

RBC North American 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 performance of a portfolio of 20 North American companies.

The RBC® North American MarketSmart GIC delivers the best of both worlds — the security of a guaranteed investment certificate (GIC) with a guaranteed minimum return *and* the potential for a higher return tied to the performance of an equally weighted notional “basket” of North American companies (the “Reference Portfolio”). This GIC is for you if you are looking for the potential upside of participating in the equity markets, without risking your initial investment.

Why invest in North America?

North America is home to some of the world’s largest and most innovative companies. Known for its stability and growth potential, this market has historically outperformed other developed regions. Tapping into the North American investment universe allows for greater access to broader industries, thereby achieving the benefits of geographic diversification.

The power of diversification

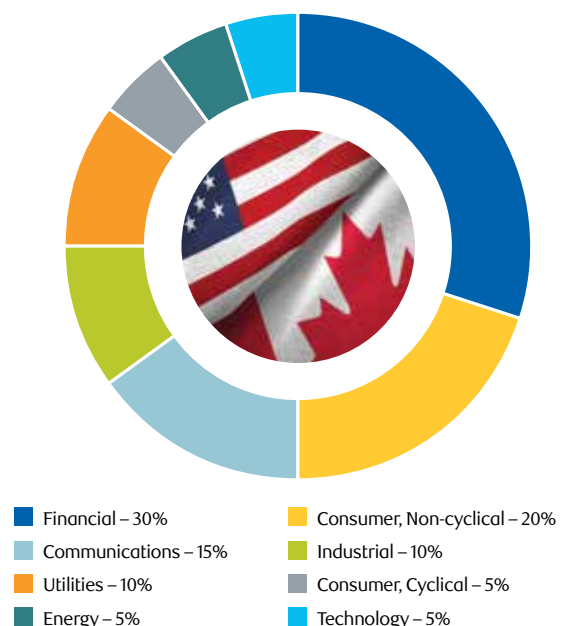
Diversification is often considered one of the most important investing principles. Because markets are unpredictable, no company or sector consistently outperforms the others. By investing in a “basket” that contains companies from various industries and regions of North America, company- or sector-specific risk can be significantly reduced.

Investment composition

The Reference Portfolio will include 20 North American companies, each having equal weight. These companies represent a variety of sectors across Canada and the United States, thereby diversifying the risk of being exposed to a single industry.

| Canadian Companies | U.S. Companies |
|------------------------------------|-----------------------|
| Royal Bank of Canada | Lockheed Martin |
| Toronto-Dominion Bank | AbbVie Inc. |
| Bank of Nova Scotia | Pfizer |
| Bank of Montreal | Johnson & Johnson |
| Canadian Imperial Bank of Commerce | Coca-Cola |
| Enbridge | McDonald’s |
| Power Corporation of Canada | United Parcel Service |
| Fortis | IBM |
| Emera | AT&T |
| Bell | Verizon |

Sectors represented



5 reasons the RBC North American MarketSmart GIC may be right for you

This GIC may be an appropriate choice if you:

1. Want a guaranteed minimum return with the potential for a higher rate of return.
2. Want peace of mind knowing 100% of your principal investment is guaranteed.
3. Want the simplicity of principal protection and growth in one solution.
4. Want exposure to a diversified mix of selected North American companies.
5. Will not need access to the money invested in the GIC during its term.

How returns are calculated

Unlike traditional GICs that guarantee a specific rate of return, the RBC North American MarketSmart GIC's return is variable and depends on how much the price of the underlying shares in the Reference Portfolio increase over the 2-, 3- or 5-year terms available for this GIC.

The full principal of the investment is guaranteed, plus the minimum rate of return quoted at the time of purchase. The potential additional return is calculated on the day the GIC comes due and is based on three factors:

- **Minimum and Maximum Returns:** With the RBC North American MarketSmart GIC, there is a minimum rate of return that is guaranteed at the time of purchase that will be paid out at maturity, regardless of the performance of the underlying shares. If the shares perform well and their price increases during your GIC's term, upon maturity, a higher return, up to the maximum amount indicated at the time of purchase, will be paid out.
- **Base Price:** The closing share price of each of the 20 companies on the first business day after the GIC issue date.
- **Settlement Price:** The closing share price of each of the 20 companies on the business day preceding the maturity date.

The formula used to calculate your return is the average of the percentage change in the share price of each of the underlying 20 companies (the "**Variable Return**").

Formula:

Variable Return = Average of the Percentage Change for each of the 20 Companies in the Reference Portfolio, where

$$\text{Percentage Change} = \frac{(\text{Settlement Price} - \text{Base Price})}{\text{Base Price}}$$

The Variable Return will be subject to the minimum and maximum returns specified at the time of purchase.

To calculate the variable return payment you would receive on your principal at the end of your GIC's term, 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.

