RBC Wealth Management Brokerage Disclosure Document

Effective June 30, 2020

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Wealth Management

Investment and insurance products offered through RBC Wealth Management 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.

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1. SCOPE AND TERMS OF OUR RELATIONSHIP WITH YOU

RBC Wealth Management, a division of RBC Capital Markets, LLC ("RBC WM", "we", "us", "our") is registered with the Securities and Exchange Commission ("SEC") as both a broker-dealer and an investment adviser. Depending on your needs, preferences and your investment objectives, RBC WM may provide you with brokerage services, investment advisory services, or both. There are important differences between brokerage and investment advisory accounts, including their costs, how fees are assessed and paid, the activities we perform, and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Free and simple tools are available for you to research firms and financial advisors at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

This Brokerage Disclosure Document (this "disclosure document") is provided to comply with the SEC's Regulation Best Interest disclosure requirements. It does not create, supersede, or modify any agreement, relationship, or obligation between you and RBC WM or its financial advisors. Please consult your agreements with RBC WM for all terms and conditions governing your accounts and relationship with us and the additional information available on our website at rbcwm.com/disclosures. You should review this disclosure document carefully, retain it with your records, and refer to it when we provide you with a recommendation of any securities transaction or investment strategy involving securities (including an account-type recommendation) as a broker-dealer. If you appoint someone as your agent or legal representative to act on your behalf with RBC WM, please be sure that person has a copy of this disclosure document as well.

This disclosure document is current as of the date on its cover. The most up-to-date version of this document is available at rbcwm.com/disclosures. We may amend this document from time to time. We'll send to you important updates to this disclosure document as required by SEC Regulations. If you continue to accept our services after we deliver amendments to this disclosure document to you, the amended disclosures will apply to you.

Please contact us promptly if you do not fully understand, or have questions about, the disclosures in this disclosure document, the essential facts of your relationship with us, the conflicts of interest that may exist when we make a recommendation, or any recommendation we may make to you.

A. Our Capacity

We provide different services to you depending on the types of accounts you have. For your accounts that are enrolled in one of our investment advisory programs pursuant to an investment advisory agreement (each, an "advisory account"), the investment advice we provide, including a recommendation to enroll in such programs, is made in our capacity as an investment adviser, not in our capacity as a broker-dealer. Investment recommendations we make to you regarding your accounts, and assets held therein, other than advisory accounts are made in our capacity as a broker-dealer (each, a "brokerage account"), not as an investment adviser.

The laws governing retirement and other tax-privileged accounts (such as Individual Retirement Accounts ("IRAs"), 401(k) plans, and educational savings accounts, and other similar accounts), can limit the types of products and services we can provide to you for those accounts. Accordingly, unless RBC WM agrees in writing, RBC WM does not act (and you should not expect us to act) as a "fiduciary" under those laws (i.e., the Employment Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code).

RBC WM representatives servicing you and your accounts may only refer to themselves as an "adviser" or an "advisor" if they are registered to offer investment advisory services. Certain of our representatives are limited to offering brokerage accounts and services only and cannot use the terms "adviser" or "advisor" in their names or titles. For the purpose of this disclosure document, all RBC WM representatives, regardless of whether or not they are registered to offer investment advisory services, are referred to herein as "financial advisors." If you are interested in our investment advisory services and are currently being serviced by an RBC WM representative who is not currently registered to offer such services, please let us or your financial advisor know and we will make arrangements to provide you access to such services.

Broker-Dealer Capacity

In our capacity as a broker-dealer, you typically pay us for each securities transaction we effect for you. We may recommend investments and investment strategies involving securities, which include recommendations of account types and rollovers or transfers of assets, such as rolling over retirement plan assets into an IRA, however, we cannot buy or sell investments in your brokerage account without first obtaining your authorization. We can make such recommendations in connection with securities held in accounts with us or held in accounts directly with the issuer of the securities purchased (sometimes referred to as "directly-held accounts" or "held-away accounts").

You do not need to invest a minimum amount to open a brokerage account with us, but some of the investments you may purchase through us may have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectuses or offering documents for those investments.

While we remain available to assist you in processing your orders and making recommendations upon your request, we do not monitor your brokerage accounts after effecting a securities transaction in them for you unless we agree to do so in writing. In your brokerage accounts, the responsibility to monitor your accounts, determine your asset allocation, and progress towards your personal investment goals, remains with you. Moreover, the fact that we do not proactively provide you with a recommendation to sell a security is not, and should not be viewed as, a recommendation to sell that security. If you want us to provide you with a brokerage recommendation, you must ask your financial advisor. For more information about our brokerage services and fees your will incur, see your Client Account Agreement with us (the "Client Account Agreement") and the sections below regarding fees and costs associated with your accounts, holdings and transactions at RBC WM.

Investment Adviser Capacity

When we act in our capacity as an investment adviser, our services are governed by a written agreement with you pursuant to which we owe you a fiduciary duty under the Investment Advisers Act of 1940. We provide our investment advisory services to you for a fee as opposed to on a transaction basis. Depending on the programs and services you select, we will provide you with investment recommendations and you will make the ultimate decision regarding your investments ("non-discretionary advice") or we will make investment decisions for you without your input, based on information provided by you ("discretionary advice"). You may also hire a third-party manager to provide discretionary advice to you through our investment advisory programs, or we can choose one for you. The terms and limits of our discretionary authority are described in your investment advisory agreement with us.

More information about our investment advisory services, fees and costs, and conflicts of interest is available in our "Advisory Disclosure Documents" (Form ADV, Part 2A brochures), which are available at rbcwm.com/disclosures.

B. Service and Offering Limitations

Notwithstanding the wide range of offerings in our brokerage services, set forth below are certain limitations on our services and the securities and investment strategies we offer that may impact the recommendations we provide to you.

