

Understanding Fees When Purchasing Mutual Funds in RBC Wealth Management[®] Fee-Based Accounts

Working with your RBC Wealth Management[®] Financial Advisor and investing in mutual funds may be a good way to help achieve your long-term financial goals. As with any investment, however, it is important to understand the fees you may incur by purchasing mutual funds.

All mutual funds have fees and expenses. How the fees are assessed differs depending on the type of account you have opened, as well as the share class you choose.

THE ABC'S OF MUTUAL FUND SHARE CLASSES

A single mutual fund, with one portfolio, may offer more than one “class” of shares to investors. The different share classes represent the same interest in the mutual fund’s portfolio. What differs are the fees and expenses associated with each and the compensation your Financial Advisor may receive for selling the shares to you. These differences allow investors to choose how they will pay for the funds purchased.

NO MUTUAL FUND COMMISSIONS ASSESSED IN FEE-BASED ACCOUNTS

In an RBC Wealth Management fee-based account, you do not pay a sales commission. The share classes generally available to you for purchase are those with lower expense ratios and include both Class A and no-load shares. Some mutual fund companies have share classes designed specifically for fee-based programs.

When you invest in mutual funds through RBC Wealth Management fee-based accounts (RBC Advisor, Portfolio Focus[™], RBC Total Portfolio), you enjoy the benefits of personal service, wisdom, and experienced guidance from your Financial Advisor.

You do not pay any up-front sales commission on individual mutual fund transactions. Instead, you pay a quarterly Account Fee. The quarterly Account Fee is based on the value of the assets in the account. Account Fees differ by program and are detailed in each program’s Account Agreement, which you are required to sign before investing. You will, however, pay the costs associated with the mutual funds you chose. To understand these costs, you need to know about the expense ratio of the fund and the share classes available to you.

THE TOTAL EXPENSE RATIO

As a mutual fund shareholder, you indirectly pay ongoing expenses of the fund, which are summarized as the “expense ratio.” An *expense ratio* combines the advisory fee, distribution or 12b-1 fee, and other ongoing fees to measure the fund’s total annual costs and expresses that as a percentage of the fund’s net assets. It is important to keep track of the ongoing fees and expenses of your mutual funds as they vary from fund to fund.

Advisory fees are paid to the fund’s manager for a range of services including investment advisory, trading, reporting, and other administrative functions.

12b-1 fees were named after a Securities and Exchange Commission (SEC) rule. This fee covers the cost of marketing and distributing the fund to new investors.

Ongoing fees include the cost of record keeping, as well as audit and legal expenses. These fees are deducted directly from the fund’s assets, and hence are paid indirectly from your investment in the fund.



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For example, an expense ratio of 1% represents an annual charge to the fund's net assets — including your proportional interest in those assets — of 1% every year.

OTHER FEES

Short-term trading fees may be charged by mutual fund companies to encourage long-term investing and discourage market timing. These fees are assessed by the fund and are returned to the fund for the benefit of the remaining shareholders. The fee is imposed only when shares of the fund are sold prior to a specified period of time, generally 5 to 90 days. Required holding periods vary by fund company, so it is important to check the prospectus or contact your Financial Advisor for more details. These fees are generally assessed on all share classes.

CLASS A SHARES

Investors in Class A shares are typically charged an upfront sales charge or “load,” which is built into the price of the shares. In other words, a portion of the dollars paid for the shares is not actually invested, but used to pay the sales charge received by your Financial Advisor. The 12b-1 fee for Class A shares is generally lower than those of other share classes, which means that the total expense ratio associated with Class A shares is generally lower than that of other share classes. Fee-based accounts offer Class A shares “load waived,” which means that you benefit from the lower expense ratio of that class, but do not pay any commissions.

NO-LOAD SHARES

No-load shares do not have sales charges, and their expenses are typically the lowest of any shares of any class. RBC Wealth Management offers these shares in its RBC Advisor, RBC Total Portfolio, and Portfolio Focus accounts which assess fees based upon a percentage of the total assets held in the account.

FUNDS PURCHASED IN FEE-BASED ACCOUNTS AND FINANCIAL ADVISOR COMPENSATION

In fee-based accounts, Financial Advisors are compensated by the single quarterly Account Fee, which is calculated as a percentage of the total account value. Financial Advisors do receive a portion of the 12b-1 fee for mutual funds held in non-retirement accounts in the RBC Advisor, RBC Total Portfolio and Portfolio Focus programs. As required by securities regulations, 12b-1 fees are rebated to clients on mutual fund shares held in RBC Advisor, RBC Total Portfolio and Portfolio Focus retirement accounts.

Please feel free to ask your Financial Advisor about the compensation he/she receives for any mutual fund transaction.

RBC WEALTH MANAGEMENT AND FUND FAMILIES

Like many securities firms, RBC Wealth Management receives payments from fund company affiliates. The firm uses this money for general marketing and educational programs, and to support client education programs and seminars. In return for the payments, fund companies are given access to our branch offices for the purpose of educating our Financial Advisors and informing them about the available products. Our Financial Advisors do not receive any extra compensation for selling funds from these companies. Each Financial Advisor individually evaluates the funds and then works with you to choose the appropriate investment for your financial needs.

The fund company affiliates make payments, which may be based on assets and/or sales volume, to RBC Wealth Management. More information on payments may be found in a fund's prospectus or Statement of Additional Information (SAI). Financial Advisors may receive a portion of these payments for distribution and servicing expenses related to shares of money

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market funds included as sweep options to cash accounts. The payment formula is consistent for all of these funds.

RBC Wealth Management may also receive payments to help offset the cost of managing shareholder accounts.

For a current list of the fund company affiliates making asset and/or sales-based financial payments to RBC Wealth Management, visit the RBC Wealth Management web site at www.rbcwm-usa.com.

**WE CAN HELP YOU CHOOSE THE FUNDS
THAT FIT YOUR NEEDS**

Mutual funds can be a key component of your overall financial portfolio. Your RBC Wealth Management Financial Advisor will be happy to work with you to select the funds that fit your investment objectives and help you achieve your financial goals. For more information about investing in mutual funds and the advantages that RBC Wealth Management can provide, please contact your Financial Advisor.

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