

ROYAL BANK OF CANADA
Form 424B5
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Product Prospectus Supplement no. UBS-EQUITY-1
To the Prospectus dated September 7, 2018 and
the Prospectus Supplement dated September 7, 2018
Senior Global Medium-Term Notes, Series H
Royal Bank of Canada

Capped GEARS Linked to One or More Equity Securities or Exchange Traded Funds
Capped Buffer GEARS Linked to One or More Equity Securities or Exchange Traded Funds
Capped Airbag GEARS Linked to One or More Equity Securities or Exchange Traded Funds
Capped Trigger GEARS Linked to One or More Equity Securities or Exchange Traded Funds
Trigger In-Step Securities Linked to One or More Equity Securities or Exchange Traded Funds
Capped Trigger In-Step Securities Linked to One or More Equity Securities or Exchange Traded Funds
General

Royal Bank of Canada may offer from time to time Capped GEARS, Capped Buffer GEARS, Capped Airbag GEARS, Capped Trigger GEARS, Trigger In-Step Securities and Capped Trigger In-Step Securities (collectively, the “securities”), each linked to one or more equity securities or exchange traded funds (an “Underlying”), including American depositary shares (“ADSs”).

This product prospectus supplement describes terms that will apply generally to the securities, and supplements the terms described in the accompanying prospectus supplement and prospectus. A separate term sheet, free writing prospectus or pricing supplement, as the case may be, will describe terms that apply specifically to the securities, including any changes to the terms specified below. We refer to such term sheets, free writing prospectuses and pricing supplements generally as “terms supplements.” If the terms described in the relevant terms supplement are inconsistent with those described herein, the accompanying prospectus supplement or prospectus, the terms described in the relevant terms supplement will control.

The securities are senior unsecured debt obligations of Royal Bank of Canada and any payment on the securities is subject to our credit risk.

For important information about U.S. federal tax consequences, see the section below “Supplemental Discussion of U.S. Federal Income Tax Consequences.”

The minimum denominations of the securities will be specified in the relevant term sheet.

Investing in the securities is not equivalent to investing in the Underlying or any of its components.

The securities will not be listed on any securities exchange unless otherwise specified in the relevant terms supplement.

The securities are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act.

Your investment in the securities involves a number of risks. The securities differ from ordinary debt securities in that Royal Bank of Canada is not necessarily obligated to repay your full principal amount and the securities may have downside market risk similar to the Underlying. You could lose some or all of your investment in the securities, subject to any Buffer. See “Risk Factors” beginning on page PS-4.

None of the Securities and Exchange Commission (the “SEC”), any state securities commission or any other regulatory body has approved or disapproved of the securities or passed upon the accuracy of this product prospectus supplement or the accompanying prospectus and prospectus supplement. Any representation to the contrary is a criminal offense.

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We may use this product prospectus supplement in the initial sale of a security. In addition, RBC Capital Markets, LLC, or RBCCM, or one of our other affiliates may use this product prospectus supplement in a market-making transaction in a security after its initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this product prospectus supplement is being used in a market-making transaction.

The securities will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. governmental agency or instrumentality.

UBS Financial Services Inc.

RBC Capital Markets, LLC

January 18, 2019

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In making your investment decision, you should rely only on the information contained or incorporated by reference in the terms supplement relevant to your investment, this product prospectus supplement and the accompanying prospectus supplement and prospectus with respect to the securities offered and with respect to Royal Bank of Canada. This product prospectus supplement, together with the relevant terms supplement, and the accompanying prospectus and prospectus supplement, contain the terms of the securities and supersede all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours, or any written materials prepared by UBS Financial Services Inc. or RBCCM. The information in the relevant terms supplement, this product prospectus supplement and the accompanying prospectus supplement and prospectus may only be accurate as of the dates of each of these documents, respectively.

The securities described in the relevant terms supplement and this product prospectus supplement are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisers. You should be aware that the regulations of the Financial Industry Regulatory Authority, Inc., or FINRA, and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the securities. The relevant terms supplement, this product prospectus supplement and the accompanying prospectus supplement and prospectus do not constitute an offer to sell or a solicitation of an offer to buy the securities in any circumstances in which such offer or solicitation is unlawful.

In this product prospectus supplement, the relevant terms supplement and the accompanying prospectus supplement and prospectus, “we,” “us” and “our” refer to Royal Bank of Canada, unless the context requires otherwise.