- *Financial Advisor Limitations* – Not all of our financial advisors can offer the full range of investments and services we offer. You may research your financial advisor's experience, registrations, and licenses on the BrokerCheck website of the Financial Industry Regulatory Authority ("FINRA") at brokercheck.finra.org. In addition, our financial advisors must meet certain training and educational requirements to recommend certain products.
- *Investment Limitations* – While we offer a wide range of investments, including investment funds and products, there are certain investments we do not offer. For instance, we do not offer all mutual funds and shares classes from every mutual fund company issuer, every type of exchange-traded fund ("ETF"), every type of insurance product, or every 529 plan. This means that we are limited to recommending only those investments that we are authorized and choose to offer. Also, there may be investments we offer in which you are not eligible to invest in based on eligibility requirements mandated by the product sponsor. For more information about such requirements, see the product's prospectus or offering materials.
- *Public Offerings* – We allocate shares of each public offering, including initial public offerings and follow-on offerings, (each, an "IPO") in which we participate as a member of a broker-dealer syndicate to certain eligible clients at the offering price. Even if you are eligible for IPO share allocations, you are not guaranteed the ability to purchase IPO shares at the offering price, as we may decide to allocate IPO shares only to certain investors.
- *Cash Sweep Options* – RBC WM offers a limited number of automated cash sweep options and eligibility restrictions may apply to certain cash sweep options. You may receive higher rates by investing directly in money market funds or cash equivalents other than what are available as cash sweep options, however, those investments must be directed by you, are subject to transaction-based fees, and will not be made automatically. For more information about the cash sweep options available to you, please see the Client Account Agreement, information under "RBC Cash Plus" and "RBC Insured Deposits" at rbcwm.com/disclosures, and the prospectuses of the U.S. government money market funds managed by Federated Investors and RBC Global Asset Management (U.S.).

C. Basis for Our Recommendations

When making securities recommendations to you, including, investment strategies, or account types, we consider the potential risks, rewards, costs and reasonably available alternatives associated with the recommendations based on your individual investment profile. The information in your investment profile includes, but is not limited to, your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information that you may disclose to us or your financial advisor in connection with a recommendation. If your financial advisor has an investment approach that differs from that above, your financial advisor will provide you with either written or oral disclosures of such approach prior to making any recommendation to you. If you would like to know what information is reflected in your investment profile or why we made a particular recommendation to you, please ask your financial advisor.

D. General Risks of Investing

While we will take reasonable care in developing and making recommendations to you, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals or that any investment strategy we recommend will perform as anticipated. Please consult the prospectuses and other offering documents for any security we recommend for a discussion of risks associated with the product.

E. Fees and Costs

This section discloses the material fees and costs associated with your accounts and holdings you have, and transactions you direct, at RBC WM. Because our fees vary depending on the specific transaction or service provided, we separate the fees and costs into (i) fees and costs associated with your accounts and (ii) fees and costs associated with your holdings and transactions. For more information about these fees and costs, please refer to the terms and conditions of your agreements with us, including, but not limited to, the Client Account Agreement, the prospectuses and other offering documents associated with the investments we recommend to you, and the "Schedule of Fees" (such Schedule can be found at rbcwm.com/disclosures). If you have additional questions, please consult with your financial advisor.

Fees and Costs Associated with Accounts

Fees and costs associated with your accounts depend on the type of your accounts (e.g. brokerage account, directly held account, IRA) and the types of services you select (e.g. margin, securities-based line of credit, etc.). You will pay fees and incur costs for various services we provide to you for your brokerage accounts, including, but not limited to, account maintenance fees, account transfer fees, account termination fees, and wire transfer fees. These fees do not apply to all account types and may be waived under certain conditions. For a listing of these fees, please see the "Schedule of Fees" at rbcwm.com/disclosures.

- *Margin Interest* – If you request margin services ("RBC Express Credit"), we charge you interest on credit extended to you for the purpose of purchasing, carrying or trading in securities or commodities or otherwise, using eligible securities in your accounts held with us as collateral. IRAs and certain retirement accounts (i.e. accounts of any plan subject to the prohibited transaction provisions of the Internal Revenue Code of 1986, as amended, including an "employee benefit plan" as defined in ERISA) are not eligible for margin services. Margin interest rates are determined based on a base lending rate plus a sliding scale of percentages according to the size of your margin debit balance. The base lending rate is determined by RBC WM using Broker Call, Prime Rate, as determined by commercial banks and utilized by RBC WM, Fed Funds, RBC WM's cost of funds, and other commercially recognized rates of interest. The percentages over and under the base lending rate typically range from 0.75% to 2.75% and are charged monthly based on the average daily margin balance for the interest period. Your financial advisor is paid a portion of the interest you pay on your loan balance. If the securities in your margin account decline in value, so does the value of the collateral supporting your loan, and, as a result, we can take action including, but not limited to, selling your securities or other assets in your account in order to maintain the required equity. You can lose more funds than you deposit in your margin account. For more information about the risks involved in using margin services, please see "RBC Express Credit" at rbcwm.com/disclosures.
- *Securities-based Line of Credit interest* – RBC Credit Access Line is a securities-based, demand line of credit offered by Royal Bank of Canada, an Equal Opportunity Lender and a bank affiliate of RBC Capital Markets, LLC. You can choose variable or fixed Interest rates on RBC Credit Access Line balances. Interest rates vary and depend on factors such as, but not limited to, your creditworthiness and the amount of your line of credit. Variable interest rates are based on LIBOR rates, are floating, and update weekly, which means they are subject to change and may increase. The percentages above the LIBOR rate typically range from 1.5% to 4.0%, but are subject to change at the discretion of Royal Bank of Canada. Interest you pay on your line of credit is paid to Royal Bank of Canada. We receive a portion of the interest you pay on your line of credit balance and we share a portion of the amount we receive with your financial advisor. You will be required to deposit additional cash or securities, or pay down the line of credit, should the value of your securities used as collateral decline below the percentage equity you must maintain or should the percentage equity you must maintain increase. Your losses can exceed your original collateral amount. For more information, please visit "RBC Credit Access Line" at rbcwm.com/disclosures.

Fees and Costs Associated with Holdings and Transactions

Fees and costs associated with your holdings and transactions can vary by securities type, amount, and available discounts. Other fees may apply and will be displayed on your trade confirmations. Set forth below is information about the fees and costs associated with common types of investment products we offer.

