



## Fee-based investing

Gaining greater clarity on the costs of investing can help you make more informed decisions. The broad line-up of fee-based mutual funds available from RBC Global Asset Management offer some of the lowest fee options in the industry.

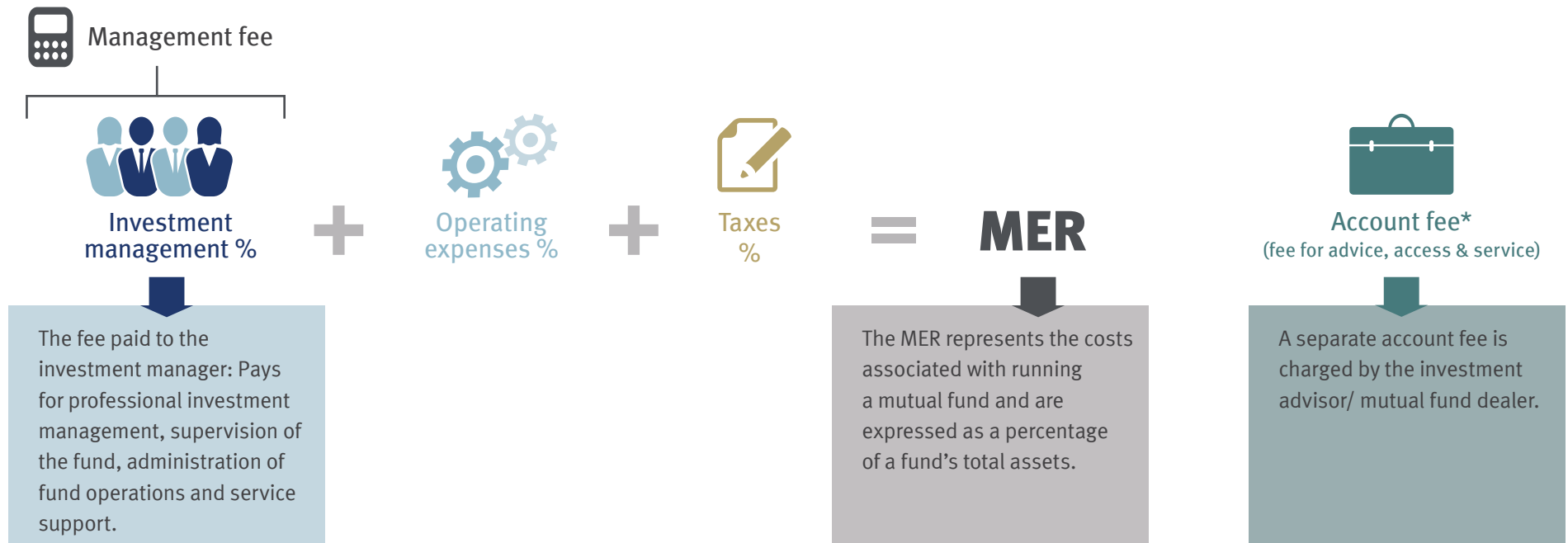


WHAT ARE

# FEE-BASED MUTUAL FUNDS?

Fee-based mutual funds are designed specifically for use in accounts where you pay your advisor and their firm (mutual fund dealer) for advice, access and service directly.

### The Anatomy of an MER for a fee-based Mutual Fund (Series F)



\*Account fees are subject to federal and provincial taxes.

## How do Series F Mutual Funds compare to embedded advice (Series A) mutual funds?

Unlike Series F mutual funds, where the investment advisor/dealer fee is charged directly to the investor, Series A mutual fund MERs include a trailing commission.

### The Anatomy of an MER of a Series A Mutual Fund



Fund companies pay ongoing fees (known as trailing commissions or trailers) to the mutual fund dealer/firm for which your advisor works. The value-added activities that your advisor provides in exchange for the trailing commission can be summarized under three pillars.



## THREE PILLARS

### Advice

The expertise an advisor provides to an investor, including building financial plans, goal-specific planning, tax planning, fund recommendations, portfolio construction and monitoring and rebalancing.

### Access

The infrastructure required of your advisors firm to support the distribution, sales and servicing of mutual funds.

### Service

Trade confirmation, account openings and closing, issuance of statements and communications and regulatory compliance activities.

**HOW IS MY ADVISOR****COMPENSATED****IN A FEE-BASED MUTUAL FUND?**

In fee-based accounts advisors and the mutual fund dealers they work for will typically charge an account fee for advice, access and service directly to the investor. This fee is usually disclosed and arranged up front and based on the assets in your account. There are normally no trailing commissions on a fee-based series because the firm your advisor works for (mutual fund dealer) and your advisor are being compensated based on the account fee charged to the investor. As a result, this series generally has a lower management fee than the retail series fund (Series A).

**WHAT'S THE****DIFFERENCE****BETWEEN AN ACCOUNT FEE AND A TRAILING COMMISSION?**

For fee-based investors, **account fees** are charged by the investment advisor on behalf of the mutual fund dealer they work for to pay for advice, access and service. The account fee may be tax deductible as it is charged directly to an investor's account and not paid by a fund company.

**Trailing commissions** are ongoing fees (known as trailers) paid by a fund company to the mutual fund dealer/firm for whom your advisor works to pay for advice, access and service.

**What are the benefits of fee-based investing?****Transparency of fees and costs**

Costs are visible and reported to investors so they can compare mutual fund performance across funds as only the investment management fee, operating expenses and taxes are embedded.

**Personalized pricing**

As the account fee is typically tiered based on an investor's account size, fee-based accounts recognize larger relationships with lower pricing.

**Fee grouping**

Many fee-based accounts allow investors to group assets across members of a household or family, leading to further fee reductions.

**Tax deductibility**

The account fee may be tax deductible as it is charged directly to investors to cover the cost of advice, access and service.

Please consult your advisor and read the prospectus or Fund Facts document before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. RBC Funds, PH&N Funds and BlueBay Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

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