

RBC® Canadian Banking MarketSmart GIC®



Ensure that your investment is guaranteed to grow: get a guaranteed minimum return, plus the potential for a higher return based on the stock market's performance.

The **RBC Canadian Banking MarketSmart GIC** delivers the best of both worlds — the security of a GIC with a guaranteed minimum return and the potential for a higher return tied to the performance of a Canadian Banking equity index. This is ideal if you need the growth potential of equity but want to preserve your principal.

Is this GIC right for you?

This GIC may be an appropriate choice if you:

- Want a guaranteed minimum return with the potential for a higher rate of return
- Want peace of mind knowing you'll get 100% of your principal as well as at least the guaranteed minimum
- Want the simplicity of principal protection and growth in one solution
- Will not need regular income from this investment

How returns are calculated

Unlike traditional GICs that guarantee a specific rate of return, the RBC Canadian Banking MarketSmart GIC's return is variable and depends on how much the Canadian Banking index increases over the 2-, 3- or 5-year term of the GIC. The index used to calculate returns for the RBC Canadian Banking MarketSmart GIC is the S&P[‡]/TSX[‡] Banks Index.[†]

You will always receive 100% of your principal as well as the guaranteed minimum return. However, the additional return is calculated on the day the GIC comes due and is based on three factors:

- **Minimum and Maximum Returns:** With the RBC Canadian Banking MarketSmart GIC, you are always guaranteed to receive at least the minimum return. This means that even if the markets perform poorly, you still receive the guaranteed minimum return. If the markets perform well and the underlying Canadian Banking index increases, you will get a higher rate of return, up to the maximum rate set out at the time of purchase.
- **Index Settlement Level (ISL):** The closing level for the S&P/TSX Banks Index for the business day preceding the maturity date.
- **Index Base Level (IBL):** The closing index value on the first business day after the GIC issue date.

The formula used to calculate your variable return is the percentage change in the level of the S&P/TSX Banks Index.

Formula:

$$\text{Variable Return} = \frac{(\text{ISL} - \text{IBL})}{\text{IBL}}$$

To calculate your variable return payment, multiply the principal by the variable return.

- If the variable return is below the minimum return, adjust it upwards to the minimum return set out at the time of purchase.
- If the variable return is above the maximum return, adjust it downwards to the maximum return set at the time of purchase.

Charting out return scenarios

To get a better idea of how it works, let's take a look at some return scenarios. For example, let's assume you purchase a 5-year RBC Canadian Banking MarketSmart GIC and, at the time of purchase, the minimum return is set at 5% and the maximum return is set at 25%.

Depending on the growth of the underlying index over the 5-year term, there are three possible scenarios: the market is up, the market is down or the market is way up.

Market is up

If the underlying index moves from 100 to 120 over the 5-year term of the GIC, this would indicate an increase of 20% in the index. In this scenario the increase is above the minimum and below the maximum. **You would receive 100% of your principal plus a 20% return on your investment.**

The chart displays 'Return (%)' on the y-axis and 'Time of Purchase' to 'Maturity' on the x-axis. A green line represents the index return, starting at 100 and ending at 120. A blue shaded area at the bottom represents the '100% Protected Principal'. Two horizontal yellow lines indicate the 'Minimum Return - 5%' and 'Maximum Return - 25%'. A callout box shows '120 Return is 20%'.

Market is down

If the underlying index moves from 100 to 80 over the 5-year term of the GIC, you would, in this scenario, **receive 100% of your principal plus the 5% guaranteed minimum return set out at the time of purchase.**

The chart displays 'Return (%)' on the y-axis and 'Time of Purchase' to 'Maturity' on the x-axis. A red line represents the index return, starting at 100 and ending at 80. A blue shaded area at the bottom represents the '100% Protected Principal'. Two horizontal yellow lines indicate the 'Minimum Return - 5%' and 'Maximum Return - 25%'. A callout box shows '80 Return is 5%'.

Market is way up

If the underlying index moves from 100 to 135 over the 5-year term of the GIC, this would indicate an increase of 35% in the index. In this scenario, since the increase is above the maximum, **you would receive 100% of your principal plus the 25% maximum return set out at the time of purchase.**

The chart displays 'Return (%)' on the y-axis and 'Time of Purchase' to 'Maturity' on the x-axis. A red line represents the index return, starting at 100 and ending at 135. A blue shaded area at the bottom represents the '100% Protected Principal'. Two horizontal yellow lines indicate the 'Minimum Return - 5%' and 'Maximum Return - 25%'. A callout box shows '135 Return is 25%'.

Before you invest...

As with any investment choice, it's important that you make a fully informed decision. With the RBC Canadian Banking MarketSmart GIC, you should be aware of the following:

- Past performance of the S&P/TSX Banks Index is not indicative of future returns.
- Investing in this type of GIC is not the same as investing directly in the stocks of the S&P/TSX Banks Index. 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 index.
- 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 RBC Canadian Banking MarketSmart GIC deposit made over the phone may be cancelled by notifying us within two days of receipt of the Fact Sheet and confirmation.
- For each year you hold your RBC Canadian Banking MarketSmart GIC, you will receive a T5 slip (Relevé 3 in Quebec) based on the minimum return at the time of purchase. In the final calendar year that includes the Maturity Date of your RBC Canadian Banking MarketSmart GIC, you will receive a tax slip reflecting the return paid for the term, minus the interest income reported in previous years.

Highlights

Term	2-, 3- and 5-year terms (non-redeemable and non-transferable)
Minimum deposit	\$1,000
Underlying investment	S&P/TSX Banks Index is a sub-sector index comprised of the major banks within the S&P/TSX Composite Index. The individual constituents are: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Canadian Western Bank, Genworth MI Canada Inc., Home Capital Group Inc., Laurentian Bank of Canada, National Bank of Canada, Royal Bank of Canada, The Toronto-Dominion Bank
Variable return payment†	The variable return will be calculated using the formula displayed on the first page, adjusted to a minimum or maximum return, if applicable, and will be paid at maturity.
Plan eligibility	Available for RRSPs, TFSAs, RESPs, RDSPs, RRIFFs and non-registered accounts
CDIC-eligible	Yes

Staying in the know

The confirmations, regular statements and maturity notices we send out make it easy for you to keep track of your investments. After purchasing your GIC, you can get its estimated current value by using the online **RBC MarketSmart™ GIC Return Calculator** at rbc.com/marketsmart-calculator.

For more information or to invest in an RBC Canadian Banking MarketSmart GIC, visit your nearest RBC branch, call 1-800-463-3863 or go online to www.rbcroyalbank.com/gic.



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