SUMMARY

The information in this “Summary” section is qualified by the more detailed information set forth in this product prospectus supplement, the prospectus supplement and the prospectus, as well as the relevant terms supplement.

The Underlying may consist of one or more of the following:

- a single equity security, including American depository shares, of a specific company (the “Underlying Company”) with a class of equity securities registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- shares of an exchange traded fund;
- any combination of the above.

Underlying:

The Underlying may consist of a weighted group, or “Basket,” of the foregoing. We refer to each component included in any Basket as a “Basket Equity” and collectively the “Basket Equities.” If the Underlying to which your securities are linked is a Basket, the Basket Equities will be set forth in the applicable terms supplement.

Payment at Maturity (for Capped GEARS):

Unless otherwise specified in the relevant terms supplement, for Capped GEARS, the amount you will receive at maturity is based on the Underlying Return, the Upside Gearing and the Maximum Gain, as described below.

If the Underlying Return is positive or zero, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{the lesser of: (i) (Upside Gearing} \times \text{Underlying Return) and (ii) Maximum Gain})$

If the Underlying Return is negative, your investment will be fully exposed to any decline in the Underlying, and you will lose 1% of the principal amount of your securities for every 1% that the Final Underlying Price declines from the Initial Underlying Price. Under these circumstances, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{Underlying Return})$

For Capped GEARS, you will lose some or all of your investment at maturity if the Final Underlying Price declines from the Initial Underlying Price.

Payment at Maturity (for Capped Buffer GEARS):

Unless otherwise specified in the relevant terms supplement, for Capped Buffer GEARS, the amount you will receive at maturity is based on the Underlying Return, the Upside Gearing, the Maximum Gain, the Downside Threshold and the Buffer, as described below.

If the Underlying Return is positive, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{the lesser of: (i) (Upside Gearing} \times \text{Underlying Return) and (ii) Maximum Gain})$.

If the Underlying Return is zero or negative, but the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive at maturity a cash payment of \$10 per \$10 in principal amount of the securities.

If the Underlying Return is negative and the Final Underlying Price is less than the Downside Threshold, your investment will be fully exposed to any decline in the Underlying beyond the Buffer. For every 1% decline of the Underlying beyond the Buffer, you will lose an amount equal to 1% of the principal amount of your securities. As a result, your downside market exposure is buffered against a decline in the price of the Underlying up to the Buffer. Under these circumstances, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + [\$10 \times (\text{Underlying Return} + \text{Buffer})]$

For Capped Buffer GEARS, you will lose some or a substantial portion of your investment at maturity if the Final Underlying Price declines from the Initial Underlying Price by more than the Buffer.

Payment at
Maturity
(for Capped
Airbag
GEARS):

Unless otherwise specified in the relevant terms supplement, for Capped Airbag GEARS, the amount you will receive at maturity is based on the Underlying Return, the Upside Gearing, the Maximum Gain, the Downside Threshold, the Threshold Percentage and the Downside Gearing, as described below.

If the Underlying Return is positive, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{the lesser of: (i) (Upside Gearing} \times \text{Underlying Return)}; \text{ and (ii) Maximum Gain})$

If the Underlying Return is zero or negative, but the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive at maturity a cash payment of \$10 per \$10 in principal amount of the securities. As a result, your downside market exposure is contingent upon whether the Final Underlying Price is less than the Downside Threshold.

$\$10 + [\$10 \times (\text{Underlying Return} + \text{Threshold Percentage}) \times \text{Downside Gearing}]$

For Capped Airbag GEARS, you will lose some or all of your investment at maturity if the price of the Final Underlying Price of the Underlying is less than the Downside Threshold.

Payment at
Maturity
(for Capped
Trigger
GEARS):

Unless otherwise specified in the relevant terms supplement, for Capped Trigger GEARS, the amount you will receive at maturity is based on the Underlying Return, the Upside Gearing, the Maximum Gain and the Downside Threshold, as described below.

If the Underlying Return is positive, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{the lesser of: (i) (Upside Gearing} \times \text{Underlying Return)} \text{ and (ii) Maximum Gain})$

If the Underlying Return is zero or negative, but the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive at maturity a cash payment of \$10 per \$10 in principal amount of the securities. As a result, your downside market exposure is contingent upon whether the Final Underlying Price is less than the Downside Threshold.

If the Underlying Return is negative and the Final Underlying Price is less than the Downside Threshold, your investment will be fully exposed to any decline in the Underlying. In this case, you will lose 1% of the principal amount of your securities for every 1% that the value of the Underlying declines below the Initial Underlying Price. Under these circumstances, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{Underlying Return})$

For Capped Trigger GEARS, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Downside Threshold.

