

# Global Market-Linked GIC®

Participate in the returns of five major global equity markets while your principal is 100% protected

The **Global Market-Linked GIC** delivers the best of both worlds — the security of a GIC and the higher return potential associated with global equity markets from France, Germany, Japan, the U.K. and the U.S. This is ideal if you need the growth potential of equities but want to preserve your principal.

With this GIC, you'll enjoy these benefits:

- **Higher return potential.** You'll participate in the gains of a group of global stock market indices..
- **Peace of mind.** You'll get 100% of your original investment at maturity.
- **Simplicity.** You'll have principal protection and growth potential in one solution.
- **Global diversification.** You can utilize this GIC to safely access equity markets around the world.

## Is it right for you?

This GIC may be an appropriate choice if you:

- Want the potential to earn a higher rate of return than traditional GICs
- Want to guarantee the safety of your original investment
- Will not require regular income from this investment
- Are willing to accept a variable, rather than guaranteed, rate of return

## How returns are calculated

With this GIC, your return will depend on whether and how much the group of indices increases over the three-year term. Unlike a traditional GIC, the return is not guaranteed. However, your principal is always 100% guaranteed.

The calculation of your return is based on three factors:

- **Composite Index Settlement Level (CISL):** The average month-end index closing value for the 12 months prior to maturity. This helps to even out the impact of market highs and lows.
- **Composite Index Base Level (CIBL):** The weighted closing index value on the second business day after the GIC issue date.
- **Participation Factor (PF):** The percentage at which the GIC will participate in the index's returns.

The following formula is used to calculate your variable return payment:

### Formula:

$$\text{Principal} \times \frac{\text{CISL} - \text{CIBL}}{\text{CIBL}} \times \text{PF}$$

For example, let's say you invest \$10,000 with a Participation Factor of 60% and a CIBL of 1,000. If after three years, the CISL is 1,364, then your variable return payment would be calculated as:

$$\begin{aligned} \text{Variable return payment} &= \$10,000 \times \frac{(1,364 - 1,000)}{1,000} \times 60\% \\ &= \$2,184 \text{ (or 6.8\% compound annual rate of return)} \end{aligned}$$

At maturity, you would receive your original principal of \$10,000 plus the variable return payment of \$2,184, for a total of \$12,184. The higher the indices rise, the higher the CISL will rise and the higher your return will be.

Using this same example, if after three years, the CISL drops to 865 instead, your calculated variable return payment would be -\$810 ( $\$10,000 \times [(865 - 1,000) / 1,000] \times 60\%$ ). In this scenario, your variable return would be set to zero. Therefore, if the indices perform negatively and the CISL decreases below the CIBL, you will not earn any return, but your principal will be fully guaranteed.

In addition to the CISL, your variable return is also affected by the Participation Factor, which is set at the time of purchase by RBC® and is dependent on market conditions. Within a non-registered account, the variable return payment is taxed as interest income.

You also have the option of locking in the variable return early, on the second anniversary of the GIC. This option provides you with control and flexibility.

### Before you invest...

As with any investment choice, it's important that you make a fully informed decision. With the Global Market-Linked GIC, you should be aware of the following:

- Past performance of the indices is not indicative of future returns.
- Investing in this type of GIC is not the same as investing directly in the stocks of the five international indices. For example, you won't have the right to receive any dividends or distributions. The return on your GIC will not be identical to the return associated with the indices.
- We determine the Variable Return and may exercise judgment and discretion in calculating it. Our calculations and determinations will be final. Potential conflicts between the interests of the depositors and the interests of RBC may arise.
- Any Global Market-Linked GIC deposit made over the phone may be cancelled by notifying us within two days of receipt of the Fact Sheet and confirmation.

### Highlights

Term	3 years (non-redeemable and non-transferable)
Minimum deposit	\$1,000
Underlying investment	Weighted basket of 5 international stock market indices: CAC 40 (France), DAX 30 (Germany), FTSE 100 (U.K.), Nikkei 225 (Japan), S&P 500 (U.S.)
Variable return payment <sup>†</sup>	Variable return will be calculated using the formula explained on page 1 and will be paid at maturity or at the second anniversary of the GIC if the lock-in option is selected
Early return lock-in*	Variable return can be locked in on the second anniversary of the GIC
Plan eligibility	Available for RRSPs, TFSAs, RESPs, RDSPs and non-registered accounts
CDIC eligible	Yes

### Staying in the know

Confirmations, regular statements and maturity notices are provided to make it easy for you to keep track of your investments.

