

RBC Canadian Dividend Fund-Linked GIC™

Participate in the returns of one of Canada's top dividend mutual funds along with 100% principal protection

The **RBC Canadian Dividend Fund-Linked GIC** delivers the best of both worlds — the security of a GIC and the higher return potential associated with an equity mutual fund. 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 the RBC Canadian Dividend Fund.
- › **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 RBC Canadian Dividend Fund-Linked GIC, your return will depend on whether and how much the fund increases over the term of your investment. Unlike a traditional GIC, the return is not guaranteed. However, your principal is always 100% guaranteed.

The calculations for your return are based on three factors:

- › **Settlement Level (SL):** The average of the month-end value of the Total Return Index* for the 12 months prior to maturity. This is to even out the impact of market highs and lows.
- › **Base Level (BL):** The Total Return Index* for the fund on the first business day after the GIC issue date.
- › **Participation Factor (PF):** The percentage at which the GIC will participate in the fund's return.

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

$$\text{Principal} \times \frac{(\text{SL} - \text{BL})}{\text{BL}} \times \text{PF}$$

For example, let's say you invest \$10,000 in a five-year term with a Participation Factor of 60% and a Base Level of 1,000. If after five years, the Settlement Level is 1,653, then your variable return payment would be calculated as:

$$\text{Variable return payment} = \$10,000 \times \frac{(1,653 - 1,000)}{1,000} \times 60\%$$

$$= \$3,918 \text{ (or 6.8\% compound annual rate of return)}$$



At maturity, you would receive your original principal of \$10,000 plus the variable return payment of \$3,918, for a total of \$13,918. The better the fund performs, the higher the Settlement Level will rise and the higher your return will be.

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

In addition to the 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.

Highlights

Term	3 or 5 years (non-redeemable and non-transferable)
Minimum deposit	\$1,000
Underlying investment	RBC Canadian Dividend Fund (Series A)
Variable return payment [†]	Variable return will be calculated using the formula explained on page 1 and will be paid at maturity
Plan eligibility	Available for non-registered accounts
CDIC eligible	Yes

Stay 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 Market Access GIC Return Calculator** at www.rbcroyalbank.com/gic.

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

Before you invest...

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

- › Past performance of the RBC Canadian Dividend Fund is not indicative of future returns.
- › Investing in this type of GIC is not the same as investing in the RBC Canadian Dividend Fund. For example, you won't receive any of the distributions paid by the fund and the return on your GIC will not be identical to the fund's return.
- › RBC determines 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 Dividend Fund-Linked GIC deposit made over the phone may be cancelled by notifying us within two days upon receipt of the Fact Sheet and confirmation.



* Total Return Index is created by RBC for the purpose of calculating the GIC return. It is calculated weekly and reflects the change in the Net Asset Value of the Fund and includes all distributions paid by the Fund. The calculation of the Total Return Index assumes all distributions are reinvested in the Fund.

** RBC or its affiliates may from time to time and in the normal course of business operations provide services to the deposit or the fund or have dealings with the issuers of the securities held by the Fund. These may include the extension of credit to account the potential effect on the net asset value of the Fund or the amount payable on the deposit.

[†]Unless other instructions have been provided, the total proceeds at maturity will be invested in a One-Year Cashable GIC.

The RBC Canadian Dividend Fund-Linked GIC is offered by Royal Bank of Canada, Royal Trust Corporation of Canada and The Royal Trust Company. RBC Funds are offered by RBC Asset Management Inc. (RBC AM), an indirect, wholly owned subsidiary of RBC.

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CLIENT AGREEMENT - GUARANTEED INVESTMENT CERTIFICATE (GIC)

Special Conditions - RBC Canadian Dividend Fund Linked GIC

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

"You" means any person in whose name an RBC Canadian Dividend Fund Linked GIC deposit (the deposit) is held. If more than one person holds the deposit, then "you" means each of those persons, individually and together; and

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

Please also remember that,

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

"Business Day" means a day on which the Bank's main branch in Toronto, Ontario is open for business and which is a trading day on the Toronto Stock Exchange;

"Base Level" means the Total Return Index for the Fund on the Investment Date for a deposit, as determined by us in our sole discretion;

"Fund" means the series A units of the RBC Canadian Dividend Fund. The manager of the Fund is RBC Asset Management Inc. (RBC AM), an indirect, wholly owned subsidiary of the Bank;