Payment at
Maturity
(for Trigger
In-
Step
Securities):

Unless otherwise specified in the relevant terms supplement, for Trigger In-Step Securities, the amount you will receive at maturity is based on the Underlying Return, the Step Return and the Downside Threshold, as described below.

If the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{the greater of: (i) Step Return and (ii) Underlying Return})$

If the Final Underlying Price is less than the Downside Threshold, your investment will be fully exposed to any decline in the Underlying. In this case, you will lose 1% of the principal amount of your securities for every 1% that the value of the Underlying declines below the Initial Underlying Price. As a result, your downside market exposure is contingent upon whether the Final Underlying Price is less than the Downside Threshold. Under these circumstances, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

$\$10 + (\$10 \times \text{Underlying Return})$

For Trigger In-Step Securities, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Downside Threshold.

Payment at
Maturity
(for Capped
Trigger In-
Step
Securities):

Unless otherwise specified in the relevant terms supplement, for Capped Trigger In-Step Securities, the amount you will receive at maturity is based on the Underlying Return, the Step Return, the Maximum Gain and the Downside Threshold, as described below.

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If the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to: \$10 + (\$10 x the greater of: (i) Step Return and (ii) Underlying Return), subject to the Maximum Gain. If the Final Underlying Price is less than the Downside Threshold, your investment will be fully exposed to any decline in the Underlying. In this case, you will lose 1% of the principal amount of your securities for every 1% that the value of the Underlying declines below the Initial Underlying Price. As a result, your downside market exposure is contingent upon whether the Final Underlying Price is less than the Downside Threshold. Under these circumstances, you will receive at maturity a cash payment per \$10 in principal amount of the securities equal to:

\$10 + (\$10 x Underlying Return)

For Capped Trigger In-Step Securities, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Downside Threshold.

Unless otherwise specified in the relevant terms supplement:

Underlying
Return:

$\frac{\text{Final Underlying Price} - \text{Initial Underlying Price}}{\text{Initial Underlying Price}}$

Maximum
Gain:

If applicable, a fixed percentage as specified in the relevant terms supplement.

Upside
Gearing:

If applicable, a fixed number as specified in the relevant terms supplement.

Step Return:
Buffer:

If applicable, a fixed percentage as specified in the relevant terms supplement.

If applicable, a fixed percentage as specified in the relevant terms supplement.

Downside
Threshold:

If applicable, a fixed price as specified in the relevant terms supplement.

Threshold
Percentage:

If applicable, a fixed percentage as specified in the relevant terms supplement.

Downside
Gearing:

If applicable, a fixed number as specified in the relevant terms supplement.

Initial
Underlying
Price:

The Closing Price on the Trade Date, or such other date as specified in the relevant terms supplement, or in the case of a Basket, 100. The Initial Price may be subject to adjustment. See “General Terms of the Securities—Anti-dilution Adjustments.”

Final
Underlying
Price:

The Closing Price on the Final Valuation Date. If the Underlying is a Basket, the applicable terms supplement will specify how the Final Underlying Price will be determined.

Final
Valuation
Date:

Unless otherwise set forth in the applicable terms supplement, the Final Underlying Price will be calculated on a single date, which we refer to as the Final Valuation Date. The Final Valuation Date is subject to postponement in the event of certain market disruption events and as described under “General Terms of the Securities—Payment at Maturity.”

Issue Price:

Unless otherwise specified in the relevant terms supplement, \$10 per \$10 in principal amount of the securities.

Trade Date:
Settlement
Date:

As specified in the relevant terms supplement.

As specified in the relevant terms supplement.

Maturity
Date:

As specified in the relevant terms supplement. The Maturity Date is subject to postponement in the event of certain market disruption events and as described under “General Terms of the Securities—Payment at Maturity.”

RISK FACTORS

An investment in the securities is subject to the risks described below, as well as the risks described under “Risk Factors” in the prospectus and the prospectus supplement. The securities do not pay interest or guarantee any return of principal at, or prior to, maturity. Investing in the securities is not equivalent to investing directly in the Underlying. In addition, your investment in the securities entails other risks not associated with an investment in conventional debt securities. You should consider carefully the following discussion of risks before you decide that an investment in the securities is suitable for you.

Risks Relating to the Securities Generally

The securities do not pay interest or guarantee the return of your investment. A decrease in the value of the Underlying may lead to a loss of some or all of your investment at maturity.

