



## RBC European TEAM RoC Yield Securities

Global Investment Solutions

## Investment Objective:

The RBC European Tactical Equity Allocation Model (TEAM) 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.

## No Canadian Tax Events:

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

## Benchmark:

S&amp;P Europe 350 Index®

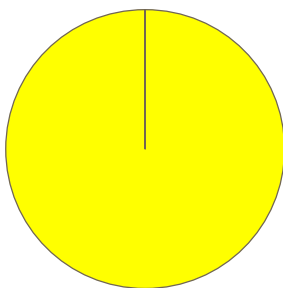
## Asset Class:

European equity

## Quantitative Analyst:

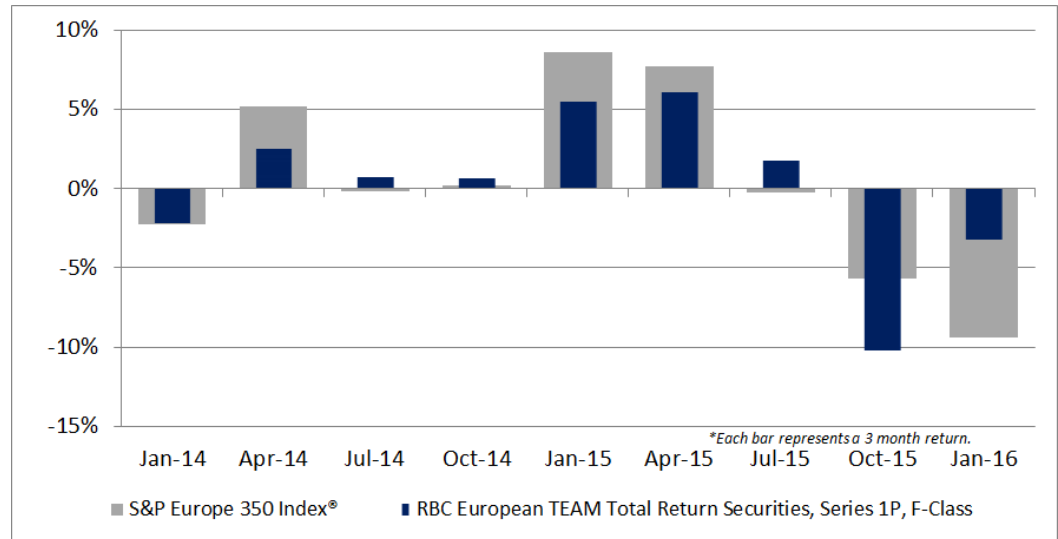
Chad McAlpine, CFA  
RBC Dominion Securities Inc.

## INDUSTRY ALLOCATION



■ Fixed Income Investment 100.00%

As of January 29, 2016, the Portfolio was allocated entirely to a Fixed Income Investment. Quarterly return of capital payments on the Securities will only be calculated when the Strategy allocates 50% to 100% of the Portfolio to an Equity Investment.

HISTORICAL SECONDARY MARKET PRICE<sup>1, 2</sup>

Returns as of January 29, 2016	1 month	3 months	YTD	1 year	Since Inception
RBC European TEAM Total Return Securities, Series 1P, F-Class	-1.96%	-3.23%	-1.96%	-6.25%	0.24%
S&P Europe 350 Index®	-6.35%	-9.35%	-6.35%	-8.07%	1.31%

This fact sheet is qualified in its entirety by a term sheet.

<sup>1</sup>This Historical Secondary Market Price chart reflects the historical closing secondary market price of RBC European TEAM Total Return Securities, Series 1P – F-Class (the “Series 1P – 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 1P – F-Class on January 7, 2014. The Series 1P – F-Class is the initial implementation of the RBC European TEAM RoC Yield Securities strategy. The closing secondary market price of Series 1P – F-Class on its Issue Date was €100.00. For Series 1P – F-Class, an amount equal to €97.53 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 TEAM 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 TEAM 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 TEAM RoC Yield Securities could result in different secondary market prices for Securities of different series of RBC European TEAM RoC Yield Securities. The historical secondary market price for RBC European TEAM RoC Yield Securities which are not Series 1P – F-Class may differ from the historical secondary market price for Series 1P – F-Class Securities because the different Note Program Amounts for the different series of RBC European TEAM RoC Yield Securities may affect the secondary market price of such securities. A series of RBC European TEAM RoC Yield Securities with a Note Program Amount which is higher than the Note Program Amount for Series 1P – F-Class would likely have a lower secondary market price than the secondary market price for Series 1P – F-Class. Prior historical secondary market prices of Series 1P – F-Class are not necessarily indicative of any future secondary market price for Series 1P – F-Class or other RBC European TEAM RoC Yield Securities. There is no assurance that a secondary market for the Securities will develop or be sustained.

<sup>2</sup>The 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, 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.



## THE TEAM 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.

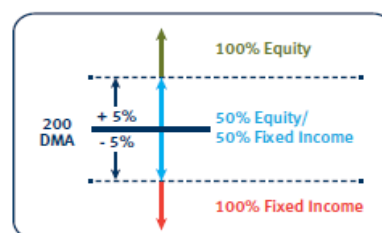
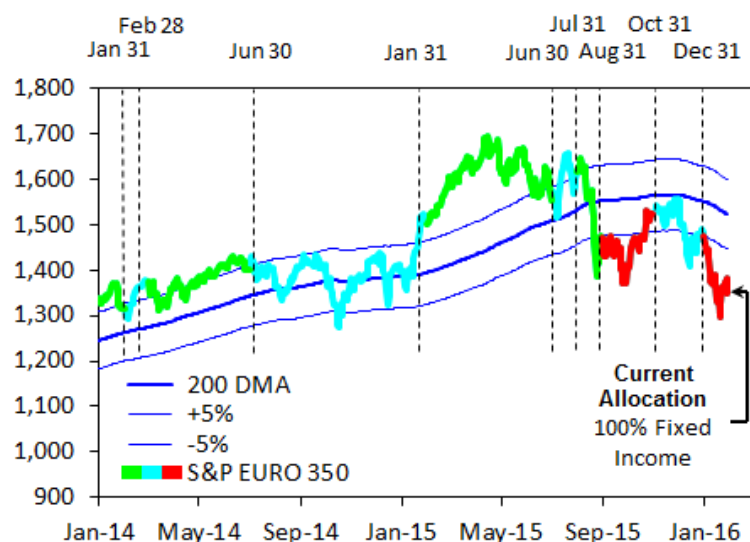
If the Index closes greater than 5% above its 200 DMA, the Strategy will allocate 100% exposure to the Equity Investment.

If the Index closes more than 5% below its 200 DMA, the Strategy will allocate 100% to the Fixed Income Investment.

Within a range of +/- 5% (inclusive) of the 200 DMA, the Strategy will allocate 50% to the Equity Investment and 50% to the Fixed Income Investment.

## ASSET ALLOCATION

As of the most recent Allocation Date, the Portfolio was composed entirely of a Fixed Income Investment. Partial Principal Repayments on the Securities will only be calculated when the Strategy allocates 50% to 100% of the Portfolio to an Equity Investment.



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 sale
- > 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	
SUSTAINABLE GROWTH	High Quarterly Earnings Growth	x 1/8
	High Return On Equity	
POSITIVE SENTIMENT	High Earnings Surprise	x 1/8
	High Estimate Revisions	
MARKET RECOGNITION	High 3-Month Price Change	x 1/8
	High 6-Month Price Change	
		= Total Score

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 meaning ascribed to such terms in the applicable term sheet under which you purchased RBC European TEAM 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.