Example return scenarios

To get a better idea of how the RBC North American MarketSmart GIC works, here are a few different scenarios. We will assume the purchase of a 5-year RBC North American MarketSmart GIC, which at the time of purchase, has a minimum rate of return set at 3% and a maximum rate of return set at 15%.

Depending on the growth of the underlying shares over the 5-year term, there are three possible growth scenarios: strongly positive, mildly positive or negative.

Strongly positive¹: This scenario assumes that all shares in the Reference Portfolio have posted strong performances over the term of the GIC, resulting in an average Percentage Change of 16.3% across the shares of the 20 companies, collectively.

Based on this example, the payout at the end of the term would represent a Variable Return of 15%, since the average Percentage Change is greater than the maximum return of 15% set out at the time of purchase.

| Company | Ticker | Base Price | Settlement Price | Percentage Change |
|---|--------|------------|------------------|-------------------|
| Royal Bank of Canada | RY | \$115.95 | \$138.23 | 19.2% |
| Toronto-Dominion Bank | TD | \$82.69 | \$98.32 | 18.9% |
| Bank of Nova Scotia | BNS | \$77.48 | \$90.26 | 16.5% |
| Bank of Montreal | BMO | \$113.69 | \$130.47 | 14.8% |
| Canadian Imperial Bank of Commerce | CM | \$124.29 | \$145.80 | 17.3% |
| Enbridge | ENB | \$46.60 | \$55.36 | 18.8% |
| Power Corporation of Canada | POW | \$56.11 | \$65.32 | 16.4% |
| Fortis | FTS | \$34.50 | \$40.69 | 17.9% |
| Emera | EMA | \$57.97 | \$68.54 | 18.2% |
| Bell | BCE | \$58.48 | \$68.54 | 17.2% |
| Lockheed Martin | LMT | \$387.15 | \$435.61 | 12.5% |
| AbbVie Inc. | ABBV | \$110.97 | \$125.11 | 12.7% |
| Pfizer | PFE | \$39.62 | \$45.19 | 14.1% |
| Johnson & Johnson | JNJ | \$166.80 | \$195.44 | 17.2% |
| Coca-Cola | KO | \$54.67 | \$64.15 | 17.3% |
| McDonald's | MCD | \$232.61 | \$270.69 | 16.4% |
| United Parcel Service | UPS | \$178.82 | \$200.54 | 12.2% |
| IBM | IBM | \$143.54 | \$162.47 | 13.2% |
| AT&T | T | \$30.16 | \$35.74 | 18.5% |
| Verizon | VZ | \$58.12 | \$67.80 | 16.7% |
| Variable Return (Average of the Percentage Change) | | | | 16.3% |

Mildly positive¹: This scenario assumes that most shares in the basket have posted mildly positive performances over the term of the GIC, resulting in an average Percentage Change of 6.2% across the shares of the 20 companies, collectively.

Based on this example, the payout at the end of the term would represent a Variable Return of 6.2% since the average Percentage Change is greater than the guaranteed minimum return of 3% but less than the maximum return of 15% set out at the time of purchase.

| Company | Ticker | Base Price | Settlement Price | Percentage Change |
|---|--------|------------|------------------|-------------------|
| Royal Bank of Canada | RY | \$115.95 | \$124.72 | 7.6% |
| Toronto-Dominion Bank | TD | \$82.69 | \$89.57 | 8.3% |
| Bank of Nova Scotia | BNS | \$77.48 | \$83.54 | 7.8% |
| Bank of Montreal | BMO | \$113.69 | \$123.50 | 8.6% |
| Canadian Imperial Bank of Commerce | CM | \$124.29 | \$130.94 | 5.4% |
| Enbridge | ENB | \$46.60 | \$45.12 | -3.2% |
| Power Corporation of Canada | POW | \$56.11 | \$55.20 | -1.6% |
| Fortis | FTS | \$34.50 | \$36.10 | 4.6% |
| Emera | EMA | \$57.97 | \$60.75 | 4.8% |
| Bell | BCE | \$58.48 | \$64.10 | 9.6% |
| Lockheed Martin | LMT | \$387.15 | \$420.65 | 8.7% |
| AbbVie Inc. | ABBV | \$110.97 | \$120.87 | 8.9% |
| Pfizer | PFE | \$39.62 | \$42.38 | 7.0% |
| Johnson & Johnson | JNJ | \$166.80 | \$170.64 | 2.3% |
| Coca-Cola | KO | \$54.67 | \$57.64 | 5.4% |
| McDonald's | MCD | \$232.61 | \$251.68 | 8.2% |
| United Parcel Service | UPS | \$178.82 | \$189.54 | 6.0% |
| IBM | IBM | \$143.54 | \$156.14 | 8.8% |
| AT&T | T | \$30.16 | \$32.54 | 7.9% |
| Verizon | VZ | \$58.12 | \$62.74 | 7.9% |
| Variable Return (Average of the Percentage Change) | | | | 6.2% |

Negative¹: This scenario assumes that most shares in the basket have posted negative performances where their prices have declined over the term of the GIC, resulting in an average Percentage Change of -2.7% across the shares of the 20 companies, collectively.