Equities

Commissions – You will pay us a commission every time you buy or sell an equity, such as a stock of a publicly traded company. The amount of the commission is based on the total value of the equity securities bought or sold, and generally ranges from 0.50% to 4.00% of that value, however, the commission for equity transactions of less than 100 shares and/or share prices at or below $25 generally ranges from 4.00% to 5.00% of the value. RBC WM charges a minimum equity commission of $75 per transaction. Certain small sell transactions will result in a minimum commission below $75. For information on the commission charged on a specific transaction, please review the trade confirmation provided to you at the time of the transaction. We share a portion of the commission with your financial advisor.

Fixed Income Securities

- *Markups/Markdowns* – We purchase and sell fixed income securities on a principal basis, meaning we buy and sell from our own account (as "principal") rather than acting as your agent to purchase or sell a security from a third party. RBC WM will purchase fixed income securities (e.g. bonds and CDs) on the open market and increase the price above the prevailing market price (the "PMP") before selling them to you (the difference between the PMP and sale prices being a "markup") or RBC WM will purchase fixed income securities from you at a price below the PMP (the difference between the PMP and purchase prices being a "markdown"). The PMP is determined by the prices of contemporaneous trades of the same security we execute with other dealers or clients, or contemporaneous trades between dealers, trades between other dealers and institutional investors, or trades on alternative trading systems or other electronic platforms, in accordance with applicable Rules of FINRA and the Municipal Securities Rulemaking Board ("MSRB"). You will typically pay a markup/markdown every time you buy or sell a fixed income security. The amount of the markup/markdown will depend on a number of factors and particular circumstances for each transaction, including the type of security, transaction size, credit quality, unit price, maturity, liquidity, and market scarcity. Higher quality, liquid, and short-term securities having the lowest rate of markup. The markup/markdown ranges from 0.00% to 4.00% of the principal price paid or received by RBC WM, as applicable. We share a portion of the markup/markdown amount with your financial advisor.

- *Commissions* – RBC WM may elect not to buy or sell the fixed income securities at a markup/markdown, but may instead charge a commission on the transaction, which will also range from 0.00% to 4.00%. We share a portion of the commission with your financial advisor.

For more information about fixed income securities, including pricing and issuer credit ratings, see "FINRA Bond Center" available at rbcwm.com/disclosures. In addition, for more information about municipal bonds, see "MSRB Municipal Bonds" available at rbcwm.com/disclosures.

IPOs and other New Issues

Sales Concessions – RBC WM may offer investments in IPOs and other new issues of securities, including such investments as equities, fixed income securities, structured products, etc., of which RBC WM or its affiliates may be the issuer. If you purchase such a security from RBC WM, you will be charged a fixed, one-time amount (often called a "sales concession") at the time of the purchase. The sales concession you pay will be reflected on the confirmation of your purchase. RBC WM receives this sales concession and shares a portion of it with your financial advisor.

Unit Investment Trusts

- *Sales Charges and C&D Fees* – You will typically pay a sales charge when you buy units of a Unit Investment Trust's (a "UIT") initial offering. The sales charge is built into the price of the UIT's public offering price and consists of a deferred sales charge and a creation and development fee ("C&D fee") for brokerage accounts. The C&D fee is collected at the end of the initial offering period and the deferred sales charge is taken out of the trust assets in periodic installments after the primary offering period is closed. The sales charge ranges between 1.85% to 3.95% for equity UITs, and between 1.95% to 3.50% for fixed income UITs, depending on the trust maturity. Financial Advisors receive a portion of the sales charge, referred to as a dealer concession for brokerage accounts, which varies based on the UIT purchased.
- *Marketing Expenses* – UITs and their distributors may pay for providing training and education programs for our financial advisors and their existing or prospective clients, for due diligence meetings, conferences, and to provide our financial advisors with other forms of compensation, including business entertainment, expense reimbursement for travel associated with these meetings and conferences, financial assistance in covering the cost of certain marketing and sales events, and small gifts. You indirectly pay these expenses because they are built into the costs of the UITs.
- *Other fees* – UITs are subject to annual organization costs and operating expenses. These fees and expenses may include, but may not be limited to, portfolio supervision, recordkeeping, administrative fees, and trustee fees. You indirectly pay for these expenses because they are deducted from the trust assets and reflected in the net asset value of units.

Options

Commissions – You will typically pay a commission every time you buy or sell an option contract. You will also pay a commission in the event of an option exercise or assignment that will result in the purchase or sale of an underlying security. The option commission is a one-time fixed fee based on the total value of the option contract bought or sold and generally ranges from 0.25% to 5.00%. RBC WM has a minimum options commission of $75. Certain small option transactions will result in a minimum commission below $75. We share a portion of these commissions with your financial advisor.

For more information about options, see our "Options Disclosure Document" at rbcwm.com/disclosures.

Mutual Funds

- *Share Class Distinctions* – There are no standard definitions for mutual fund share classes and each mutual fund defines its share classes in its prospectus. Mutual funds set their own eligibility criteria for their share classes and you may not be eligible to purchase a particular share class of a particular fund. Set forth below are some basic descriptions of the most common types of share classes available to you in a brokerage account.
  - *Class A* – Class A shares have a front-end sales charge, which is assessed as a percentage of your investment and ranges from 0.01% to 6.00%. This means that a sales

charge is deducted from your investment each time you purchase shares of the mutual fund. When you purchase Class A shares in a brokerage account with us, we receive a portion of these sales charge in exchange for the services we provide to you. We share a portion of these sales charges with your financial advisor. Mutual funds may waive sales charges for certain types of accounts or clients, for example, retirement accounts or charities. Mutual funds often offer discounts or reduced sales charges on Class A shares based on the total amount you, and, typically, your immediate family members, choose to invest, or agree to invest, with the mutual fund company (the investment levels needed to receive these discounts are known as "breakpoints"). For information regarding a mutual fund's policies regarding breakpoints, including the amounts required to reach breakpoints, and eligibility for waivers of sales charges, please refer to that mutual fund's prospectus.

