

Service Provider Disclosure

ERISA Section 408(b)(2)

RBC Clearing & Custody (AS)



Clearing &
Custody

PLEASE RETAIN A COPY OF THIS DOCUMENT
FOR YOUR RECORDS

Pursuant to Department of Labor Regulation section 2550.408b-2(c), RBC Clearing & Custody, a division of RBC Capital Markets (“RBC CM”), is providing you with information regarding the services we provide, our fiduciary status, and the compensation we receive related to your retirement plan.

This disclosure is intended to be comprehensive and to cover all possible compensation, both direct and indirect, that RBC CM, its subcontractors and its affiliates could receive as a result of providing services to your plan. For compensation that is specific to a product and/or service, RBC CM, its subcontractors and affiliates will only receive the designated compensation if your plan or its participants hold such product or use such service. Certain services and compensation only apply where assets are custodied at RBC CM. Please carefully review the products and services in your plan in order to determine which are applicable.

This disclosure does not address the services provided by your financial advisor to your plan, the financial advisor’s status as a fiduciary, or any specific compensation received by your financial advisor. If you have authorized us to do so in your account opening documents, RBC CM may collect advisory fees on behalf of your financial advisor. These amounts are collected directly from the plan account and are forwarded to your financial advisor. In addition, if your investment advisor is providing discretionary management services, they may also receive indirect compensation from us or other parties related to plan assets for “soft dollar” or other arrangements. The amount of the compensation collected by your financial advisor for these items will be disclosed by your financial advisor in a separate disclosure. You may also review your financial advisor’s Form ADV Part 2A, provided to you by your financial advisor for additional information.

In instances where information has previously been disclosed to you by us or is available in other documents, we may refer you to those documents.

I. SERVICES PROVIDED BY RBC CM

Pursuant to an agreement with your financial advisor, RBC CM provides certain “back-office” functions to your plan, including providing custody of securities and other assets in your plan, executing trades on the instructions provided by your financial advisor, mailing trade confirmations and other statements, and, if applicable, checking, debit cards and other features which you have requested in relation to your plan’s accounts.

II. STATUS AS FIDUCIARY OR INVESTMENT ADVISER

We are not acting as a fiduciary for the plan under ERISA or as an investment adviser registered under the Investment Advisers Act of 1940.

III. FEES AND COMPENSATION

The fees you will pay and the compensation RBC CM receives are dependent upon the investment products selected by the plan or plan participants, the services provided by your financial advisor, and whether the relationship is brokerage, advisory or both. Information on fees your plan or plan participants pay and compensation we receive in brokerage accounts can be found in the “Client Account Agreement & Disclosures” provided to you at account opening. These disclosures include our “Cash Sweep Program Overview” and “Order Routing and Payment for Order Flow Disclosure” both of which can be found on our public website at www.rbcclearingandcustody.com/disclosures.

Custody Fees and Commission on the Purchase or Sale of Securities

Except for transactions in NTF funds, RBC CM receives compensation from plan assets in the form of custody fees and/or in the form of transaction fees related to the purchase or sale of funds or securities by your plan or its participants. RBC CM’s custody fee ranges from an annual amount equal to 0.01% to 0.50% of plan assets held at RBC CM and cover the cost of providing custody, executing trades, and generating and mailing statements and other account documents. These custody fees are generally charged directly against plan assets but may be charged against your financial advisor pursuant to our agreement with your financial advisor.

RBC CM may charge a transaction fee on the purchase or sale of funds or securities by your plan or its participants. These fees cover the costs of executing and clearing the transactions and may be a per unit fee ranging from \$0.01 to \$2.00 per share or unit in the transaction, a flat dollar fee of \$5 to \$75 per trade, or a combination of the two (i.e. a per unit fee with a minimum amount). These custody fees are generally charged directly against plan assets but may be charged against your financial advisor pursuant to our agreement with your financial advisor.

In addition, for certain security transactions we will collect a customer handling fee. This fee covers the cost of generating, mailing and storing the confirmation related to the transaction and is deducted directly from the plan account. The amount of

Investment and insurance products 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.

this fee may range from \$0 to \$5 per transaction. This fee is not charged on trades involving mutual funds.

For any particular trade the total amount of the customer handling fee and the transaction fee charged will be listed on the trade confirmation under the section titled “commission/handling”.

