



RBC European Large Cap Tactical RoC Yield Securities

Global Investment Solutions

Investment Objective:

The RBC European Large Cap Tactical RoC Yield Securities are designed to provide investors with “long” exposure to RBC’s proprietary 8-factor quantitative model (the “Model”), with the ability to allocate to fixed income investments based on the trend of the S&P Europe 350 Index® (“Index”). The goal of this strategy is to be exposed to the shares selected by the Model when the trend is positive for the equity markets and to reduce or eliminate equity exposure as the trend for the equity markets becomes negative, while at the same time providing a partial hedge of the potential currency risk between the dollar currency, in which the Securities and all payments under the Securities to holders of the Securities are denominated, and the currency in which the notional investments in the Portfolio are denominated.

No Canadian Tax Events:

- Until maturity or disposition
- On Portfolio changes or rebalancing
- On quarterly return of capital payments

Benchmark:

S&P Europe 350 Index®

Asset Class:

European equity

INDUSTRY ALLOCATION



- Energy 16.00%
- Materials 28.00%
- Industrial 12.00%
- Consumer Discretionary 8.00%
- Financials 36.00%
- Fixed Income Investment 0.00%

EQUITY INVESTMENT – JANUARY 2017

As of December 30, 2016, the Portfolio was allocated entirely to an Equity Investment. The indicative yield on the Equity Investment as of December 30, 2016 was 2.42%. Partial Principal Repayments on the Securities will only be calculated when the Strategy allocates 100% of the Portfolio to an Equity Investment.

Sector	Country	Symbol	Company	Weight	Rank	Dividend Yield (%)
Energy	United Kingdom	SUBC NO	Subsea 7 SA	4.00%	16	-
	Netherlands	RDSB LN	Royal Dutch Shell PLC	4.00%	74	5.87
	Netherlands	RDSA LN	Royal Dutch Shell PLC	4.00%	84	6.21
	Italy	SPM IM	Saipem SpA	4.00%	54	-
Materials	Norway	NHY NO	Norsk Hydro ASA	4.00%	5	2.42
	Sweden	BOL SS	Boliden AB	4.00%	17	1.37
	Finland	UPM1V FH	UPM-Kymmene OYJ	4.00%	25	3.21
	Germany	LXS GY	LANXESS AG	4.00%	41	0.96
	United Kingdom	AAL LN	Anglo American PLC	4.00%	35	-
	Luxembourg	MT NA	ArcelorMittal	4.00%	66	-
	France	AKE FP	Arkema SA	4.00%	64	2.04
Industrials	Germany	LHA GY	Deutsche Lufthansa AG	4.00%	6	4.07
	Italy	LDO IM	Leonardo SpA	4.00%	3	-
	United Kingdom	AHT LN	Ashtead Group PLC	4.00%	45	1.47
Consumer Discretionary	United Kingdom	FCA IM	Fiat Chrysler Automobiles NV	4.00%	1	-
	France	UG FP	Peugeot SA	4.00%	4	-
Financials	United Kingdom	III LN	3i Group PLC	4.00%	2	1.90
	Germany	ALV GY	Allianz SE	4.00%	29	4.65
	Sweden	SWEDA SS	Swedbank AB	4.00%	44	4.86
	Sweden	NDA SS	Nordea Bank AB	4.00%	33	5.86
	Austria	EBS AV	Erste Group Bank AG	4.00%	18	-
	Denmark	DANSKE DC	Danske Bank A/S	4.00%	52	3.73
	Sweden	INVEB SS	Investor AB	4.00%	36	2.94
	France	CS FP	AXA SA	4.00%	8	4.59
	France	GLE FP	Societe Generale SA	4.00%	7	4.28