  - *Class B* – Class B shares are characterized by a contingent deferred sales charges (a "CDSC") that you pay when you sell your shares. The amount of the CDSC is assessed as a percentage of your investment, may range from 0.01% to 6.00%, and declines over time and eventually is eliminated the longer you hold your shares. The period of decline typically lasts anywhere from five to eight years, depending on the particular mutual fund. Once a CDSC is eliminated, Class B shares usually convert to Class A shares. When you redeem Class B shares in a brokerage account with us, we receive a portion of these CDSCs you pay. We share a portion of those fees with your financial advisor.
  - *Class C* – Class C shares are characterized by a level CDSC that you pay as a percentage of the amount you have invested in the fund, typically 1.00%, which is generally eliminated after a short period of time, usually one year. Many Class C shares convert to Class A shares after the CDSC is eliminated. When you hold Class C shares in a brokerage account with us, we receive a portion of these CDSC's you pay. We share a portion of these fees with your financial advisor.

- *Redemption Fees* – Some mutual funds charge a fee when you redeem fund shares (a "redemption fee"), including, but not limited to, when you accept an interval fund's offer to repurchase your shares. This redemption fee is a one-time fixed fee and cannot exceed 2% of the redemption proceeds. Unlike sales charges and commissions, the redemption fee is not paid to us, but is paid to the fund to compensate it for expenses associated with the repurchase.
- *Ongoing Fees and Expenses* – Mutual funds typically also deduct other ongoing fees and expenses used to pay for the mutual fund's annual operating expenses and distribution activities. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis.
- *Fees to RBC WM Affiliates* – If you invest in certain mutual funds that are advised, sub-advised, and/or serviced by an RBC WM affiliate, you will not necessarily pay fees or incur costs that are greater than those you would with other funds but such affiliate will receive additional compensation related to that investment for those services. You do not pay these fees directly, but they are paid by the mutual funds out of fund assets pursuant to agreements between the fund and the affiliate. The fees received by our affiliates from these funds range from 0.25% to 1.25% of total assets for investment advisory fees, 0.25% to 1.00% of total assets for sub-advisory fees, and 0.02% to 1.35% of total assets for administrative service fees. A current list of affiliates of RBC WM receiving such compensation can be found under "Fees to RBC Affiliates" at rbcwm.com/disclosures.
- *Marketing Expenses* – Mutual Funds and their distributors may pay for providing training and education programs for our financial advisors and our existing or prospective clients, for due diligence meetings, conferences, and to provide our financial advisors with other forms of compensation, including business entertainment, expense reimbursement for travel associated with these meetings and conferences, financial assistance in covering the cost of certain marketing and sales events, and small gifts. You do not pay these marketing expenses directly, however, you indirectly pay for the cost of these marketing expenses because they are built into the cost of the mutual funds. RBC WM currently receives ongoing payments from certain mutual funds and their distributors ranging from less than 0.01% to 0.10% of the annual value of those mutual fund assets RBC WM holds. You can see a full list of fund companies that pay RBC WM such fees online under "Mutual Fund Arrangements" at rbcwm.com/disclosures.
- *Mutual Fund Networking/Omnibus Fees* – RBC WM receives payments from certain mutual fund affiliates annually in amounts ranging from less than 0.01% to 0.25% of the value of fund assets held with RBC WM. These payments are to compensate RBC WM for operational and administrative services that we provide and to help offset our costs of managing shareholder accounts, which include sending shareholder statements, maintaining shareholder records, performing regulatory mailings, and monitoring prospectus requirements. You do not pay these fees directly, but they are paid through the mutual fund expenses which are deducted from fund assets and reflected in the net asset values of the mutual funds.

  More information on these payments may be found in a fund's prospectus or statement of additional information. For a listing of the mutual fund families with which we have such an arrangement and receive these types of payments, please visit "Mutual Fund/Omnibus Fees" at rbcwm.com disclosures.
- *Distribution and Shareholder Servicing Fees* – Mutual funds pay us fees for the distribution and servicing of

their shares (also called "12b-1 fees") which are used to finance distribution activities intended primarily to result in the sale of additional fund shares. We receive 12b-1 fees for activities including, but not limited to, marketing and selling of fund shares, developing, printing, and mailing certain fund advertisements and sales literature to prospective investors, responding to shareholder inquiries, and providing shareholders certain information about their investments such as proxy materials, prospectuses, and educational publications. 12b-1 fees are disclosed in the investment fund's prospectus, but these fees generally range from 0.15% to 1.00% of your invested assets and are imposed through the mutual fund expenses which are deducted from fund assets and reflected in the net asset values of the mutual funds. Funds that pay us these fees include, but are not limited to, money market funds available as cash sweep options. We share a portion of these fees with your financial advisor.

More information on a mutual fund's sales charges, ongoing fees and expenses, and overall expense ratio is available in the mutual fund's prospectus.

Closed-End Funds

- *Sales Charges* – For a purchase of a closed-end fund in a public offering, the fund's sales charges, including all organizational and offering expenses, is paid to us for by the issuer. We share a portion of these sales charges with your financial advisor.
- *Commissions* – For a closed-end fund transaction in the secondary market, you will pay a commission that is a one-time fixed fee and is based on the value of the securities bought or sold, calculated in the same manner as commissions on equities set forth above. We share a portion of this commission with your financial advisor.
- *Ongoing fees and expenses* – Closed-end funds deduct other ongoing fees and expenses, such as management fees, from fund assets. In addition, if the fund uses leverage as part of its investment strategy, the closed-end fund may also deduct a leverage financing fee from fund assets. These ongoing fees and expenses, which are reflected in the fund's overall expense ratio, are typically used to pay for the fund's continued operations, such as paying the fund's investment manager, accounting and auditing expenses, legal expenses, and marketing, advertising, and recordkeeping expenses.

More information on the sales charges, ongoing fees and expenses, and overall expense ratio for closed-end funds is available in the fund's prospectus.

Exchange-Traded Funds

- *Commissions* – You will typically pay a commission every time you buy or sell shares in an ETF. This commission is a one-time fixed fee and is based on amount of the securities bought or sold, calculated in the same manner as commissions on equities as set forth above. You will pay this commission in addition to the amount of the ETF you choose to buy or sell. We share a portion of this commission with your financial advisor.
- *Ongoing fees and expenses* – ETFs also deduct other ongoing fees and expenses, such as management fees, from ETF assets. These ongoing fees and expenses are typically used to pay for the ETF's continuing operations, such as paying the ETF's investment manager, accounting and auditing expenses, legal expenses, marketing, advertising, and recordkeeping expenses, and costs which are generally used to finance distribution activities intended primarily to result in the sale of additional shares of the ETF, or 12b-1 fees. These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis.