In addition, you can find the estimated current value of your GIC after you purchase it by referring to the online **RBC MarketSmart™ GIC Return Calculator** at [rbc.com/marketsmart-calculator](http://rbc.com/marketsmart-calculator).

**For more information or to invest in a Global Market-Linked GIC, visit your nearest RBC Royal Bank® branch, call 1-800-463-3863 or visit our website at [www.rbcroyalbank.com/gic](http://www.rbcroyalbank.com/gic).**



**RBC Royal Bank**

<sup>†</sup> Unless other instructions have been provided, the total proceeds at maturity will be invested in a One-Year Cashable GIC for non-registered accounts and savings deposit for registered accounts.

\* If you decide to lock in gains before maturity, the return is paid out on the second anniversary, but the principal is paid back on the maturity date. In this case, the ISL is the actual index closing level on the business day following the second anniversary day. No 12-month averaging will be applied.

The Global Market-Linked GIC is not sponsored, endorsed, sold or promoted by the respective indices or stock exchanges, and neither parties make any representation regarding the advisability of investing in the Global Market-Linked GIC.

The Global Market-Linked GIC is offered by Royal Bank of Canada, Royal Trust Corporation of Canada and The Royal Trust Company.

**CLIENT AGREEMENT - GUARANTEED INVESTMENT CERTIFICATE (GIC)****Special Conditions - Global Market-Linked GIC**

1. **What the Words Mean:** In these Special Conditions, please remember that,

"**You**" means any person in whose name a Global Market-Linked GIC deposit is held. If more than one person holds the GIC, then "**you**" means each of those persons, individually and together; and

"**We**", "**our**" and "**us**" means the Royal Bank of Canada if a deposit is with the Bank, Royal Bank Mortgage Corporation (RBMC) if a deposit is with RBMC and Royal Trust if a deposit is with Royal Trust Corporation of Canada or in Quebec, The Royal Trust Company.

Please also remember that,

"**Agreement**" means the Client Agreement - Guaranteed Investment Certificate (GIC) that you have entered into with us;

"**Business Day**" means, in the case of a deposit, a day on which our main branch in Toronto, Ontario is open for business and, in respect of a particular Equity Index, will only include a day (a) on which commercial banks are open for business in the city where the Sponsor for that Equity Index is located, and (b) a day which is a trading day on the applicable Principal Exchange for that Equity Index, other than a day on which any such Principal Exchange is scheduled to close prior to its regular weekday closing time;

"**CAC 40 Index**" means the capitalization weighted index composed of a selection of forty (40) French stocks known as the Compagnies Agents de Change - 40 Index, as calculated and disseminated by Soci t  des Bourses Fran aises from time to time in accordance with the rules Soci t  des Bourses Fran aises has established for this purpose;

"**Composite**" means the basket comprised of an assigned weighting of the Equity Indices, using the applicable Weighting Factor for each Equity Index in the basket;

"**Composite Index Base Level**" means the sum of the amounts for each Equity Index in the Composite equal to (a) the index base level for the Equity Index, times (b) the applicable Weighting Factor for that Equity Index;

"**Composite Index Settlement Level**" means

(a) if we receive a Variable Return "lock in" notice in writing at the branch where your GIC account is located from you before the second anniversary of the Investment date for a deposit with a three (3) year term, the sum of amounts for each Equity Index in the Composite equal to (i) the closing level for the Equity Index as quoted by the Sponsor of that Equity Index for the second Business Day immediately following the second anniversary of the Investment date for the deposit, times (ii) the applicable Weighting Factor for the Equity Index, and

(b) in all other cases, the sum of amounts for each Equity Index in the Composite equal to (i) an amount equal to the average of the month end Business Day closing level for the Equity Index as quoted by the Sponsor of that index for the twelve (12) month period immediately preceding the maturity date for a deposit, times (ii) the applicable Weighting Factor for the Equity Index.