In cases where a client purchases a security in the initial offering (i.e. directly from the issuer), and RBC CM participates in the underwriting or distribution of the security, RBC CM will receive compensation as described in the offering documents for such transaction that will be delivered to you. The amount of compensation received by RBC CM will depend on a number of factors and could range from 0.01% to 4.00% of the total amount invested.

If your plan or its participants invest in an Exchange Traded fund (“ETF”) that is part of the no-transaction fee (“NTF”) ETF program, RBC CM will receive compensation from the fund affiliates in connection with the purchase and holding of such fund. Under the agreement with the fund affiliate, RBC CM waives the ticket charge associated with transacting in the ETF, and in exchange the fund affiliate pays RBC CM an annualized fee that ranges from 0.01% to 0.15% of the total value of the specified assets invested in the ETF, a portion ranging from 5% to 35% of the net expense ratio of the fund, and/or an annual platform fee of an agreed upon dollar amount. Please see the “NTF Mutual Fund List” on our public website www.rbcclearingandcustody.com/disclosures for a list of the funds that participate in our NTF program. From time to time, we add or drop fund families from the NTF program; please review the website regularly.

Compensation from Unbundled Managed Account Services

If your plan or its participants are in RBC CM’s Unbundled Managed Account Services (“UMAS”) Program, RBC CM will charge your financial advisor a custodial fee pursuant to an agreement between RBC CM and your financial advisor. These fees compensate RBC CM for custodial services provided to the account, including holding plan assets, trade execution, account maintenance, and mailing trade confirmations and account statements. Depending on the agreement with the financial advisor, the fee will either be (i) a flat quarterly fee ranging from \$0 to \$150 per account, plus a transaction fee ranging from \$0 to \$75 for each purchase or sale made in the account, or (ii) an annual fee that equals 0.01% to 0.50% of plan assets in the UMAS program.

In addition to amounts paid to RBC CM under the UMAS program, your financial advisor charges an advisory fee as disclosed in your agreement with the financial advisor. RBC CM collects this fee directly from the account on behalf of your financial advisor, and forwards this fee directly to your financial advisor.

Compensation from Mutual Funds

If your plan or its participants are invested in a mutual fund, as your broker of record RBC CM will receive compensation as noted below. Like many securities firms, RBC CM receives payments from fund companies and/or their affiliates (collectively, “the fund affiliates”) pursuant to an agreement between the fund affiliate and RBC CM and as described below.

Specific information on these fees may be found in a fund’s prospectus or Statement of Additional Information (SAI). You may find a fund’s prospectus or SAI by consulting the mutual fund company’s website, or on the SEC’s EDGAR website at www.sec.gov/edgar/searchedgar/companysearch. From time to time, your plan or its participants may change funds which may change the compensation paid to RBC CM. You should always refer to the prospectus or SAI for information about our compensation.

Fees Paid to RBC CM

Mutual Fund Networking and Omnibus Fees

RBC CM 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 CM. These payments are to compensate RBC CM 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 see the “Mutual Fund Arrangements” on our public website at www.rbcclearingandcustody.com/disclosures. From time to time, we develop new relationships with additional fund families and will update the website. Please review the website regularly.

No-Transaction Fee (NTF) Mutual Fund Payments

If your plan or its participants invest in a mutual fund that is part of the no-transaction fee (“NTF”) mutual fund program, RBC CM will receive compensation from the fund affiliates in connection with the purchase and holding of such fund. Under the agreement with the fund affiliate, RBC CM waives the ticket charge associated with purchasing the fund, and in exchange the fund affiliate pays RBC an annualized fee that ranges from 0.01% to 0.10% of the value of specified assets invested in the fund family and, in certain cases, up to 0.20% of sales, per the agreement. Please see the “NTF Mutual Fund List” on our public website at www.rbcclearingandcustody.com/disclosures for a list of the funds that participate in our NTF program. From time to time, we add or drop fund families from the NTF program and will update the website to reflect this fact. Please review the website regularly.

Distribution Fees

Ongoing payments (also known as residuals, trails or 12b-1 fees) are set by the fund family and paid to RBC CM by the fund affiliate to cover the cost of marketing and distributing the fund to investors. This fee is paid to RBC CM pursuant to an agreement with the fund affiliate. The amount of these fees vary by share class and fund family and not all funds pay these fees. For those that do, the fees typically range from 0.15% to 1.00% of the mutual fund or money market fund assets under management with RBC CM annually and are described in the fund’s prospectus or SAI.

