RBC and PH&N Mutual Fund Trailing Commission Class Action

Guide to the Distribution Protocol

The following is a guide to the Distribution Protocol and a brief summary of some of the factors considered by the Plaintiff and Class Counsel in concluding that the Distribution Protocol is fair and reasonable. A more detailed explanation will be provided in the motion materials to be filed in support of Court approval of the Settlement and the Distribution Protocol, which will be posted at https://www.siskinds.com/class-action/mutual-fund-trailing-commissions/ in advance of the settlement approval hearing scheduled for September 8, 2026.

A copy of the Distribution Protocol is available at the above website. If anything in this document is inconsistent with the Distribution Protocol, the Distribution Protocol prevails.

PART 1 – BACKGROUND

The Settlement Agreement provides for $45 million to be paid into a fund to be distributed to Class Members, after deductions for certain expenses as described below.

1. Who are Class Members, Claimants and Authorized Claimants?

"Class Members" are all persons, wherever they may reside or be domiciled, who held, at any time from December 28, 2003 to July 25, 2024, units of an RBC Mutual Fund[1] and/or PH&N Mutual Fund[2] through a discount broker[3], except for the Excluded Persons[4].

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[1] "RBC Mutual Funds" means all mutual fund trusts (including, without limitation, all series of units thereof) of which RBC Global Asset Management Inc. is trustee, was trustee or may be trustee at any time prior to the Effective Date (but only in respect of the period during which RBC Global Asset Management Inc. is trustee, was trustee or may be trustee, as applicable), including, for greater certainty, (i) those mutual funds that have been or may be terminated, (ii) those mutual funds that have been or may be merged into other mutual funds, and (iii) those mutual funds that have undergone or may undergo name changes.

[2] "PH&N Mutual Funds" means all mutual fund trusts (including, without limitation, all series of units thereof) of which RBC Investor Services Trust is trustee, was trustee or may be trustee at any time prior to the Effective Date (but only in respect of the period during which RBC Investor Services Trust is trustee, was trustee or may be trustee, as applicable), including, for greater certainty, (i) those mutual funds that have been or may be terminated, (ii) those mutual funds that have been or may be merged into other mutual funds, and (iii) those mutual funds that have undergone or may undergo name changes.

[3] Examples of discount brokers are RBC Direct Investing, CIBC Investor's Edge, TD Direct Investing, BMO InvestorLine, National Bank Direct Brokerage, Scotia iTRADE, CI Direct Trading, Qtrade, Desjardins Online Brokerage, HSBC InvestDirect, Laurentian Bank Discount Brokerage, Wealthsimple, Questrade, and Interactive Brokers. They may have had different names in the past.

[4] "Excluded Persons" means (a) the Defendants; the past and present parents, subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns of each of the Defendants; and the past and present members of the independent review committee of the RBC Mutual Funds or the PH&N Mutual Funds; (b) any Person who would otherwise be a Class Member

A "Claimant" is a Class Member who submits a properly completed claim and all required supporting documentation to the Administrator within the specified time for doing so.

An "Authorized Claimant" is a Claimant who makes a valid claim for compensation and whose assessed Trailing Commissions Paid are greater than zero.

2. How much money will be distributed?

Certain expenses will be deducted from the Settlement Amount before the balance is distributed. Those expenses include counsel fees, counsel disbursements, the commission of the litigation funder, the costs of providing notice to Class Members and settlement administration expenses. All expenses must be approved by the Court. The remainder, after the deduction of Court approved expenses, is called the "Net Settlement Amount". The Net Settlement Amount will be distributed to Authorized Claimants in accordance with the Distribution Protocol.

PART 2 – RATIONALE FOR THE DISTRIBUTION PROTOCOL

1. The allocation of the Net Settlement Amount between Authorized Claimants

The Distribution Protocol distributes the Net Settlement Amount to each Authorized Claimant based on the amount of his, her or its Trailing Commissions Paid[5] as a proportion of the total amount of Trailing Commissions Paid of all Authorized Claimants.