More information about ETFs, including their ongoing fees and expenses and overall expense ratio is available in the ETF's prospectus.

529 Plans/College Savings Plans

- *Share class distinctions* – Most 529 plans offer multiple share classes, similar to the share class structure offered by mutual funds. While there are no standard definitions for these share classes, and each 529 plan defines its share classes in its offering circular or prospectus, set forth below are some basic descriptions of the most common share classes available to you:
  - *Class A* – Class A shares charge a front-end sales charge, which is typically assessed as a percentage of your initial 529 plan contribution at the time you make the contribution. The net amount of your contribution after the deduction of the initial sales charge is invested in shares of the 529 plan's underlying investment portfolio. Class A shares typically have lower operating expenses (generally around 0.25% of 529 plan assets per year) compared to the other share classes of the same 529 plan. When you purchase Class A shares of 529 plans through RBC WM, we receive a portion of these sales charges. We share a portion of these sales charges with your financial advisor. Many 529 plans also offer breakpoint discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. 529 plans may also offer waivers of sales charges for certain types of clients or investments, such as employees of certain financial institutions or rollovers form other 529 plans. For information about a 529 plan's policies regarding breakpoints and eligibility for sales charge waivers, please refer to the 529 plan's offering circular or prospectus.
  - *Class C* – Class C shares are characterized by a CDSC that you pay annually as a percentage of your assets, generally around 1%, that is generally eliminated after a short period of time, usually one year. When you hold Class C shares of 529 plans through RBC WM, we receive a portion of these CDSCs. We share a portion of these CDSCs with your financial advisor.

- *Ongoing fees* – In addition to these sales charges, 529 plans typically deduct certain ongoing fees and expenses, such as program management fees, from plan assets. These ongoing fees and expenses may vary based on your 529 plan. Some of the more common ones are set forth below:
  - *Program Management Fee* – 529 plans generally receive a program management fee to compensate the program manager for providing investment advisory, accounting, and other services to the plan. This fee is typically charged as a percentage of your assets in the plan (generally around 0.25% of plan assets), and is reflected in the net asset value of the plan's underlying investment options.
  - *Maintenance Fee* – Most 529 plans charge an annual maintenance fee, which typically ranges from $10 to $25. This fee, which compensates the plan sponsor for costs of maintaining the plan, may be waived in certain circumstances, such as when your plan assets exceed certain thresholds.
  - *Underlying Mutual Fund and ETF Expenses* – Since 529 plans typically invest in a number of mutual funds or ETFs, they bear a portion of the fees and expenses of these those underlying funds. The underlying fund expenses are deducted from fund assets and reflected in the net asset values of the underlying funds, which means they are also reflected in the performance of the 529 plan's investment options. More information on the specific funds that underlie the plan's investment options is available in the 529 plan's offering circular or prospectus. In addition, more information on the underlying funds, including ongoing fees and expenses and overall expense ratio, is available in the funds' prospectuses. You pay these fees and expenses indirectly because they are deducted from your 529 plan assets, or the assets of underlying funds, on an ongoing basis. We receive a portion of these fees and expenses. More information on the sales charges and ongoing fees and expenses is available in the 529 plan's offering circular or prospectus. You can request a copy of a 529 plan's offering circular or prospectus from your financial advisor.

Insurance Products

- *Commissions* – When you purchase an insurance product like a variable annuity or variable life insurance policy, you will indirectly pay a commission, which is factored into the cost of the insurance product and is paid by the issuing insurance company to us. We share a portion of this commission with your financial advisor. The commission payment is paid out of the insurance company's assets, which is derived from the product's fees, costs, and expenses. Although insurance product commissions vary, we typically receive between 0.25% to 5.00% of the amount invested over time for annuities and 1.5% to 75% for variable life policies.
- *Surrender Charges* – If you surrender your insurance product during the surrender charge period as noted in the product prospectus, a surrender charge will be deducted from the cash value returned to you. Surrender charge periods and charges vary by types of products and from policy to policy. For annuities, surrender charge periods are generally around 8 to 10 years and surrender charges generally beginning around 10% of the cash value in the first year and ending around 1% of the cash value in the final year of the surrender charge period. For variable life insurance policies, there is a surrender charge that applies for up to the first twenty policy years. The surrender charges are equal to a rate based on the insured's age at issue, gender, and tobacco-use status multiplied by the policy's face amount. The surrender charge declines on a monthly basis until reaching zero at the end of the surrender charge period as outlined in the prospectus.
- *Ongoing Fees and Expenses* – Insurance companies deduct certain ongoing fees and expenses from your initial or subsequent insurance purchase payments. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (typically used to cover any death benefit associated with the insurance product), administration fees, transaction fees, and fees associated with certain optional riders. In many cases, such as with M&E risk fees or cost of insurance fees, the fee may be charged monthly or annually as a percentage of your account value or premium payment. However, some fees, such as administration or transaction fees, may be flat fees charged monthly/annually or on specific transactions. You pay these fees indirectly because they are deducted from your assets or premium payments on an ongoing basis.

  In addition, you will indirectly pay the ongoing fees and expenses for the underlying investment options for your insurance product. These fees and expenses are separate from the fees charged by the insurance company and will be reflected in the performance of the underlying investment options. These ongoing fees and expenses include the underlying investments' management fees, servicing fees, and in some cases 12b-1 fees, and are typically assessed annually as a percentage of fund assets ranging from 0.25% to 1.25%.
- *Marketing Expenses* – Marketing representatives of insurance companies or their affiliated distributions, often referred to as "wholesalers or general agents," work with our financial advisors to promote insurance products. Consistent with applicable laws and regulations, these insurance companies and their wholesalers and general agents may pay for or provide training and education programs for our financial advisors and their existing or prospective clients. Insurance companies and their wholesalers and general agents may also pay for due diligence meetings, conferences, and provide our financial advisors with other forms of compensation, including business entertainment, expense reimbursement for travel associated with these business meetings and conferences,

financial assistance in covering the cost of certain marketing and sales events, and small gifts. You do not pay these marketing expenses directly, however, you indirectly pay these marketing expenses because they are paid for out of the expenses of the insurance companies, wholesalers, and general agents. RBC WM currently receives payments from certain insurance companies for such services either based on a range from 0.15% to 0.28% of the amount of sales or a flat fee.