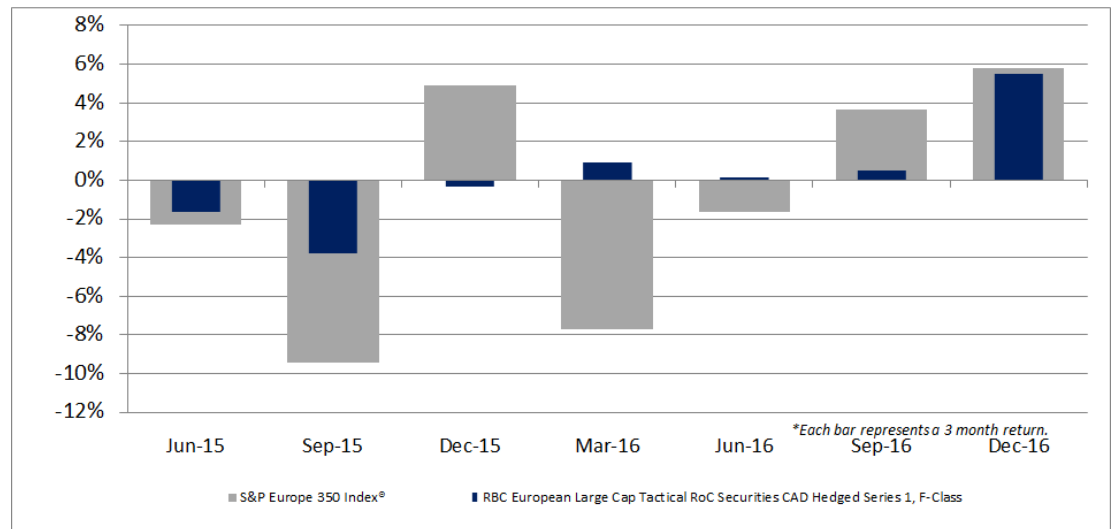
Portfolio Deletions

HSBA LN	HSBC Holdings PLC	United Kingdom	667.06	GBp
SMIN LN	Smiths Group PLC	United Kingdom	1,429.20	GBp

Portfolio Additions

CS FP	AXA SA	France	24.69	EUR
GLE FP	Societe Generale SA	France	47.51	EUR

HISTORICAL SECONDARY MARKET PRICE^{1, 2}



Returns as of	1 month	3 months	1 year	Since Inception
December 30, 2016				
RBC European Large Cap Tactical RoC Securities CAD Hedged Series 1, F-Class	4.75%	5.47%	7.04%	0.56%
S&P Europe 350 Index®	5.79%	5.82%	-0.36%	-4.62%



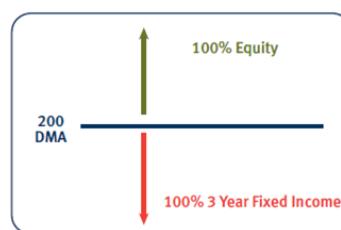
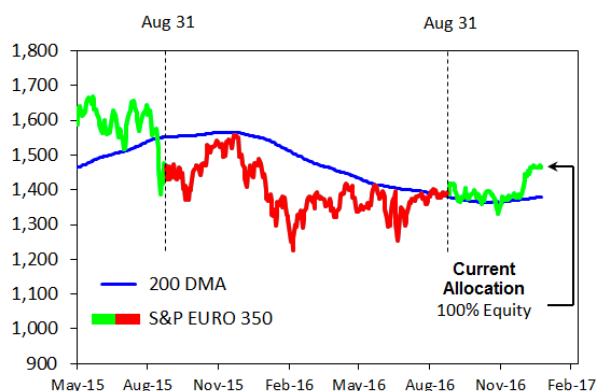
THE LARGE CAP MODEL METHODOLOGY

On the last Exchange Day of each month, the Strategy compares the closing level of the S&P Europe 350 Index® to its 200-day moving average ("200 DMA") to determine the asset allocation for the following month.

If the Index closes equal to or greater than its 200 DMA, the Strategy will allocate 100% exposure to the Equity Investment.

If the Index closes less than its 200 DMA, the Strategy will allocate 100% to the Fixed Income Investment.

ASSET ALLOCATION



On a monthly basis, an asset allocation decision is made based on the level of the S&P Europe 350 Index® relative to its 200 DMA.

THE EQUITY INVESTMENT METHODOLOGY

The equity Portfolio: Review equity Portfolio on a monthly basis and adjust notional holdings and weights.