In so doing, the Distribution Protocol will distribute money to Class Members in a manner that tracks the losses alleged in the litigation. The alleged losses are those suffered by Class Members as a result of the Defendants paying trailing commissions to discount brokers on their behalf. In Class Counsel's opinion, dividing compensation amongst Class Members based on their approximate alleged losses is fair and reasonable.

2. Design of the Distribution Protocol

The Distribution Protocol is designed to be efficient and user friendly. As described further below, it allows Class Members to rely on data Class Counsel obtains from the Defendants to make a claim to the extent that data is available. All other Claimants will be able to make claims using their own information and records of their RBC Mutual Fund and/or PH&N Mutual Fund holdings through discount brokers. The use of Defendants' data should substantially increase the speed and efficiency of the claims process for the benefit of Claimants.

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but who validly excluded themselves from the Action in accordance with the certification Order of the Honourable Justice Akbarali dated July 25, 2024 providing for notice of certification and an opt-out process.

[5] As described further below and calculated pursuant to the terms of the Distribution Protocol.

PART 3 – DETERMINING ELIGIBILITY AND CALCULATING ENTITLEMENT

1. Trailing Commissions Paid

A Claimant's eligibility for compensation and the amount of compensation they receive is based on their Trailing Commissions Paid.

Each Claimant who submits a valid claim and has Trailing Commissions Paid greater than zero (0) will be an Authorized Claimant eligible to receive a proportionate share of the Net Settlement Amount (as described in the next section) subject to a minimum entitlement threshold of $25.

The Administrator's calculation of Trailing Commissions Paid for a particular Claimant will vary depending on the source and nature of the available information and whether the claim relates to the RBC Mutual Funds and/or PH&N Mutual Funds.

A Claimant's Trailing Commissions Paid shall be determined as follows:

> **A.** ***Actual trailers paid:*** Where the Defendants provide information to the Administrator on the actual amount of trailing commissions paid to a Claimant's discount broker, Trailing Commissions Paid will be the actual amount of trailing commissions paid by the Defendants. It is not currently anticipated that actual trailing commissions paid data will be available from the Defendants.
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> **B.** ***Estimated trailers paid based on asset value:*** If the information described in "A" is unavailable, Trailing Commissions Paid will be based on the aggregate market value of a Claimant's RBC Mutual Fund units and/or PH&N Mutual Fund units assuming that trailing commissions were charged at a rate of 0.75% annually.
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> For example, if annual market value information is available, the Trailing Commissions Paid will be calculated as follows:
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> > For each year, Trailing Commissions Paid equals the [Aggregate market value of all RBC Mutual Fund units and/or PH&N Mutual Fund units held by the Claimant through the discount broker in the applicable month] multiplied by [0.75%]. The amount determined for each year over the period during which the RBC Mutual Fund units and/or PH&N Mutual Fund units were held by the Claimant will be added together.

Where the Administrator has a combination of the information described above, the Administrator will give priority to "A" and then "B". For "B", while only annual information is required, the Administrator will use the information available over the shortest time interval first (*e.g.* using monthly first, then quarterly, then at six-month intervals, then annually).

For all Claimants, Trailing Commissions Paid on or after June 1, 2022 shall be deemed to be zero.[6]

2. Proportionate Allocation of Net Settlement Amount to Authorized Claimants

After each Authorized Claimant's Trailing Commissions Paid are determined, the Net Settlement Amount will be allocated to Authorized Claimants proportionately based upon each Authorized Claimant's Trailing Commissions Paid. What this means is that each Authorized Claimant will be entitled to a share of the Net Settlement Amount equal to their relative share of the total Trailing Commissions Paid of all Authorized Claimants. For example, if an Authorized Claimant has Trailing Commissions Paid of $10,000 and the total Trailing Commissions Paid was $100,000,000, she would be entitled to 0.01% of the Net Settlement Amount.

PART 4 – THE CLAIMS PROCESS

There are two ways a claim for compensation can be made. *First*, there is a streamlined process available where the Administrator has been provided with information from the Defendants that allows the Administrator to calculate the Class Member's Trailing Commissions Paid. *Second*, there is a full claims process for Class Members when that information is not available from the Defendants.