Based on this example, the payout at the end of the term would represent a Variable Return of 3% since the average Percentage Change is less than the guaranteed minimum return of 3% set out at the time of purchase.

| Company | Ticker | Base Price | Settlement Price | Percentage Change |
|---|--------|------------|------------------|-------------------|
| Royal Bank of Canada | RY | \$115.95 | \$110.45 | -4.7% |
| Toronto-Dominion Bank | TD | \$82.69 | \$81.65 | -1.3% |
| Bank of Nova Scotia | BNS | \$77.48 | \$73.54 | -5.1% |
| Bank of Montreal | BMO | \$113.69 | \$109.35 | -3.8% |
| Canadian Imperial Bank of Commerce | CM | \$124.29 | \$118.54 | -4.6% |
| Enbridge | ENB | \$46.60 | \$45.10 | -3.2% |
| Power Corporation of Canada | POW | \$56.11 | \$57.87 | 3.1% |
| Fortis | FTS | \$34.50 | \$35.64 | 3.3% |
| Emera | EMA | \$57.97 | \$54.12 | -6.6% |
| Bell | BCE | \$58.48 | \$56.14 | -4.0% |
| Lockheed Martin | LMT | \$387.15 | \$350.87 | -9.4% |
| AbbVie Inc. | ABBV | \$110.97 | \$108.49 | -2.2% |
| Pfizer | PFE | \$39.62 | \$38.45 | -2.9% |
| Johnson & Johnson | JNJ | \$166.80 | \$164.89 | -1.1% |
| Coca-Cola | KO | \$54.67 | \$52.89 | -3.3% |
| McDonald's | MCD | \$232.61 | \$228.46 | -1.8% |
| United Parcel Service | UPS | \$178.82 | \$179.54 | 0.4% |
| IBM | IBM | \$143.54 | \$140.89 | -1.9% |
| AT&T | T | \$30.16 | \$29.14 | -3.4% |
| Verizon | VZ | \$58.12 | \$57.19 | -1.6% |
| Variable Return (Average of the Percentage Change) | | | | -2.7% |

Before you invest...

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

- Past performance of this particular basket is not indicative of future returns.
- Investing in this type of GIC is not the same as investing directly in the shares of the companies. For example, you will not receive any dividends or distributions, as you might if you were a direct shareholder.
- Unlike most traditional GICs, this GIC does not pay interest periodically (e.g. monthly, semi-annually, annually). Your principal, along with any variable return payment earned on the principal, will be repaid to you as a single payment at the end of your GIC's term, provided you have instructed us to pay out your funds.
- RBC will determine the Variable Return and may exercise judgment and discretion in calculating it. RBC's calculations and determinations will be final. Potential conflicts between the interests of the depositors and the interests of RBC may arise.
- Any RBC North American MarketSmart GIC deposit made over the phone may be cancelled by notifying us within two days of receipt of this fact sheet and confirmation.
- For each year a GIC holder has an RBC North American MarketSmart GIC, they 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 the RBC North American MarketSmart GIC, the GIC holder 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 | An equally weighted investment in AbbVie, AT&T, Bank of Montreal, Bank of Nova Scotia, BCE, Canadian Imperial Bank of Commerce, Coca-Cola Company, Emera, Enbridge, Fortis, IBM, Johnson & Johnson, Lockheed Martin, McDonald's, Pfizer, Power Corporation of Canada, Royal Bank of Canada, Toronto Dominion Bank, United Parcel Service, Verizon Communications |
| Variable return payment | The Variable Return will be calculated using the formula displayed on page 2, adjusted to a minimum or maximum return, if applicable and will be used to calculate your payment at maturity. |
| Plan/account eligibility | Available for RRSPs, TFSAs, RESPs, RDSPs, RRIFs and non-registered investment accounts |
| CDIC-eligible | Yes |

Staying in the know

The confirmations, regular statements and maturity notices RBC sends out will make it easy for you to keep track of your investments. After purchasing your GIC, you can find out its estimated current value by using the online **RBC Equity-Linked GICs Return Calculator** available on our public website at rbcroyalbank.com/gic.

For more information on RBC's Equity-Linked GICs, visit an RBC branch, call 1-800-463-3863 or go online to rbcroyalbank.com/gic.



The RBC North American MarketSmart GIC is offered by Royal Bank of Canada, Royal Trust Corporation of Canada and The Royal Trust Company.

¹ Share prices of the 20 companies were taken from publicly available sources and are used for illustrative purposes only. RBC assumes no responsibility for the accuracy or completeness of such information.

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