"**DAX Index**" means the capitalization weighted index composed of a selection of thirty (30) stocks known as the *Deutsche Aktien\** Index, as calculated and disseminated by Deutsche B rse AG from time to time in accordance with the rules Deutsche B rse AG has established for this purpose;

"**Equity Index**" means the *CAC 40\** Index, the DAX Index, the FT-SE 100 Index, the Nikkei 225 Index or the S & P 500 Index, as the context requires, and "**Equity Indices**" means all of these indices collectively;

"**FT-SE Index**" means the capitalization weighted index composed of a selection of one hundred (100) stocks of selected leading U.K. companies listed on the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("**London Stock Exchange**") known as the *FT-SE 100\** Index, as calculated and disseminated by London Stock Exchange from time to time in accordance with the rules London Stock Exchange has established for this purpose;

"**Index Base Level**" means the closing level for the Equity Index on the second Business Day immediately following the Investment date for a deposit, as quoted by the applicable Sponsor of that Equity Index;

"**Investment Date**" means the Investment Date for a deposit, as indicated on its certificate or confirmation notice we provide to you;

"**Maturity Date**" means the Maturity Date for a deposit, as indicated on its certificate or confirmation notice we provide to you;

"**Nikkei 225 Index**" means the capitalization weighted index composed of a selection of two hundred and twenty five (225) actively traded issues of the Tokyo Stock Exchange, 1st Section known as the *Nikkei 225\** Index, as calculated and disseminated by Nihon Keizai Shimbun, Inc. from time to time in accordance with the rules Nihon Keizai Shimbun, Inc. has established for this purpose;

"**Participation Factor**" means the percentage rate we set at the time the deposit is purchased based on our assessment of market conditions. The Participation Factor for a deposit is indicated on its certificate or confirmation notice we provide to you;

"**Principal Exchange**" means

- (a) in respect of the CAC 40 Index, the Paris Stock Exchange,
- (b) in respect of the DAX Index, the Frankfurt Stock Exchange,
- (c) in respect of the FT-SE 100 Index, the London Stock Exchange,
- (d) in respect of the Nikkei 225 Index, the Tokyo Stock Exchange, and
- (e) in respect of the S & P 500 Index, the New York Stock Exchange;

"**Variable Return**" means, subject to any special circumstances that have occurred, the result calculated in accordance with the following formula and expressed as a percentage rate:

$$\text{Variable Return} = \frac{\text{Composite Index Settlement Level} - \text{Composite Index Base Level}}{\text{Composite Index Base Level}} \times \text{Participation Factor}$$

if the Variable Return, calculated in accordance with the above formula, is a negative percentage rate, the Variable Return will be zero;

"**Variable Return Payment**" means the amount, expressed in dollars and cents, equal to the product obtained by multiplying the deposit by the Variable Return.

If the Variable Return is zero, this amount will be zero;

"**S & P 500 Index**" means the capitalization weighted index of a selection of five hundred (500) stocks known as the *Standard & Poor's 500\** Index, as calculated and disseminated by Standard & Poor's, a division of The McGraw Hill Companies, Inc., from time to time in accordance with the rules Standard & Poor's has established for this purpose;

"**Special Circumstances**" means the Special Circumstances described in section 6 of these Special Conditions;

"**Sponsor**" means

- (a) in respect of the CAC 40 Index, Société des Bourses Françaises,
- (b) in respect of the DAX Index, the Deutsche Börse AG,
- (c) in respect of the FT-SE 100 Index, the London Stock Exchange,
- (d) in respect of the Nikkei 225 Index, Nihon Keizai Shimbun, Inc., and
- (e) in respect of the S & P 500 Index, Standard & Poor's, a division of The McGraw Hill Companies, Inc.; and

"**Weighting Factor**" means, in respect of an Equity Index and a deposit, the Weighting Factor we have assigned to the Equity Index. The Weighting Factor is multiplied by the Equity Index to determine the assigned weighting of the Composite when determining the Composite Index Base Level and Composite Index Settlement Level. An approximation of the weighting factors are as follows:

CAC 40	DAX 30	FT-SE 100	NIKKEI 225	S&P 500
18	13	10	3	56

The other words used in these Special Conditions have the same meaning we have given to them in the Agreement. You will refer to the Agreement if you need to when reading those words.