"Investment Date" means the date on which the contract for the issuance of this deposit is entered into, as indicated on the 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;

"Maximum Return" means the maximum that may be earned on the deposit, as indicated on its certificate or confirmation notice;

"Minimum Return" means the minimum that may be earned on the deposit, as indicated on its certificate or confirmation notice;

"Net Asset Value" means all the assets of the Fund added together, less the liabilities of the Fund, divided by the total number of units of the Fund;

"Participation Factor" means the percentage rate we set at the time the deposit is purchased based on our assessment of market conditions that will be applied to determine the amount of the Variable Return. The Participation Factor for a deposit is indicated on its certificate or confirmation notice we provide to you;

"Settlement Level" means the average of the last available Total Return Index of the Fund for each month of the twelve (12) month period immediately preceding the Maturity Date for a deposit, as calculated on the Maturity Date and determined by us in our sole discretion;

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

"Total Return Index" is created by us and calculated on a weekly basis to reflect the change in the Net Asset Value of the Fund, and includes all interest, dividends, realized capital gains and any other distributions paid by the Fund. The calculation of the Total Return Index assumes all distributions are reinvested in the Fund;

"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:

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

If the Variable Return, calculated in accordance with the above formula, is less than the Minimum Return, the Variable Return will be the Minimum Return. If the Variable Return, calculated in accordance with the above formula exceeds the Maximum Return, then the Variable Return will be the Maximum Return; and

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

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 RBC Canadian Dividend Fund Linked GIC deposit. They replace any prior agreements between you and us for these 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, 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. 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 the principal of a deposit, together with any Variable Return Payment earned on it during its term on its Maturity Date 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. All other references to interest in the Agreement are adapted to the extent necessary to refer to Variable Return.

(c) Variable Return Payment: We will pay the Variable Return Payment (if any) earned on a deposit on its Maturity Date. The method of calculating the Variable Return and any limitations in respect of the Variable Return Payment are described in sections 1 and 5(c).

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: If the Minimum Return is zero, no Variable Return is payable unless the Settlement Level is greater than the Base Level. If the Minimum Return is greater than zero, a Variable Return in the amount of the Minimum Return is payable even if the calculation of the Variable Return results in a value below the Minimum Return. If a value has been given to the Maximum Return and the Variable Return exceeds the Maximum Return, then the Variable Return will be the Maximum Return. 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 for higher returns.

(d) Risk Factors / Considerations: The following are some risks and considerations associated with this deposit:

- (i) If the Minimum Return is zero, no Variable Return will be payable on the Maturity Date unless the Settlement Level is greater than the Base Level;
- (ii) If the Variable Return exceeds the Maximum Return, then the Variable Return will be lowered to the Maximum Return;
- (iii) This deposit will not give a guaranteed rate of return;
- (iv) The amount of Variable Return Payment will depend upon the performance of the Fund. No assurance may be given that the Fund will perform adequately; and
- (v) The deposit is not equivalent to a direct investment in the Fund and the deposit does not entitle you to any interest in the Fund, including any right to receive distribution payments. As such the deposit is subject to different risks than a direct investment in the Fund and any return payable will not be identical to the return associated with the Fund.

(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 Fund.

(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: This deposit may not be redeemed until its Maturity Date.

(i) No Secondary Market: 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.

(k) Potential Conflict of Interest:

- (i) 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 depositors and our interests may arise.

- (ii) We, or any of our affiliates, may from time to time, in the course of our respective normal business operations, provide services to the deposit or the Fund, or have dealings with issuers of the securities which are held by the Fund, including through the extension of credit to, or investing in, such entities. We will base all such actions on normal commercial criteria in the particular circumstances and we will not take into account the effect, if any, of such actions on the Net Asset Value or the amount that may be payable on the deposit or the interests of the deposit generally.

(l) Disclaimer: Neither RBC AM, nor the Fund, are responsible for the issue, promotion or administration of the deposit.

(m) 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 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. Such events could include (but are not limited to) the suspension or limitation on trading on any principal exchange of any number of the securities that comprise the Fund, any court or government order prohibiting the managers of the Fund from performing their obligations or prohibiting us from performing our obligations under these Special Conditions or any government action that has a material adverse effect on relevant financial markets. 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 the Fund: If, for any reason, the Fund is discontinued or, in our opinion, is materially changed, we may determine the Variable Return as we deem appropriate, including consulting independent calculation experts to make any necessary calculations they deem appropriate.

7. 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 GICTM 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.