More information about insurance products, including the commissions and other fees and expenses built into the cost of the policy, is available in the insurance product's prospectus. In addition, more information on the insurance product's investment options, including ongoing fees and expenses is also available in the insurance product's prospectus and policy illustrations.

Alternative Investments

- *Sales charges* – RBC WM receives a sales charge each time you purchase an alternative investment that varies based upon the type of alternative investment purchased by you. These upfront sales charges are paid to RBC WM for the solicitation of client investments into the alternative investments. We share a portion of these sales charges with your financial advisor.
- *Ongoing servicing* – Ongoing payments are made to RBC WM annually for our servicing of your alternative investments. We share a portion of these ongoing payments with your financial advisor.

  The sales compensation we receive is described below:

Type of Alternative Investment	*Upfront Sales Charge*	*Annual Ongoing*
Hedge Funds	1.00–3.00%	0.50–1.50%
Managed Futures Funds	1.00–3.00%	1.00–4.00%
Private Equity Funds	1.00–3.00%	0.50–1.50%

- *Administrative Service Fees* – Pursuant to a selling agreement with RBC WM and the terms of the alternative investment's private placement memorandum or prospectus, select alternative investment issuers also compensate RBC WM in the form of service fees. Service fees range from 0.05% to 0.50% and are described in the private placement memorandum or prospectus of the investment. You pay for the cost of the marketing expenses indirectly because they are built into the costs of the alternative investments.
- *Marketing Expenses* – Alternative investments and their distributors may pay for providing training and education programs for our financial advisors and our existing or prospective clients, for due diligence meetings, conferences, and to provide our financial advisors with other forms of compensation, including business entertainment, expense reimbursement for travel associated with these meetings and conferences, financial assistance in covering the cost of certain marketing and sales events, and small gifts. You pay for the cost of the marketing expenses indirectly because they are built into the costs of the alternative investments.

You generally must meet certain requirements to be eligible to invest in alternative investments. More information about alternative investments, including any eligibility requirements and the compensation paid to RBC WM, is available in the alternative investment's private placement memorandum or prospectus. You can request a copy of a private placement memorandum or prospectus from your financial advisor.

Real Estate Investment Trusts

- *Commissions* – You pay us a one-time fixed fee commission when you buy shares in a Real Estate Investment Trust's ("REIT") initial offering, or buy or sell shares in a REIT in a secondary trading market. You will pay this commission in addition to the amount of the REIT you choose to buy or sell. For an initial offering purchase, you will typically pay between 5% and 8% of the investment amount. However, for certain non-traded REITs, the initial offering commission may be significantly higher, and may exceed 10% of the investment amount. For a secondary market purchase or sale, you will generally pay a commission calculated in the same manner as commissions on equities as set forth above. We share a portion of this commission with your financial advisor.
- *Other fees and expenses* – REITs also deduct other fees and expenses from REIT assets, such as organizational and operating expenses, and management fees. In addition, some REITs assess a separate "acquisition fee" from REIT assets, typically a percentage of the purchase price for a real estate asset that is acquired by the REIT. These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. We may receive a portion of these fees and expenses.

More information about REITs, including their initial commissions and ongoing fees and expenses, is available in the REITs' prospectuses.

Foreign Currency Conversions

At the time of any foreign currency conversions, RBC WM will receive compensation of 0.30% to 1.00% of the total conversion amount, and RBC Europe Limited, RBC's affiliate, will receive 0.07% to 0.12% of the total conversion amount.

For more information, please see the Client Account Agreement.

2. CONFLICTS OF INTEREST

A conflict of interest results when there is an incentive that might incline RBC WM or your financial advisor to make a recommendation that puts our own interests ahead of yours. These conflicts of interest may be caused by a variety of factors, including the compensation we receive, our business activities, and the type of investments we offer. RBC WM maintains and enforces reasonably designed written policies and procedures to (i) identify conflicts of interest, (ii) disclose and mitigate conflicts of interest, and (iii) prohibit sales contests, sales quotas, bonuses, and non-cash compensation that are based on the sale of specific securities or specific types of securities within a limited period of time. This section discloses the material facts related to these conflicts of interest.

A. Conflicts of Interest for RBC WM

Conflicts of interest for RBC WM include the following:

