Contingent Income Structured Notes

What are Contingent Income Structured Notes?

Contingent income structured notes (“**notes**”) are investments designed to provide income that is typically higher than traditional bonds with similar maturities (i.e., 2-10 years). In exchange for this enhanced income, potential payments depend on the performance of an underlying security, such as a stock, index, ETF, or basket of securities. Please refer to the product prospectus for a complete description of all material terms, conditions, and risk factors associated with this investment.

Key Features and Risks

- **Loss of Principal:** Principal is generally protected as long as the value of the underlying security closes above the pre-determined threshold price on the stated determination date. However, if the underlying security closes below the threshold price on the determination date, the note may lose a substantial portion, or even all, of the principal amount invested.
- **Contingent Income Payments:** Unlike traditional bonds, notes do not offer guaranteed income payments. Income payments are typically made only if the underlying security closes above the specified threshold price on the relevant coupon observation dates.
- **Investment Strategy:** Most appropriate when the underlying security is expected to remain relatively stable over the term of the note.
- **Liquidity:** To fully realize the potential terms and benefits, investors should be prepared to hold notes to maturity. In certain instances, early liquidation may be available at the prevailing market price. You should be aware that early liquidation may result in a capital loss.
- **Taxation:** The income tax consequences of an investment in notes are uncertain. Investors should refer to the tax section of the prospectus or consult their tax advisor for information regarding tax treatment.
- **Call Risk:** In some cases, Issuers may call notes early at their discretion. In other cases, notes could be auto-called if the underlying security appreciates to a pre-determined price. Upon call, principal is returned to the investor and income payments cease. Reinvestment would be at the prevailing market rate, which could be lower than the previous rate.
- **Issuer Risk:** If the Issuer defaults, you could lose some or all of your invested capital and unrealized returns.
- **No Upside Participation:** Contingent income notes do not participate in the upside appreciation of the underlying securities. Income payment(s) are capped at the stated rate of the note even if the underlying security’s price moves substantially higher.

Who Are These Notes For?

These notes are generally intended for investors seeking income who are comfortable accepting market-related risk and the possibility of early redemption.

Purchasing Options

Notes may be purchased in either a brokerage account or an investment advisory account:

Brokerage Account

- The Investor’s price includes a markup. Part of this markup includes a sales charge which compensates the firm and Advisor.

Investment Advisory Account

- No separate upfront sales charge is included in the note’s initial offering price.
- The note is part of the assets covered by an ongoing advisory fee, which includes investment advice and monitoring services.

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Cost Considerations

The availability of these notes and associated costs may differ depending on the type of account selected. Discuss these options with your financial professional to determine the best approach for your needs.

Additional Information

For more information on any of these and other investment opportunities, please contact your financial professional. For more details about the types and associated costs, refer to our public websites at www.rbcwm.com/disclosures or www.rbcclearingandcustody.com/disclosures.