Fees to RBC Affiliates

In addition to the compensation RBC CM may receive from mutual funds, if your plan or plan participants invest in certain funds that are advised and/or sub-advised by an RBC CM affiliate, such affiliate of RBC CM will receive additional compensation related to the investment. These amounts are paid by the funds (out of fund assets) pursuant to agreements between the fund and the affiliate. These agreements may call for one or more of the affiliates to receive advisory, sub-advisory and/or administrative service fees, which are paid for services that include maintaining financial records, coordinating required mailings and regulatory filings, and overseeing third party administrators.

The fees received by our affiliates on these funds typically range from 0.25% to 1.25% of total assets for advisory fees, 0.25% to 1.00% of total assets for sub-advisory fees, and 0.02% to 0.35% of total assets for administrative service fees.

For a current list of RBC Funds and details regarding affiliates receiving compensation see the “Fees to RBC Affiliates” on our public website at www.rbcclearingandcustody.com/disclosures. From time to time, new funds may be made available and additional RBC CM affiliates may advise certain other funds. Please review the website regularly.

Automatic Sweep Investment Options

If your plan or its participants use any of the automatic sweep investment options offered by RBC CM, including money market funds, RBC Insured Deposits and RBC CM’s Credit Interest Program (“CIP”), RBC CM receives compensation as described below from the provider of that product for services RBC CM performs in relation to the product. These services are provided pursuant to an agreement with the provider of the product and include, but are not limited to, shareholder sub-accounting, aggregation and processing of sweep transactions, providing customer statements and other regulatory documents, processing dividend and interest payments, forwarding shareholder communications, tax reporting, and daily activity settlement.

In addition, affiliates of RBC CM may receive compensation from the use of these products by the plan or its participants.

Non-Monetary Compensation/Sponsorships

From time to time RBC CM may receive non-monetary compensation or event sponsorships from third parties that provide investment products to our plan clients, including mutual fund companies, insurance companies, investment managers and other vendors, to reimburse or subsidize the cost of employee or client events. Such events must be for educational or training purposes, and reimbursements may not be contingent upon sales targets or other incentives. Third parties may also provide gifts that do not exceed \$100 in total value per year to RBC CM employees. Occasional meals and entertainment may be also provided to employees.

Technology and Product Fees

RBC CM may provide certain technology services, research and other products to your financial advisor pursuant to a separate agreement with your financial advisor. For example, RBC CM may make certain technology platforms available to your financial advisor that enable certain trading functions in fixed income markets or the ability to research specific types of securities. RBC CM collects these fees directly from your financial advisor and the amount of the fees are based on the number of users and type of product that your financial advisor chooses. These fees may range from \$0 to \$500 per user per month, and are not dependent on the amount of plan assets held at RBC CM.

Other Fees

RBC CM may charge the plan or its participants certain document fees and maintenance fees that will vary by plan and are disclosed in the relevant Adoption Agreement for the plan. In addition, RBC CM may charge the plan or its participants an annual fee as well as fees for certain services, including checking, debit cards, and margin (if applicable), all of which are disclosed in the applicable agreement for your plan or your participant.

RBC CM charges fees against plan assets for certain operational and other items, including wire transfers, overnight checks, duplicate confirms and statements, certificate rejects, registered overnight mail, restricted stock transfers, annual account maintenance fees, inactive account fees and safekeeping. RBC CM will collect between \$0 and \$650 for these services.

Certain services involve third party fees incurred by RBC CM that are passed through by RBC CM and charged against plan assets. These include transfer agent fees and Section 31 fees (exchange fees).

If the plan or its participants invest in alternative investments that are not publicly traded, RBC CM may charge fees related to the processing of these transactions and the custody of the investments, which are disclosed in the Alternative Investment Acknowledgement Form that is required to be signed prior to any such investment.

If the plan or its participants invest in international securities RBC CM utilizes a vendor service provider, GlobeTax Services, Inc., for Foreign Tax relief and reclaims. Information on fees, your plan or plan participants pay in can be found in the “Client Account Agreement & Disclosures” provided to you at account opening and can be found on our public website at www.rbcclearingandcustody.com/disclosures.

Termination Fees

RBC CM will charge an account termination/account transfer fee of up to \$150 for any closing or transfer of an account. This cost is designed to cover our expenses in transferring assets and accounts. Please see the account agreement covering your plan for more information on this fee. As always, if you have any questions about this notice or your account(s) with us, please contact your financial advisor.