The securities do not pay interest and may not return any portion of your investment. The amount payable to you at maturity, if any, will be determined as described in this product prospectus supplement and the relevant terms supplement.

For Capped GEARS, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Initial Underlying Price, resulting in a loss proportionate to the negative Underlying Return.

For Capped Buffer GEARS, your downside market exposure is buffered against a decline in the Final Underlying Price up to the Buffer; however, you will lose some or a substantial portion of your investment at maturity if the Final Underlying Price is less than the Initial Underlying Price by more than the Buffer, resulting in a loss equal to the negative Underlying Return in excess of the Buffer.

For Capped Airbag GEARS, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Downside Threshold. In such a case, you will incur a leveraged loss of principal for each 1% that the Final Underlying Price is less than the Threshold Percentage.

For Capped Trigger GEARS, Trigger In-Step Securities and Capped Trigger In-Step Securities, you will lose some or all of your investment at maturity if the Final Underlying Price is less than the Downside Threshold. In such a case, you will lose 1% of the principal amount of your securities for each 1% that the Final Underlying Price is less than the Initial Underlying Price.

The securities are subject to the credit risk of Royal Bank of Canada.

The securities are subject to the credit risk of Royal Bank of Canada and our credit ratings and credit spreads may adversely affect the market value of the securities. Investors are dependent on Royal Bank of Canada’s ability to pay all amounts due on the securities at maturity, and therefore investors are subject to our credit risk and to changes in the market’s view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the securities. Payment on the securities, including any repayment of principal, is subject to the creditworthiness of Royal Bank of Canada. If Royal Bank of Canada were to default on its payment obligations, you may not receive any amounts owed to you under the securities and you could lose your entire investment.

If applicable, the appreciation potential of the securities will be limited to the Maximum Gain.

If the securities are subject to a Maximum Gain, the appreciation potential of the securities will be limited to the return represented by that amount. Any applicable Maximum Gain will be a percentage that we will determine on the Trade Date and that will be set forth in the relevant terms supplement. Accordingly, if the relevant terms supplement specifies a Maximum Gain, the appreciation potential of the securities will be limited to the return represented by that amount, even if the Underlying Return multiplied by the Upside Gearing would otherwise result in a higher return.

The benefit of any Buffer or Downside Threshold is only available if the securities are held to maturity. Investors should be willing to hold their securities to maturity. If investors are able to sell their securities prior to maturity in the secondary market, they may have to sell them at a loss relative to their initial investment even if the Final Underlying Price has not declined by more than the Buffer, or to a price that is less than the Downside Threshold.

Any applicable Upside Gearing only applies at maturity.

Investors should be willing to hold their securities to maturity. If investors are able to sell their securities prior to maturity in the secondary market, the price they receive will likely not reflect the full economic value of the Upside Gearing or the securities themselves, and the return they realize may be less than the Underlying Return even if such return is positive and does not exceed any applicable Maximum Gain. Investors can receive the full benefit of the applicable Upside Gearing only if they hold the securities to maturity.

Your return on the securities may be lower than the return on a conventional debt security of comparable maturity. The return that you will receive on your securities, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest-bearing debt security of Royal Bank of Canada with the same maturity date or if you invested directly in the securities included in the Underlying. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

Your return on the securities will not reflect dividends on the Underlying.

The return on the securities will not reflect the return you would realize if you actually owned the Underlying or the Basket Equities and received the dividends paid on those equity securities. The Final Underlying Price of the Underlying and the determination of the amount to be paid at maturity will not take into consideration the value of those dividends.

Owning the securities is not the same as owning the securities that make up the Underlying.

The return on your securities may not reflect the return you would realize if you actually owned the Underlying. For instance, the Underlying may appreciate substantially during the term of the securities, and you may not fully participate in that appreciation, because your positive return on the securities, if any, is limited to the Maximum Gain. The following factors, among others, may cause the financial return on your securities to differ from the financial return you would receive by investing directly in the Underlying

- the return on a direct investment in the Underlying would depend primarily upon the relative appreciation or depreciation of the Underlying during the term of the securities, and not on whether the closing price on the Final Valuation Date of the Underlying is equal to or greater than the Initial Underlying Price;
- in the case of a direct investment in the Underlying, the return could include substantial dividend payments or other distributions, which you will not receive as an investor in the securities;
- in the case of a direct investment in the Underlying, the return could include rights, such as voting rights, that you will not have as an investor in the securities; and
- a direct investment in the Underlying is likely to have tax consequences that are different from an investment in the securities.