## 2. General

These Special Conditions will form part of the Agreement and will apply to each Deposit to which a Variable Return applies. It replaces all prior agreements between you and us for those deposits. If there is a conflict between these Special Conditions and the Agreement, these Special Conditions will prevail.

## 3. Renewal

If you do not provide us with instructions as to what to do with the principal of the deposit and the Variable Return Payment, if any, on the Maturity Date and this is a deposit held outside a registered plan, we will automatically invest them both in a One Year Cashable GIC at the then prevailing interest rate and upon the terms and conditions applicable to such product at that time. If this is a deposit held within a Royal Bank of Canada retirement savings plan, retirement income fund, or education savings plan within a registered plan, the principal and return will be credited to a Savings Deposit within the plan. Accordingly, all provisions of the Agreement relating to renewal are amended to the extent necessary to adapt to the present.

## 4. Payments

- (a) **Principal:** We will repay or renew a deposit, together with any unpaid Variable Return Payment earned on it during its term, in accordance with the Agreement and these Special Conditions.
- (b) **Interest:** We will not pay interest on a deposit during the term. Accordingly, the Interest Section of the Agreement will not apply to any deposit to which these Special Conditions apply.
- (c) **Variable Return Payment:** We will pay the Variable Return Payment (if any) earned on a deposit:
  - (i) at the end of the second anniversary of the Investment Date for a deposit with a three (3) year Term, if we receive a Variable Return "lock in" notice in writing at the branch where your GIC account is located from you before the end of that second anniversary, and
  - (ii) at the end of its term, in all other cases.

There is no Variable Return payable unless the Composite Index Settlement Level is greater than your Composite Index Base Level. The Participation Factor, set at the time of purchase, will limit the amount of the Variable Return. This factor is necessary so that your principal is guaranteed while providing the potential of higher returns.

The Payment and Renewal Instructions Section of the Agreement will apply to the payment (if any) as if it were an interest payment.

## 5. Disclosures

- (a) **Term:** The term of the deposit or the Maturity Date is indicated on the certificate or confirmation notice.
- (b) **Fees:** There are no fees and expenses applicable to this deposit.
- (c) **Variable Return:** The method of calculating the Variable Return and any limitations in respect of the Variable Return Payment are described in sections 1 and 4(c) above.
- (d) **Risk Factors / Considerations:** The following are some risks / considerations associated with this deposit:
  - (i) No Variable Return will be payable on the Maturity Date unless the Settlement Level is greater than the Base Level;
  - (ii) This deposit will not give a guaranteed rate of return;
  - (iii) The amount of Variable Return Payment will depend upon the performance of the Equity Indices. No assurance may be given that the Equity Indices will perform adequately; and

(iv) The deposit is not equivalent to a direct investment in the stocks of the Equity Indices and the deposit does not entitle you to any interest in the stocks of the Equity Indices, including any right to receive dividend or distribution payments. As such the deposit is subject to different risks than a direct investment in the stocks of the Equity Indices and any return payable will not be identical to the return associated with the stocks of the Equity Indices.

**(e) Differences from a Fixed Rate Investment:** This deposit will not provide a guaranteed rate of return. The return on this deposit will depend on the performance of the Equity Indices.

**(f) Suitability:** This deposit provides opportunities but may pose risks, which should be carefully considered. This deposit is designed for those who wish to earn a higher rate of return than traditional deposits, such as fixed rate guaranteed investment certificates, and are willing to accept the risk of earning no return or a minimal return but at the same time wish to have their principal guaranteed. We make no representations as to the suitability of the deposit for your investment purposes.

**(g) CDIC Insurance:** This deposit is eligible for deposit insurance coverage by the Canada Deposit Insurance Corporation.