1. The Streamlined Claims Process

Where the Defendants provide the Administrator with information to calculate the Trailing Commissions Paid of a particular Class Member and their contact information, that Class Member will be entitled to rely on the information provided when making a claim for compensation.

To facilitate this process, the Administrator will send such Class Members an email or letter (if email is not available) with a username and password to log-on to the online claims portal created by the Administrator. The online claims portal will be pre-populated with information on the Trailing Commissions Paid by the Class Member based on the information provided by the Defendants. The Class Member will be able to rely on that pre-populated information to submit a claim for compensation without any further supporting documentation. As described in more detail in the Distribution Protocol, the Class Members may provide supplemental information using the full claims process described below if they disagree with the pre-populated Trailing Commissions Paid or wish to expand their claim for a period not covered by their pre-populated information.

It is Class Counsel's view that this should substantially increase the efficiency of the claims process for a significant number of Class Members.

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[6] June 1, 2022 is the date when the Defendants stopped paying trailing commissions to discount brokers because of a regulatory prohibition on the practice.

2. The Full Claims Process

All other Claimants can make a claim using the online portal created by the Administrator. Claimants using the full claims process will be required to provide information and supporting documentation showing, on at least annual intervals, the aggregate market value of their RBC Mutual Fund units and/or PH&N Mutual Fund units for the period that they held those units. The Administrator will determine what documentary support is sufficient. That documentary support may include brokerage account statements, holdings summaries, transaction records or other similar documentation.

The portal will be designed by the Administrator to make the claims process as efficient as possible. Claimants using the full claims process must provide documentation supporting their claim. The Administrator will be flexible in its approach to supporting documentation.

PART 5 – SAMPLE CALCULATION FOR ILLUSTRATION PURPOSES

NOTE: A Claimant's actual entitlement based on their Trailing Commissions Paid can vary significantly from the amounts described below depending on the actual aggregate amount of Trailing Commissions Paid of all Authorized Claimants and the actual Net Settlement Amount available for distribution.

Assumed Facts

- A Claimant's aggregate annual value of RBC Mutual Fund units and PH&N mutual fund units held through a discount broker are as follows:

2012	$50,000
2013	$51,000
2014	$51,550
2015	$53,000
2016	$60,000
2017	$63,000
2018	$66,000
2019	$68,000

- The sum of all Authorized Claimants' Trailing Commissions Paid is $100,000,000; and

- The Net Settlement Amount available for distribution is $26,500,000.

Application of Distribution Protocol to the Assumed Facts

- The Claimant has Trailing Commissions Paid of $3,469.13, calculated as the sum of A to H:

A.	$50,000 multiplied by 0.75% =	$375.00
B.	$51,000 multiplied by 0.75% =	$382.50
C.	$51,550 multiplied by 0.75% =	$386.63
D.	$53,000 multiplied by 0.75% =	$397.50
E.	$60,000 multiplied by 0.75% =	$450.00
F.	$63,000 multiplied by 0.75% =	$472.50
G.	$66,000 multiplied by 0.75% =	$495.00
H.	$68,000 multiplied by 0.75% =	$510.00
	TOTAL:	$3,469.13

- As a result, the Claimant is an Authorized Claimant eligible for compensation under the Distribution Protocol; and
- The Authorized Claimant is entitled to $919.32, calculated as [$3,469.13 ÷ $100,000,000] x $26,500,000.

PART 6 – DISPUTE RESOLUTION

In the event of a denial of a claim by the Administrator and subject to the limitations described in the next paragraph, a Claimant can request reconsideration of their claim by the Administrator within 45 days of receiving a notice from the Administrator that their claim has been denied in its entirety. If the claim continues to be denied in its entirety after a request for reconsideration, Claimants will have a final right of appeal to an arbitrator.

To promote an efficient and expeditious administration process, Claimants will not be able to make a request for reconsideration to the Administrator or have an appeal right: (a) where the claim is allowed but the Claimant disputes the amount of the Trailing Commissions Paid or their individual compensation; (b) for claims filed after the Claims Filing Deadline; and (c) where the appeal or request for reconsideration, if successful, will result in the Claimant's Trailing Commissions Paid being less than $500.