Secondary trading may be limited.

Unless otherwise specified in the relevant terms supplement, the securities will not be listed on a securities exchange. There may be little or no secondary market for the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily.

RBCCM, may act as a market maker for the securities, but is not required to do so. Because we do not expect that other market makers will participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which RBCCM is willing to buy the securities. If at any time RBCCM or another Agent does not act as a market maker, it is likely that there would be little or no secondary market for the securities. We expect that transaction costs in any secondary market would be high. As a result, the difference between the bid and asked prices for your securities in any secondary market could be substantial. If you sell your securities before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.

The Final Underlying Price may be less than the value of the Underlying at other times during the term of the securities.

Because the Final Underlying Price is calculated based on the value of the Underlying on the Final Valuation Date, the value of the Underlying at the maturity date or at other times during the term of the securities, including dates near the Final Valuation Date, could be higher than the Final Underlying Price. This difference could be particularly large if there is a significant increase in the value of the Underlying after the Final Valuation Date, or if there is a significant decrease in the value of the Underlying around the time of the Final Valuation Date, or if there is significant volatility in the value of the Underlying during the term of the securities (especially on dates near the Final Valuation Date).

For example, if the value of the Underlying increases or remains relatively constant during the initial term of the securities and then decreases below the Initial Underlying Price on the Final Valuation Date, then the Final Underlying Price may be significantly less than if it were calculated on a date earlier than the Final Valuation Date.

Under these circumstances, you may receive a lower payment at maturity than you would have received if you had invested directly in the Underlying.

The securities are not designed to be short-term trading instruments.

The price at which you will be able to sell your securities to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the principal amount of the securities, even in cases where the Underlying has appreciated since the Trade Date. The potential returns described in the relevant terms supplement assume that your securities, which are not designed to be short-term trading instruments, are held to maturity.

Prior to maturity, the value of the securities will be influenced by many unpredictable factors.

Many economic and market factors will influence the value of the securities. We expect that, generally, the value of the Underlying on any day will affect the value of the securities more than any other single factor. However, you should not expect the value of the securities in the secondary market to vary in proportion to changes in the value of the Underlying. The value of the securities will be affected by a number of other factors that may either offset or magnify each other, including:

- the value of the Underlying;
- the expected volatility of the value of the Underlying;
- the time to maturity of the securities;
- the dividend rate on the Underlying;
- interest and yield rates in the market generally;
- economic, financial, political, regulatory or judicial events that affect the applicable Underlying or stock markets generally and which may affect the value of the Underlying on the Final Valuation Date;

the occurrence of certain events relating to the Underlying or any Basket Equity that may or may not require an adjustment to the terms of the securities; and

our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Some or all of these factors will influence the price you will receive if you choose to sell your securities prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You may have to sell your securities at a substantial discount from the principal amount if the value of the Underlying at that time is at, below or not sufficiently above the Initial Underlying Price. You cannot predict the future performance of the Underlying based on its historical performance. The value of the Underlying may decrease such that you may not receive any return of your investment, subject to any Buffer. For Capped GEARS, if the Underlying Return is negative, you will lose some or all of your investment at maturity. For Capped Buffer GEARS, if the Final Underlying Price decreases compared to the Initial Underlying Price by more than the Buffer, you will lose some or a substantial portion of your investment at maturity. For Capped Airbag GEARS, Capped Trigger GEARS, Trigger In-Step Securities or Capped Trigger In-Step Securities, if the Final Underlying Price is less than the Downside Threshold, you will lose some or all of your investment at maturity. There can be no assurance that the value of the Underlying will not decrease so that at maturity you will not lose some or all of your investment.

If the value of the Underlying changes, the market value of your securities may not change in the same manner.

Owning the securities is not the same as owning the securities comprising the Underlying. Accordingly, changes in the price of the Underlying may not result in a comparable change of the market value of the securities. If the value of the Underlying on any trading day increases above the Initial Underlying Price, the value of the securities may not increase in a comparable manner, if at all. It is possible for the value of the Underlying to increase while the value of the securities declines.

The inclusion in the original issue price of each agent's commission and the estimated cost of hedging our obligations under the securities through one or more of our affiliates is likely to adversely affect the value of the securities prior to maturity.