**(h) No Redemption:** A deposit may not be redeemed until its Maturity Date.

**(i) No Secondary Market:** This deposit is not transferable. There shall not be any secondary market for this deposit.

**(j) Right of Cancellation:** You may cancel any purchase of a deposit made by electronic means or by telephone by notifying us within 2 days of the earlier of actual receipt or deemed receipt of the written disclosures related to the deposit. Upon cancellation, you are entitled to a refund of the deposit, but if the deposit was held within a Royal Bank of Canada retirement savings plan, retirement income fund, or education savings plan, the deposit will be credited to a Savings Deposit within the plan.

**(k) Potential Conflict of Interest:** We will be responsible in most cases for determining the Variable Return and may exercise judgment and discretion in relation to the calculations and determinations undertaken in respect of the Variable Return Payment. Our calculations and determinations will (absent manifest error) be final and binding on you. Consequently, potential conflicts between the interests of the deposits and our interests may arise.

**(l) Restrictions on Sale:** This deposit may only be sold in Canada and to Canadian residents. It is subject to all other restrictions on sale that may apply under federal or provincial laws.

## 6 Special Circumstances

**(a) Extraordinary Events:** You understand and agree that there is the possibility of the occurrence of a market disruption or other event beyond our reasonable control which has or will have a material adverse effect on our ability to calculate the Variable Return, to manage the related risk, or to otherwise perform our obligations under these Special Conditions. If such an event occurs, we may, acting reasonably, take such action as we deem necessary, including (without limitation) adjusting, advancing or delaying the calculation or payment of any Variable Return Payment.

**(b) Discontinuation or Modification of Equity Indices:** If, for any reason, the Sponsor of an Equity Index ceases to calculate or publish its Equity Index or materially changes the numerical form of (or the method of calculating) that Equity Index, we may determine the Variable Return as we deem appropriate, including consulting independent calculation experts to make any necessary calculations they deem appropriate.

## 7. Equity Indices Disclaimers

The deposit is not Sponsored, endorsed, sold or promoted by any Sponsor. Neither we nor the Sponsors (collectively and individually) make any representation or warranty, express or implied, to you or any member of the public regarding the advisability of investing in securities generally or in the deposit particularly, or regarding the usefulness of the Equity Indices (or any of them) in assessing or tracking stock market performance or any other economic factor. The Sponsors' only relationship to us is the licensing of certain trade-marks and other properties of the Equity Indices and the stock indices to which those Equity Indices relate, which are prepared and published by the Sponsors without regard to us or you. The Sponsors have not participated in and are not responsible for the issue, promotion or administration of the deposit,

## 8. Availability of Information

(a) The information contained in section 5 above may be obtained on our public website at rbc.com and a paper copy available upon request by visiting our branches or by calling toll free at 1 800 769-2511;

(b) If you wish to obtain an indication of the current value of your deposit at any time, you may do so by visiting our branches, by calling 1 800 769-2511 or by using our RBC Market Access GIC™ Return Calculator, on the GIC page of our public website at rbc.com. Note the actual return on your deposit may only be determined on the Maturity Date.

NEITHER WE NOR THE SPONSORS GUARANTEE THE ACCURACY OR COMPLETENESS OF THE EQUITY INDICES. WE AND THE SPONSORS WILL NOT BE LIABLE (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY ERROR OMISSION, OR INTERRUPTION IN PUBLICATION OF THE EQUITY INDICES. WE AND THE SPONSORS ARE NOT OBLIGED TO ADVISE ANY PERSON OF ANY SUCH EVENT. WE AND THE SPONSORS MAKE NO WARRANTY, EXPRESS OR IMPLIED. AS TO RESULTS TO BE OBTAINED BY YOU OR BY US, OR BY ANY OTHER PERSON OR ENTITY FROM THE USE OF THE EQUITY INDICES OR ANY DATA INCLUDED THEREIN. WE AND THE SPONSORS MAKE NO EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS AND EXPRESSLY DISCLAIM ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABILITY QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ANY OTHER EXPRESS OR IMPLIED WARRANTY WITH RESPECT TO THE EQUITY INDICES. WITHOUT LIMITING THE FOREGOING, WE AND THE SPONSORS WILL AT NO TIME HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL LOSSES, DAMAGES, COSTS, CLAIMS AND EXPENSES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS, CLAIMS AND EXPENSES.