



Fixed Income Structured Notes

An overview of customized fixed income solutions

What are Fixed Income Structured Notes?

Fixed Income Notes are a type of fixed income investment for investors looking to enhance yield, express a particular view on interest rates or hedge existing investment portfolios. These products are constructed by taking a traditional fixed income security and then replacing the typical coupon with customized cash flows.

What are the features of Fixed Income Structured Notes?

100% of the initial investment is due to the investor at maturity or upon early redemption by the Issuer. Notes issued by Royal Bank of Canada (RBC) are senior unsecured liabilities of the bank which rank equally with other senior debt of the bank.

Enhanced Returns

In exchange for expressing a particular view on interest rates or owning a note that may be redeemed prior to maturity, investors can potentially earn above market returns relative to more traditional fixed income investments.

Diversification

The addition of certain note structures that have a low correlation with traditional fixed income investments can increase diversification or allow investors to hedge existing positions in an investment portfolio.

Customization

Notes can be tailored to express a view on a particular term, index, or shape of the yield curve. This customization allows investors to either take an outright view for yield enhancement or provide a way to hedge existing interest rate exposure.

What are the main types of Fixed Income Structured Notes?

Callable Fixed Rate and Step-Up Notes

Fixed Rate Notes have “fixed” interest rates for their entire term. Step-Up Notes have a “fixed” interest rate for a specified period which increases at predetermined dates in the future. These notes come with a “call” option which allows the issuer to redeem the security prior to its maturity. In return, the investor is compensated with higher coupons versus non-callable notes of similar credit quality.

Floating Rate Notes

Floating Rates Notes offer coupons that are tied to a benchmark such as LIBOR, the Consumer Price Index, or Constant Maturity

Swaps. These notes are typically more popular when the applicable reference rate is expected to increase.

Range Accrual Notes

Range Accrual Notes pay conditional coupons if the reference rate is within a predetermined range during the relevant interest periods. Common reference rates are 3-month or 6-month LIBOR. CMS and RMS are also used by certain investors.

Curve Steepener Notes

Curve Steepener Notes have coupons that are linked to the shape of the yield curve. Curve Steepener Note investors are taking the view that the difference between the High Side Reference Rate and the Low Side Reference Rate will widen.

Principal At Risk Notes

Principal at Risk Notes allow investors to express a view on the performance of an underlying reference rate. For example, investors might be interested in taking the view that 10 Year Swap Rates will increase or that the curve will steepen between 30 Year and 2 Year Swap Rates. Notes can be structured to pay either contingent or non-contingent coupons and will return principal as long as the reference rate remains above the predetermined level of protection. Depending on the structure, investors may be protected from the initial declines in the reference rate or they may participate in the full principal loss of the underlying if the reference rate declines below predetermined levels.

Why RBC for Fixed Income Notes Investments?

- We offer full product capabilities, leading technology, and a highly experienced trading team.
- Expertise in USD, CAD, GBP & EUR note structuring.
- RBC Capital Markets is part of the Royal Bank of Canada (RBC), a leading global financial institution with over C\$X billion in assets.¹ We are among the largest banks in the world with one of the highest credit ratings of any financial institution: Standard & Poor's AA- and Moody's A1³.

Please contact your RBC representative to learn more about RBC Fixed Income Structured Notes.



● Trading Hubs	● Regional Offices	
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Hong Kong	Beijing	Minneapolis
New York	Boston	Montreal
Sydney	Calgary	Mumbai
Toronto	Chicago	Paris
	Denver	San Francisco
	Frankfurt	Singapore
	Houston	Tokyo
	Lausanne	Vancouver
	Los Angeles	

RBC Capital Markets

RBC Capital Markets is a premier investment bank that provides a focused set of products and services to corporations, institutional investors and governments around the world. With more than 7,000 professionals, we operate out of 70 offices in 15 countries across North America, the U.K., Europe, and the Asia-Pacific region.

We work with clients in over 100 countries around the globe to deliver the expertise and execution required to raise capital, access markets, mitigate risk and acquire or dispose of assets. According to Bloomberg and Dealogic, we are consistently ranked among the largest global investment banks.

Royal Bank of Canada

RBC Capital Markets is part of a leading provider of financial services, Royal Bank of Canada (RBC). Operating since 1869, RBC is one of the top 15 largest banks in the world and the fifth largest in North America, as measured by market capitalisation. With a strong capital base and consistent financial performance, RBC is among a small group of highly rated global banks.

ROYAL BANK OF CANADA (AS OF OCTOBER 21, 2017)¹

Market capitalization ⁴	US\$114 billion ²		
	Q4 2017	Fiscal 2017	
Total revenue	C\$10.5 billion	C\$40.7 billion	
Net income	C\$2.8 billion	C\$11.5 billion	
Total assets	C\$1.20 trillion		
Assets under administration (AUA)	C\$5.47 trillion		
Assets under management (AUM)	C\$639.9 billion		
	Moody's	S&P	Fitch
Credit ratings ³	A1	AA-	AA
DBRS	AA		
Clients worldwide	Over 16 million		
Employees worldwide	Over 80,000		
Common Equity Tier 1 Ratio	10.9%		

rbccm.com

(1) Latest three months ended October 31, 2017 unless otherwise noted. Excludes Corporate Support. These are non-GAAP measures. For additional information, refer to the Royal Bank of Canada Q4 2017 Investor Presentation. (2) As at October 31, 2017. (3) Based on senior long-term debt ratings, as of November 28, 2017. A credit rating reflects the creditworthiness of RBC, is not a recommendation to buy, sell or hold the notes, and may be subject to revision or withdrawal at any time by the assigning rating organization. The ratings do not provide an indication of the expected performance of the notes. The notes themselves will not be independently rated. Each rating should be evaluated independently of any other rating.

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