

Canadian Market-Linked GIC®

Participate in the returns of the Canadian stock market while your principal is 100% protected

The **Canadian Market-Linked GIC** delivers the best of both worlds — the security of a GIC and the higher return potential associated with the Canadian equity market. This is ideal if you need the growth potential of equity but want to preserve your principal.

With this GIC, you'll enjoy these benefits:

- **Higher return potential.** You'll participate in the gains of the S&P/TSX 60 Index.
- **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.

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 the Canadian Market-Linked GIC, your return will depend on whether and how much the index 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:

- **Index Settlement Level (ISL):** 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.
- **Index Base Level (IBL):** The closing index value on the first business day after the GIC issue date.
- **Participation Factor (PF):** The percentage at which the GIC will participate in the index's return.

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

Formula:

$$\text{Principal} \times \frac{(\text{ISL} - \text{IBL})}{\text{IBL}} \times \text{PF}$$

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

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

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 index rises, the higher the Index Settlement Level will rise and the higher your return will be.

Using this same example, if after three years, the Index Settlement Level 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 index performs negatively and the Index Settlement Level decreases below the Index Base Level, you will not earn any return, but your principal will be fully guaranteed.

In addition to the Index Settlement Level, 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 Canadian Market-Linked GIC, you should be aware of the following:

- Past performance of the S&P/TSX 60 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 60 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 Canadian Market-Linked GIC deposit made over the phone may be cancelled by notifying us within two days of receipt of this fact sheet and confirmation.

Highlights

Term	3 years (non-redeemable and non-transferable)
Minimum deposit	\$1,000
Underlying investment	S&P/TSX 60 Index
Variable return payment†	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.

For more information or to invest in a Canadian Market-Linked GIC, visit your nearest RBC Royal Bank® branch, call 1-800-463-3863 or visit our website at www.rbcroyalbank.com/gic.



RBC Royal Bank

† 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 Canadian Market-Linked GIC is not sponsored, endorsed, sold or promoted by Standard & Poor's (S&P) or the TSX, and neither party makes any representation regarding the advisability of investing in the Canadian Market-Linked GIC.

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