While the payment at maturity, if any, will be based on the full principal amount of your securities as described in the relevant terms supplement, the original issue price of the securities includes each agent's commission and the estimated cost of hedging our obligations under the securities through one or more of our affiliates. Such estimated cost includes our affiliates' expected cost of providing such hedge, as well as the profit our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which RBCCM may be willing to purchase securities from you in secondary market transactions, if at all, will likely be lower than the original issue price. In addition, any such prices may differ from prices determined by pricing models used by RBCCM, as a result of such compensation or other transaction costs.

If the securities are linked to a Basket, changes in the prices of the Basket Equities may offset each other.

If the securities are linked to a Basket, the return on the securities will be linked to a weighted basket comprised of the Basket Equities. While the prices of some Basket Equities may increase over the term of the securities, the prices of other Basket Equities may not increase during the term of the securities as much or may even decline. Therefore in calculating the Underlying Return and the payment at maturity on the securities, increases in the prices of one or more of the Basket Equities may be moderated, or offset, by lesser increases or declines in the prices of one or more of the other Basket Equities. This affect may be further amplified by differing weights of the Basket Equities. More heavily weighted Basket Equities will have a larger impact on the Underlying Return than Basket Equities with lesser weightings.

You have limited anti-dilution protection.

For certain corporate events affecting the Underlying or a Basket Equity, the calculation agent may make adjustments to the Initial Underlying Price of the Underlying or the applicable Basket Equity, or other terms of the securities, as described below. However, the calculation agent is not required to make an adjustment for every corporate event that can affect the Underlying. For example, the calculation agent is not required to make any adjustments if the issuer of the Underlying or a Basket Equity, or anyone else makes a partial tender offer or a partial exchange offer for that security. If an event occurs that does not require the calculation agent to make an adjustment, the value of the securities may be materially and adversely affected. In addition, all determinations and calculations concerning any such adjustment will be made by the calculation agent. You should be aware that the calculation agent may make any such adjustment, determination or calculation in a manner that differs from, or that is in addition to, that described in this product prospectus supplement or the applicable terms supplement as necessary to achieve an equitable result. You should refer to “General Terms of the Securities—Anti-dilution Adjustments” above and “General Terms of the Securities—Calculation Agent” below for a description of the items that the calculation agent is responsible for determining.

In some circumstances, the payment you receive on the securities may be based on the securities issued by another issuer.

Following certain corporate events relating to the Underlying or a Basket Equity where the applicable issuer is not the surviving entity, your payment at maturity may be based on the common stock of a successor to the respective issuer in combination with any cash or any other assets distributed to holders of the Underlying or Basket Equity in such corporate event, which may include securities issued by a non-U.S. company and quoted and traded in a foreign currency. If the issuer of the Underlying or a Basket Equity becomes subject to a Reorganization Event (as defined below), the consequent adjustments may materially and adversely affect the value of the securities. We describe the specific corporate events that may lead to these adjustments and the procedures for selecting Distribution Property (as defined below) in the section of this product prospectus supplement called “General Terms of the Securities—Anti-dilution Adjustments—Reorganization Events.” The calculation agent will make any such adjustments in order to achieve an equitable result.

If the Underlying or a Basket Equity is an ADS and the ADS is no longer listed or admitted to trading on a U.S. securities exchange registered under the Exchange Act nor included in the OTC Bulletin Board Service operated by FINRA, or if the ADS facility between the issuer of the foreign stock and the ADS depositary is terminated for any reason, the amount you receive at maturity will be based on the common stock represented by the ADS. Such delisting of the ADS or termination of the ADS facility and the consequent adjustments may materially and adversely affect the value of the securities.

We describe such delisting of the ADS or termination of the ADS facility and the consequent adjustments in the section of this product prospectus supplement called “General Terms of Securities—Delisting of ADSs or Termination of ADS Facility.”

You must rely on your own evaluation of the merits of an investment linked to the Underlying.

In the ordinary course of their business, our affiliates may have expressed views on expected movements in any Underlying or Basket Equity or the components of an ETF, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any Underlying may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the applicable Underlying or its components from multiple sources, and you should not rely solely on views expressed by our affiliates.

Risks Related to the Underlying

The respective issuer of the Underlying or a Basket Equity will not have any role or responsibilities with respect to the securities.

The respective issuer of the Underlying or a Basket Equity will not have authorized or approved the securities, and will not be involved in any offering. The respective issuer of the Underlying or a Basket Equity will not have any financial or legal obligation with respect to the securities or the amounts to be paid to you, including any obligation to take our needs or your needs into consideration for any reason, including taking any corporate actions that might affect the value of the Underlying or Basket Equities, or the securities. The respective issuer of the Underlying or a Basket Equity will not receive any of the proceeds from any offering of the securities. No issuer of an Underlying or Basket Equity will be responsible for, or participate in, the determination or calculation of the amounts receivable by holders of the securities.