- > The entire S&P Europe 350 Index® is eligible to be included, subject to a limitation on High Risk Country Stocks
- > The equity Portfolio is reviewed each month after ranks have been updated
- > Stocks are removed if they drop below the 100th position in terms of their rank
- > Stocks are removed if they are removed from the Index
- > Replacement stocks are the best-ranked stocks not already included in the equity Portfolio
- > At the end of each quarter the equity Portfolio is rebalanced to equal weights



NO CANADIAN TAX EVENTS

- > Until maturity or disposition
- > On Portfolio changes or rebalancing
- > On quarterly RoC payments

THE MODEL		
Rank stocks based on an equally weighted combination of 8 factors that fall into 4 distinct investment themes		
ATTRACTIVE VALUATIONS	Low Price to Earnings	x 1/8
	Low Price to Book Value	x 1/8
SUSTAINABLE GROWTH	High Quarterly Earnings Growth	x 1/8
	High Return On Equity	x 1/8
POSITIVE SENTIMENT	High Earnings Surprise	x 1/8
	High Estimate Revisions	x 1/8
MARKET RECOGNITION	High 3-Month Price Change	x 1/8
	High 6-Month Price Change	x 1/8
		= Total Score

¹This Historical Secondary Market Price chart reflects the historical closing secondary market price of RBC European Large Cap Tactical RoC Securities CAD Hedged, Series 1 – F-Class (the "Series 1 – F-Class") for each day such secondary market was open for trading and the percentage change of the level of the Index since the Issue Date of Series 1 – F-Class on May 7, 2015. The Series 1 – F-Class is the initial implementation of the RBC European Large Cap Tactical RoC Yield Securities strategy. The closing secondary market price of Series 1 – F-Class on its Issue Date was \$100.00. For Series 1 – F-Class, an amount equal to \$100.00 (less applicable Execution Costs) per Security was notionally invested in the Portfolio on the Issue Date. The secondary market price at any particular time is the price at which a holder of RBC European Large Cap Tactical RoC Yield Securities could dispose of such securities. The secondary market price may not be the same as, and may be substantially different from the NAV per Security. The NAV per Security between different series of RBC European Large Cap Tactical RoC Yield Securities may differ for various reasons including as a result of different levels of Note Program Amounts, applicable early trading charges and the issue date for a particular series. The difference in NAV per Security between the Securities for different series of RBC European Large Cap Tactical RoC Yield Securities could result in different secondary market prices for Securities of different series of RBC European Large Cap Tactical RoC Yield Securities. The historical secondary market price for RBC European Large Cap Tactical RoC Yield Securities which are not Series 1 – F-Class may differ from the historical secondary market price for Series 1 – F-Class because the different Note Program Amounts for the different series of RBC European Large Cap Tactical RoC Yield Securities may affect the secondary market price of such securities. A series of RBC European Large Cap Tactical RoC Yield Securities with a Note Program Amount which is higher than the Note Program Amount for Series 1 – F-Class would likely have a lower secondary market price than the secondary market price for Series 1 – F-Class. Prior historical secondary market prices of Series 1 – F-Class are not necessarily indicative of any future secondary market price for Series 1 – F-Class or other RBC European Large Cap Tactical RoC Yield Securities. There is no assurance that a secondary market for the Securities will develop or be sustained.

²The secondary market price of the Securities at any time will generally depend on, among other things, (a) how much the prices of the underlying interests have risen or fallen since the Issue Date of such Securities; and (b) a number of other interrelated factors, including, without limitation, volatility in the prices of the underlying interests, the level of interest rates in the applicable markets, dividend yields on any of the securities, if any, comprising the underlying interest, the currency in which the series is denominated, any currency hedging and the Maturity Date. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Security.

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An investment in the Securities involves risks. An investment in the Securities is not the same as a direct investment in the securities that comprise the Portfolio and investors have no rights with respect to the securities in the Portfolio. If you purchase Securities, you will be exposed to fluctuations in interest rates and changes in the value of the Portfolio, among other factors. Price changes may be volatile and an investment in the Securities may be considered to be speculative. Since the Securities are not principal protected and the Principal Amount will be at risk, you could lose substantially all of your investment.

Capitalized terms used but not defined herein have the meanings ascribed to such terms in the applicable term sheet under which you purchased RBC European Large Cap Tactical RoC Yield Securities.

Clients should evaluate the financial, market, legal, regulatory, credit, tax and accounting risks and consequences of the proposal before entering into any transaction, or purchasing any instrument. Clients should evaluate such risks and consequences independently of Royal Bank of Canada and RBC Dominion Securities Inc., respectively.

The Securities will not constitute deposits insured under the Canada Deposit Insurance Corporation Act.