- *Transaction-Based Payments* – As described in the "Fees and Costs" section above, we are paid each time you engage in certain transactions in your brokerage accounts. These transaction-based payments, such as commissions or sales charges, create a conflict of interest for us because they provide an incentive for us to incentivize your financial advisor to encourage you to engage in more transactions.
- *Principal Trading* – If we purchase a security from you, or sell a security to you, as principal, we generally receive more compensation than when we act for you as your agent to purchase or sell from a third party. This is creates a conflict of interest because it provides us an incentive trade with you on a principal basis and to encourage you to invest in products for which we trade as principal. For more information about principal trading, see discussion of Markups/Markdowns in the Fixed Income Section above.
- *Third-Party Payments* – We receive payments from third parties, such as issuers of mutual funds and insurance companies, their sponsors, and managers, when we recommend or sell their investments. In addition, such third parties may pay us for marketing expenses such as educational conferences or training seminars we host for our financial advisors. Other intermediaries and executing broker-dealers also offer us payments for order flow, which refers to the compensation we receive for routing securities transactions to a third-party for execution. All of these third-party payments are a conflict of interest because they create an incentive for us to make available only those investment products that make such payments to us and to encourage you to purchase and hold investments that result in us receiving such payments. We mitigate these conflicts by disclosing them to you and by establishing policies and procedures that limit the value, frequency, and nature of this these types of incentives. Examples of these third-party payments include, but may not be limited to, the following:
  - Insurance product commissions
  - Shareholder servicing fees
  - 12b-1 fees, 529 plan fees and other ongoing payments
  - Educational conferences
  - Marketing expenses, such as training seminars, events, due diligence meetings, business entertainment, small gifts, etc.
  - Order flow payments
  - Administrative service fees
  - Finder's fees
- *Revenue Sharing* – Many issuers, fund sponsors or managers, and others make payments to us that are sometimes called "revenue sharing" payments because they share with us a part of the revenue that they earn on your investments or deposits in their funds or products. Although they may sound similar, revenue sharing payments are different from third-party payments because revenue sharing comes from the revenue earned by others that is then shared with us. Revenue sharing payments create a conflict of interest for us because they provide an incentive for us to make available only those investment products that make such payments to us and to encourage you to purchase and hold those investments that result in us receiving such payments. Examples of the type of revenues that may be shared with us include the following:
  - Mutual fund management fees
  - Mutual Fund Networking/Omnibus Fees
  - Insurance company fees
  - REIT fees
  - Interest earned on securities-based lines of credit
- *Cross Trades* – In a cross trade, RBC WM acts on behalf of both the seller and the buyer in the same transaction. As a result, cross trades are an inherent conflict of interest for RBC WM because the use of cross trades could result in more favorable treatment of one client over the other. Additionally, there is a risk that the price at which a cross trade is executed may not be as favorable as the price available in the open market. To address such risks and conflicts, RBC WM has adopted policies and procedures which, among other requirements, subject any cross trade to RBC WM's duty to obtain best execution; require that the transaction be priced within the market for the security; and prohibit cross trading between any employee's or their family members' accounts and other clients of RBC WM.
- *Investment Limitations* – While we offer a wide range of investments, including investment funds and products, there are certain investments we do not offer. These product limitations create a conflict of interest for us because they provide an incentive for us to encourage you to invest in the investments we offer rather than investments we do not offer.
- *Differential Compensation between Investments* – We offer a range of investments, and some investments pay us more compensation than other investments. Certain insurance products, for instance, pay us more commissions than other investments such as equities or ETFs. These differential payments create a conflict of interest for us because they provide an incentive for us to recommend those investments that pay us more compensation.
- *Mutual Fund Compensation* – We offer a wide range

of mutual funds from many different mutual fund companies. Certain mutual fund companies pay us more compensation than other mutual fund companies, including compensation paid from fund assets. These differences in mutual fund compensation create a conflict of interest because they provide an incentive for us to offer only those mutual funds which pay us more compensation and to recommend those mutual funds that pay us more compensation.

- *Mutual Fund Share Classes* – Mutual funds typically offer multiple share classes, and some of these share classes pay us more compensation than others. For instance, some share classes pay us 12b-1 fees while other share classes of the same fund do not pay us any 12b-1 fees. These share class differences create a conflict of interest for us because they provide an incentive for us to offer only those mutual fund share classes that pay us more compensation and to recommend those share classes that pay us more compensation, including, but not limited to, share classes that pay 12b-1 fees.
- *529 Plan Share Classes* – 529 plans typically offer multiple share classes, and some of these share classes pay us more compensation than others. For instance, some share classes pay us 12b-1 fees while other share classes of the same fund do not pay us any 12b-1 fees. These share class differences create a conflict of interest for us because they create an incentive for us to recommend 529 plan share classes that pay us more compensation, including share classes with higher sales charges or ongoing fees.
- *Cash Sweep Options* – RBC WM has a conflict of interest in selecting, offering and/or recommending its available cash sweep options because RBC WM and/or its affiliates will receive compensation or benefits from your cash balances swept to those cash sweep options and the amount of compensation RBC WM receives varies by sweep option. This creates a conflict of interest for us because it provides an incentive for RBC WM to offer these cash sweep options, to recommend depositing cash into these cash sweep options, and to recommend depositing cash into those sweep options which pay RBC WM more compensation.
- *IPO Allocations* – We allocate shares of an IPO to certain investors. These allocation decisions are driven by several factors, which may include your trading activity and account balance with us. Even if you are eligible for IPO share allocations, you are not guaranteed the ability to purchase IPO shares as we may decide to allocate IPO shares only to certain investors. These IPO allocation decisions create a conflict of interest for us because they may provide us an incentive to allocate IPO shares to certain investors other than you.
- *Underwriting* – We, or our affiliates, underwrite investment offerings, including, but not limited to, IPOs, fixed income new issues, and structured notes. We have an incentive to recommend investments that we, or our affiliates, are underwriting, as we, or our affiliates, will receive a separate underwriting fee based on total sales of the underlying investment. This underwriting fee creates a conflict of interest for us because it provides us an incentive to encourage you to invest in investments that we, or our affiliates, are underwriting.
- *Proprietary Products* – RBC WM and its affiliates earn higher fees, compensation, and other benefits when you invest in or utilize a product that we (or one of our affiliates) advise, make available, manage, sponsor, or underwrite such as a mutual fund or structured product. This creates a conflict of interest for us because it provides an incentive for us to recommend (or to invest your assets in) these products over third-party products. Certain fees are offset in advisory retirement accounts for proprietary and affiliated mutual fund holdings.
- *Affiliates* – We have multiple affiliated entities engaged in many different business activities. The business interests of our affiliates may not align with the interests of our brokerage services. Consequently, our firm may be subject to pressure from our affiliates to protect their business interests. This pressure creates a conflict of interest because it incentivizes us to make recommendations to you, or refrain from making recommendations to you, in a manner which best protects those business interests.
- *Investment Advisory Services* – We are registered with the SEC as both a broker-dealer and an investment adviser. Our brokerage and investment advisory services and fees differ. Depending on our revenue and management priorities, we may decide to devote more resources promoting our investment advisory services than our brokerage services. This creates a conflict of interest for us because it provides an incentive for us to recommend either brokerage or investment advisory services to you based on which one provides us with a greater amount of compensation.
- *Hiring* – Recruitment of financial advisors by RBC WM from other financial firms creates a conflict of interest for RBC WM because the compensation RBC WM receives as a result of clients following financial advisors to RBC WM provides an incentive for RBC WM to recruit financial advisors without regard to the comparative benefits clients receive at other financial firms.
- *Securities-based lending* – RBC WM receives interest on loans it extends on margin (RBC Express Credit) and receives a portion of the interest earned by its affiliate banks in its securities-based line of credit (Credit Access Line). This creates a conflict of interest because it incentivizes us to promote these products to both you and your financial advisor.