We and our affiliates have no affiliation with the issuer of any Underlying or Basket Equity and are not responsible for its public disclosure of information or that of any other company.

Unless otherwise specified in the applicable terms supplement, we and our affiliates are not affiliated with the issuer of any Underlying or Basket Equity in any way and have no ability to control or predict its actions, including any corporate actions of the type that would require the calculation agent to adjust the determinations of the payments on the securities, and have no ability to control the public disclosure of these corporate actions or any events or circumstances affecting any such issuer, unless (and only to the extent that) our securities or the securities of our affiliates are represented by that Underlying or Basket Equity.

Unless otherwise specified in the applicable terms supplement, we will have derived the information about the respective issuers of the Underlying or each Basket Equity from publicly available information, without independent verification. You, as an investor in the securities, should make your own investigation into the respective issuer or issuers of the Underlying or Basket Equities for your securities. We urge you to review financial and other information filed periodically by the applicable issuer or issuers with the SEC.

This product prospectus supplement and each terms supplement relates only to the securities and does not relate to the Underlying or Basket Equities or the issuer of any Underlying or Basket Equity.

The respective issuer of the Underlying or Basket Equities—and thus the Underlying or Basket Equities—is subject to various market risks.

The respective issuer of the Underlying or each Basket Equity, is subject to various market risks or, if the Underlying or any of the Basket Equities is an ETF, each company whose securities constitute the ETF or each futures contract or commodity that constitutes the assets of the ETF, are subject to various market risks. Consequently, the prices of the Underlying or Basket Equities may fluctuate depending on the respective markets in which the respective issuer operates or, if the Underlying or Basket Equity is an ETF, the respective markets in which the assets held by such ETF trade. Market forces outside of our control could cause the payment at maturity to be delayed. The price of the Underlying or Basket Equity or any of the Basket Equities can rise or fall sharply due to factors specific to that Underlying or Basket Equity such as equity or commodity price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions, and other events, and by general market factors, such as general securities and commodity market volatility and levels, interest rates and economic and political conditions. The applicable terms supplement will provide a brief description of the applicable issuer or issuers of the Underlying or Basket Equities. We urge you to review financial and other information filed periodically by the applicable issuer or issuers with the SEC.

The historical performance of the Underlying or Basket Equities should not be taken as an indication of future performance.

The price of the Underlying or Basket Equities will determine the amount to be paid on the securities at maturity. The historical performance of the Underlying or Basket Equities does not give an indication of

future performance. As a result, it is impossible to predict whether the price of the Underlying or Basket Equities will rise or fall during the term of the securities. The price of the Underlying or Basket Equities will be influenced by complex and interrelated political, economic, financial and other factors. The value of the Underlying or Basket Equities may decrease such that you may not receive any return of your investment, subject to any applicable Buffer or Downside Threshold. There can be no assurance that the price of the Underlying or Basket Equities will not decrease so that at maturity you will not lose some or all of your investment.

For securities linked to a foreign Underlying or Basket Equities, an investment in the securities is subject to risks associated with non-U.S. securities markets.

The Underlying or Basket Equities may have been issued by one or more non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those markets.

Prices of securities in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, the economies of certain foreign countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

Fluctuations relating to exchange rates may affect the value of your investment.

Fluctuations in exchange rates may affect the value of your investment where: (1) the Underlying or any of the Basket Equities is an ADS, which is quoted and traded in U.S. dollars, but represents the underlying ADS stock that is quoted and traded in a foreign currency and that may trade differently from the ADS, (2) the Underlying or any of the Basket Equities is substituted or replaced by a security that is quoted and traded in a foreign currency, or (3) the Underlying or any of the Basket Equities is an ETF that invests in securities, futures contracts or commodities that are quoted and traded in a foreign currency. Such substitution or replacement of the Underlying or any of the Basket Equities by a security issued by a non-U.S. company may occur following certain corporate events affecting the Underlying (as described under “General Terms of the Securities—Anti-dilution Adjustments—Reorganization Events”) or in the event of delisting or termination of an Underlying or Basket Equity that is an ADS (as described under “General Terms of the Securities—Anti-dilution Adjustments—Delisting of ADSs or Termination of ADS Facility”).

