third-parties that make Marketing Support and/or Operational Support payments to us because we have a financial incentive to select a third-party based on these payments.

For option orders, RBC CM receives payment in the form of rebates and credits including credits that exceed the amount we are charged in return for routing client orders to market centers and such rebates and credits constitute payment for order flow. Any remuneration that RBC CM receives for directing orders to any market center will not accrue to your Account. RBC CM contracts with a third party vendor, to provide execution metrics that RBC CM uses to evaluate execution quality across various markets and firms. RBC CM has arranged for its equity market centers to remit payment for a portion of this service based on the previous year's volumes routed to each destination. These payments for order flow create a conflict of interest for RBC CM as it incentivizes us to route orders to the market center that pays the most. RBC CM mitigates this conflict by making routing decisions based on the quality of execution and not payment for order flow, and by not sharing these payments with the financial advisor or those involved with the execution of the order. We also mitigate these conflicts by disclosing them to you and by establishing policies and procedures that limit the value, frequency, and nature of these types of incentives. For information with respect to RBC C&C's handling of customer orders see "SEC Order Handling Disclosures" at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures). Should you desire a written copy of this information, contact your financial professional.

RBC CM has a conflict of interest associated with utilizing third-parties that make Marketing Support and/or Operational Support payments to us because we have a financial incentive to select a third-party based on these payments.

Generally speaking, mutual fund and ETP companies that make Operational Support and Marketing Support payments have higher expense ratios than those that don't. Additionally, RBC CM makes available share classes based on multiple factors including these payments to RBC CM by the fund company. RBC CM has a conflict of interest in utilizing firms that make these payments to RBC CM over firms that do not make these payments. RBC CM has a conflict of interest in choosing higher expense ratio share classes where we receive these payments from fund companies to help offset certain operational costs that RBC CM incurs in connection with distributing those funds. These conflicts of interest are addressed by appropriate disclosure in this document. For a list of fund families from which RBC CM receives payments described in this paragraph, please reference the "Mutual Fund & ETF Arrangements" page and NTF Mutual Fund List at [www.rbcclearingandcustody.com/disclosures](http://www.rbcclearingandcustody.com/disclosures).

Under certain circumstances, your account may be invested in a mutual fund share class with a 12b-1 fee. This fee, which is also known as a distribution fee, is considered to be an operational expense used to pay for marketing and distribution expenses and is therefore included in the fund's expense ratio. 12b-1 fees are part of the overall fund expense ratio, which is paid by you through deduction of assets in the fund's daily net asset value calculation. 12b-1 fees may vary by share class, with certain share classes having lower or no 12b-1 fees. Typically, a portion of the 12b-1 fee is paid by a mutual fund company to the Correspondent Firm who may pass this along to your Financial Professional as ongoing compensation for a period of time, as outlined in the applicable prospectus, creating an incentive for your Correspondent Firm or your Financial Professional to recommend a mutual fund and a share class that will pay a 12b-1 fee as opposed to a fund or share class that does not. Excluding the Cash Sweep Program, RBC CM addresses this conflict of interest by (1) limiting offerings of share classes that pay a 12b-1 fee in the Program, and (2) crediting any 12b-1 fees that we receive back to you.

If you invest in international securities, we utilize a vendor provider, GlobeTax Services, Inc., for Foreign Tax relief and reclaims on your behalf. If you invest in Canada, Ireland or Japan securities\*, you will be automatically enrolled into the basic foreign tax relief service which allows you to receive the most favorable foreign withholding rate at the time of the dividend payments. An additional 3%\* fee that is not included in your Program Fees is associated with this service and deducted from your reclaim amount at the time of benefit. If you invest in countries other than Canada, Ireland or Japan and qualify to receive over \$500 in reclaims, you will have the option to enroll into the full service program.

\*Fees and jurisdictions covered by this service are subject to change at any time.

### 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.

#### ***As an investment advisor, RBC CM is committed to:***

- Acting in the best interests of our clients and not allowing personal interests, including personal securities trading, or those of the organization to take precedence over the interest of our clients;
- Acting with due skill, care and diligence in conducting our business and all transactions and trading activities;
- Preserving client confidentiality at all times;
- Respecting the intellectual property rights of others;
- Preventing and fully disclosing any perceived or real conflicts of interest;

- Protecting and promoting the integrity of the market; and
- Preserving honesty, integrity and trust in all communications with clients, employees and shareholders.

***The objectives of the RBC CM Investment Advisor Code of Ethics are to:***

- Require and foster an organizational work environment that prompts internal reporting of suspected violations of our Code of Ethics including but not limited to securities transactions personal trading activities, employee behavior, and suspected violations of the RBC Code of Conduct;
- Promote compliance with applicable securities laws, rules and regulations through leveraging an ethically-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 and;
- 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, advisors and executives regarding adherence to our Code of Ethics.

**Reviewing Accounts**

At account opening, your Correspondent Firm confirms that the account and the investment strategy are suitable investments for you. Your Financial Professional is then responsible for reviewing your account on an ongoing basis. Your Correspondent Firm will 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). 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 Disclosure Document 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 CM nor its predecessors have been the subject of a bankruptcy petition during the past 10 years.