B. Conflicts of Interest for Financial Advisor

Conflicts of interest for our financial advisors include:

- *Transaction-based Payments* – We pay our financial advisors a portion of the transaction-based compensation, including commissions, sales charges markups/

markdowns, sales concessions, etc., that we receive. The portion of such compensation we pay to your financial advisor varies based on factors such as your financial advisor's industry experience and tenure with RBC WM, the revenue produced by your financial advisor over time, and other factors at the discretion of RBC WM. This creates a conflict of interest because it provides an incentive for our financial advisors to encourage you to effect more investment transactions and to effect investment transactions in greater amounts.

- *Transaction-based Amounts* – We may reduce the rate of compensation we pay to your financial advisor when the commissions, fees and similar compensation paid by clients your financial advisor services is below certain levels. This creates a conflict of interest because it provides an incentive for your financial advisor to charge commissions, sales charges, and/or other fees at or above those levels.
- *Product Payout* – Because of the varied types of compensation available, your financial advisor has an incentive to recommend certain investment products or services based on the compensation he or she will receive.
- *Ongoing Payments* – Certain investment products such as mutual funds, annuities, and 529 plans pay fees to RBC WM on an ongoing basis for servicing of those investments. RBC WM shares a portion of those fees with your financial advisors. This creates a conflict of interest for your financial advisor because it incentivizes your financial advisor to recommend products, and, the extent applicable, share classes of those products, that pay your financial advisor the greatest amount of compensation.
- *Securities-based Lending* – RBC WM receives interest on loans it extends on margin (RBC Express Credit) and receives a portion of the interest earned by its affiliate banks in its securities-based line of credit (Credit Access Line). RBC WM shares a portion of the interest amounts it receives in connection with these products. This creates a conflict of interest because it incentivizes your financial advisor to recommend that you trade on margin or draw down on lines of credit, and incentivizes your financial advisor to recommend drawing down on margin or a line of credit based on which one will result in greater compensation to your advisor.
- *Service Recommendations* – The compensation your financial advisor receives in connection with your accounts may vary based on the number and size of the transactions in your accounts. This creates a conflict of interest because it incentivizes your financial advisor to recommend investment advisory services or brokerage services, based on which of those services will generate more compensation for your financial advisor.
- *Investment Limitations* – While we offer a wide range of investments, including investment funds and products, some financial advisors may not be able to offer certain types of investments. For instance, some of our financial advisors are not licensed, or eligible, to offer complex investments such as REITs or option contracts. These investment limitations create a conflict of interest because they provide an incentive for your financial advisor to recommend only those investments that they are able to offer.
- *Rewards, Incentive Compensation and Bonuses* – Your financial advisor is eligible for rewards, such as trips, incentive compensation, such as deferred compensation, and bonuses based upon the amount of your financial advisor's compensation, length of service, and the amount of compensation your financial advisor generates for us over time. These rewards, incentive compensation, and bonuses create a conflict of interest because they provide an incentive for your financial advisor to encourage you to engage in more investment transactions in order to qualify for such rewards, incentive compensation, and bonuses.
- *Compensation from Issuers and Sponsors* – In the case of certain investment funds and products, the issuer or the sponsor provides our financial advisors other forms of compensation, including business entertainment and other expense reimbursements or marketing assistance. The receipt of these payments presents a conflict because it creates an incentive for the financial advisor to recommend those investments or funds whose issuers or sponsors offer these forms of compensation.
- *Recruitment* – RBC WM offers recruiting packages to financial advisors joining from other firms. Under these packages, financial advisors receive a promissory note in a designated amount. So long as the financial advisor remains employed and in good standing, for a predetermined period of time, RBC WM will forgive a certain principal and interest amount on the promissory note each month. This forgiven amount is recorded as income to the financial advisor. If the financial advisor terminates employment with RBC WM prior to the full forgiveness of the promissory note, the financial advisor must repay the outstanding balance of the promissory note. Financial advisors are also eligible under the recruiting packages for additional awards or deferred contributions based on the financial advisor satisfying certain performance criteria following the commencement of employment. These recruiting packages, awards, and deferred contributions are a conflict of interest because it gives your financial advisor an incentive to enter employment with RBC WM regardless of the comparative benefits clients they service receive at other financial firms.
- *Referral Payments* – We compensate your financial advisor for certain referral activities, such as successful referrals to our banking and trust affiliates or third parties that agree to pay us for referrals. This creates a conflict of interest because it provides an incentive for your financial advisor to refer you to those affiliates and third parties that pay us for referrals as opposed to those that do not.

- *Outside Business and Fiduciary Activities* – Your financial advisor may be involved in other business and/or fiduciary activities not affiliated with RBC WM. Such other businesses and activities can create a conflict of interest because they can provide an incentive for your financial advisor to make recommendations that further the interests of, or to refrain from making recommendations that would derogate the interests of, those other businesses and activities. Also, your financial advisor may have an incentive for you to engage in, or transact through, such outside business to earn additional compensation. Any such proposed activities are reviewed by the financial advisor's supervisor and RBC WM to determine whether a conflict of interest exists and whether the financial advisor's commitment may negatively affect his or her ability to satisfactorily perform his or her job at RBC WM. Items contained within this section have been approved by RBC WM and may involve a substantial amount of your financial advisor's time or contribute substantially to his or her income.

ADDITIONAL INFORMATION

For additional information about our brokerage services, or to obtain an updated copy of this Brokerage Disclosure Document, please visit our website at rbcwm.com/disclosures. You may also request up-to-date information and request a copy of this Brokerage Disclosure Documents by calling us at 800-759-4029 or by contacting us in writing at RBC Wealth Management, Attn: Client Support Services, 60 South Sixth Street, P12, Minneapolis, MN 55402.