If the Underlying or any of the Basket Equities is an ETF that invests in securities, futures contracts or commodities that are traded on non-U.S. markets, the market price of such underlying assets generally will reflect the U.S. dollar value of those assets. Therefore, holders of securities based upon one or more ETFs that invest in non-U.S. markets will be exposed to currency exchange rate risk with respect to the currency in which such assets trade. An investor’s net exposure will depend on the extent to which the relevant non-U.S. currency strengthens or weakens against the U.S. dollar and the relative weight of each non-U.S. asset in the relevant ETF’s portfolio. If, taking into account such weighting, the dollar strengthens against the non-U.S. currency, the value of the non-U.S. securities, futures contracts or commodities in which an ETF invests will be adversely affected and the value of the securities may decrease.

In recent years, the exchange rates between the U.S. dollar and some other currencies have been highly volatile, and this volatility may continue in the future. Risks relating to exchange rate fluctuations generally depend on economic and political events over which we have no control. However, fluctuations

in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the securities. Changes in the exchange rate between the U.S. dollar and a foreign currency may affect the U.S. dollar equivalent of the price of any relevant security, futures contract or commodity on non-U.S. markets and, as a result, may affect the value of the securities. In addition, foreign exchange rates can either be floating or fixed by sovereign governments. Exchange rates of the currencies used by most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar and to each other. However, from time to time governments and, in the case of countries using the euro, the European Central Bank, may use a variety of techniques, such as intervention by a central bank in foreign exchange, money markets, sovereign debt or other financial markets, the imposition of regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders. As a consequence, these government actions could adversely affect the value of the securities.

We will not make any adjustment or change in the terms of the securities in the event that applicable exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. dollar or any relevant foreign currency.

Risks Relating to ADSs

The value of an Underlying or Basket Equity that is an ADS may not accurately track the value of the underlying ADS stock represented by such ADS.

If the Underlying or any of the Basket Equities is an ADS, each share of the Underlying or the applicable Basket Equities will represent shares of the relevant company (an "Underlying Company"). The trading patterns of the ADSs will generally reflect the characteristics and valuations of the underlying ADS stock; however, the value of the ADSs may not completely track the value of those shares. Trading volume and pricing on the applicable non-U.S. exchange may, but will not necessarily, have similar characteristics as the ADSs. For example, certain factors may increase or decrease the public float of the ADSs and, as a result, the ADSs may have less liquidity or lower market value than the underlying ADS stock.

Adverse trading conditions in the applicable non-U.S. market may negatively affect the value of the Underlying or Basket Equity.

Holder of ADSs may usually surrender the ADSs in order to receive and trade the underlying ADS stock. This provision permits investors in the ADSs to take advantage of price differentials between markets. However, this provision may also cause the market prices of the Underlying or Basket Equity to more closely correspond with the values of the common shares in the applicable non-U.S. markets. As a result, a market outside of the U.S. for the underlying ADS stock that is not liquid may also result in an illiquid market for the ADSs.

Additional Risks Relating to Exchange Traded Funds

Changes that affect an underlying index to an exchange traded fund will affect the market value of the securities and the payments on the securities.

The policies of the applicable index sponsor concerning the calculation of the applicable index underlying an exchange traded fund, additions, deletions or substitutions of the components of that index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the index and could affect the price of the relevant exchange traded fund and, therefore, affect the amounts payable on the securities at maturity, and the market value of the securities prior to maturity. The amounts payable on the securities and their market value could also be affected if the index sponsor changes these policies, for example, by changing the manner in which it

calculates the index, or if the index sponsor discontinues or suspends calculation or publication of the index, in which case it may become difficult to determine the market value of the securities.

We have no affiliation with any index sponsor and will not be responsible for any actions taken by an index sponsor. Unless otherwise specified in the relevant terms supplement, no index sponsor is an affiliate of ours or will be involved in any offerings of the securities in any way. Consequently, we have no control of the actions of any index sponsor, including any actions of the type that might impact the value of the securities. No index sponsor has any obligation of any sort with respect to the securities. Thus, no index sponsor has any obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the securities. None of our proceeds from any issuance of the securities will be delivered to any index sponsor.

There are liquidity and management risks associated with an ETF.

Although shares of an ETF that is an Underlying or a Basket Equity will be listed for trading on a securities exchange and a number of similar products have been traded on various exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of the Underlying or Basket Equity or that there will be liquidity in that trading market.

An ETF is subject to management risk, which is the risk that the investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.