Managed portfolios and mutual funds — what's the difference?

Managed portfolios are tailored investments that allow you to retain direct ownership of the assets managed on your behalf. This portfolio of securities is entrusted to a professional money manager or model provider who will manage your portfolio to meet your specific objectives and needs. In the past, this level of customization was only available to large institutional clients.

Comparing managed portfolios, mutual funds and individual stocks

There are many variables to consider when choosing between managed portfolios, mutual funds or individual securities. Managed portfolios can provide some unique advantages that allow you to build a comprehensive, customized solution for your investment needs.

Is a managed portfolio right for you?

Managed portfolios may be appropriate for investors who have:

- Significant investable assets
- Need for personalized advice
- Unique portfolio
- Tax concerns
- Long-term investment goals
- Customization requirements

	Individual securities (Outside a managed account)	Mutual funds	Managed portfolios
Access to Professional Money Managers	No	Yes	Yes
Diversification	Client and FA determine diversification strategy	Diversified portfolio of securities	Diversified portfolio of securities
Ownership	Clients own the securities they purchase	Clients own shares in a pool of securities	Clients own the securities purchased on their behalf by their manager
Cost Basis	Client cost basis for each security established at time of purchase — specific to client	Client buys existing portfolio — may potentially buy into unrealized capital gains/ losses	Client cost basis for each security established at time of purchase — specific to client
Customization	Clients purchase individual securities to build a customized portfolio	Customization generally not available at the portfolio level	Ability to restrict securities in all-equity portfolios to meet client preferences
Gain/Loss Distribution	Ability to take gains and harvest losses as needed	Gains are distributed at year-end — losses cannot be distributed, but may be harvested to offset future gains	Managers can provide potential tax advantages by opportunistically taking gains and harvesting losses
Funding	Cash or existing securities	Cash	Cash or existing securities
Fees	Clients pay either commission for securities bought and sold or an asset-based fee	Multiple pricing structures are available including: asset-based fee, no load, front-end load and level load	Clients pay an annual asset-based fee
Miscellaneous Account Fees	Standard account fees still apply (i.e. wire fees, ACH fees, overnight checks, etc.). Refer to your financial advisor for a list of potential ancillary fees.	Standard account fees still apply (i.e. wire fees, ACH fees, overnight checks, etc.). Refer to your financial advisor for a list of potential ancillary fees.	Standard account fees still apply (i.e. wire fees, ACH fees, overnight checks, etc.). Refer to your financial advisor for a list of potential ancillary fees.

How to open a managed account

You can access the services of money managers and model providers through your Financial advisor.

- RBC Unified Portfolio (RBC UP) offers the ability to hire several money managers and model providers in one account. Investors can also take advantage of the tax management strategy offered by the overlay portfolio manager. Please request the RBC Unified Portfolio fact sheet for more information.
- Consulting Solutions provides investors access to money managers in a separate account structure.
- Money managers are available through either RBC Unified Portfolio or Consulting Solutions. Investors have access to a wide variety of research coverage on these managers.

	Individual securities (Outside a managed account)	Mutual funds	Managed portfolios
Investment expenses	No additional expenses	Internal management expenses vary from fund to fund	No additional expenses for equity portfolios. Internal expenses may vary from fund to fund for managed portfolios comprised of mutual funds or ETFs, but those expense are not added to the annual fee. Instead, they are built into the performance of the fund(s)/ETFs.
Minimum investment	No minimum	Varies by fund company — may be as low as $250	Varies by product type and money manager or model provider. Can range from $10,000-$100,000.
Investment transparency	Clients own specific security holdings in their account that can be readily viewed	Specific security holdings are reported quarterly	Clients own specific security holdings in their account that can be readily viewed

Investors should consider the investment objectives, risks, and charges and expenses of a fund carefully before investing. Prospectuses containing this and other information about the fund are available by contacting your financial advisor. Please read the prospectus carefully before investing to make sure that the fund is appropriate for your goals and risk tolerance. Historical fund performance does not guarantee the same results in the future. Principal value, share prices and investment returns fluctuate with market conditions. Your investment may be worth more or less than your original cost when you redeem your shares.

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