ROYAL BANK OF CANADA
Form FWP
March 08, 2017

ISSUER FREE WRITING PROSPECTUS
Filed Pursuant to Rule 433
Registration Statement No. 333-208507
Dated March 8, 2017
Royal Bank of Canada Buffer Digital Return Securities
$• Securities Linked to the iShare® Russell 2000 ETF due on or about April 12, 2019

Investment Description

Buffer Digital Return Securities (each, a "Security" and collectively, the "Securities") are unconditional, unsecured and unsubordinated debt securities issued by Royal Bank of Canada with returns linked to the performance of the iShares® Russell 2000 ETF (the "Underlying"). If the Final Underlying Price is greater than or equal to the Digital Barrier (which is equal to the Downside Threshold), we will pay the principal amount at maturity plus a fixed return equal to the Digital Return. If the Final Underlying Price is less than the Downside Threshold, we will pay less than the full principal amount at maturity, and you will lose 1% of the principal amount of your Securities for every 1% decline in the price of the Underlying in excess of the Buffer. Investing in the Securities involves significant risks. The Securities do not pay dividends or interest. You may lose up to 90% of your principal amount. The contingent payment of the Digital Return and the Buffer apply only if you hold the Securities to maturity. Any payment on the Securities, including any repayment of principal, is subject to our creditworthiness. If we were to default on our payment obligations, you may not receive any amounts owed to you under the Securities and you could lose your entire investment. The Securities will not be listed on any securities exchange. Non-U.S. holders will not be subject to withholding on dividend equivalent payments under Section 871(m) of the U.S. Internal Revenue Code. Please see the discussion below under "U.S. Federal Income Tax Consequences," which applies to the Securities.

Features Key Dates[1]

q Contingent Payment of Digital Return — If the Final Underlying Price is greater than or equal to the Digital Barrier (which is equal to the Downside Threshold), we will pay the principal amount at maturity plus a fixed return equal to the Digital Return. However, if the Final Underlying Price is less than the Downside Threshold, we will pay less than the full principal amount, resulting in a loss of 1% of the principal amount for every 1% decline in the price of the Underlying in excess of the Buffer. Accordingly, you may lose up to 90% of the principal amount of the Securities. The contingent payment of the Digital Return and the Buffer apply only at maturity. Any payment on the Securities, including any repayment of principal, is subject to our creditworthiness.

Trade Date[1] March 8, 2017
Settlement Date[1] March 13, 2017
Final Valuation Date[2] April 8, 2019
Maturity Date[2] April 12, 2019

1 Expected. In the event that we make any change to the expected Trade Date and Settlement Date, the Final Valuation Date and Maturity Date will be changed so that the stated term of the Securities remains approximately the same.
2 Subject to postponement in the event of a market disruption event and as described under "General Terms of the Securities—Payment at Maturity" in the accompanying product prospectus supplement no. UBS-EQUITY-1.

NOTICE TO INVESTORS: THE SECURITIES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT INSTRUMENTS. THE ISSUER IS NOT NECESSARILY OBLIGATED TO REPAY THE FULL PRINCIPAL AMOUNT OF THE SECURITIES AT MATURITY, AND THE SECURITIES HAVE DOWNSIDE MARKET RISK SIMILAR TO THE UNDERLYING, SUBJECT TO THE BUFFER. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING OUR DEBT OBLIGATION. YOU SHOULD NOT PURCHASE THE SECURITIES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE SECURITIES.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER ‘‘KEY RISKS’’ BEGINNING ON PAGE 5 OF THIS FREE WRITING PROSPECTUS AND UNDER “RISK FACTORS” BEGINNING ON PAGE PS-4 OF THE ACCOMPANYING PRODUCT PROSPECTUS SUPPLEMENT NO. UBS-EQUITY-1 BEFORE PURCHASING ANY SECURITIES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR SECURITIES. YOU MAY LOSE UP TO 90% OF THE PRINCIPAL AMOUNT OF THE SECURITIES.

Security Offering

We are offering Buffer Digital Return Securities Linked to the iShares® Russell 2000 ETF (“IWM”). The positive return on the Securities, if any, is fixed at the predetermined Digital Return. The Securities are offered at a minimum investment of 100 Securities at the Price to Public described below. The actual Initial Underlying Price, Digital Barrier and Downside Threshold for the Securities will be determined on the Trade Date.

Underlying	Digital Return	Initial Underlying Price	Digital Barrier	Downside Threshold	Buffer	CUSIP/ISIN
iShares® Russell 2000 ETF (IWM)	16.00%		90% of the Initial Underlying Price (rounded to two decimal places)	90% of the Initial Underlying Price (rounded to two decimal places)	10%	78014E505 / US78014E5050

See “Additional Information About Royal Bank of Canada and the Securities” in this free writing prospectus. The Securities will have the terms specified in the prospectus dated January 8, 2016, the prospectus supplement dated January 8, 2016, product prospectus supplement no. UBS-EQUITY-1 dated January 4, 2017 and this free writing prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or passed upon the accuracy or the adequacy of this free writing prospectus or the accompanying prospectus, prospectus supplement and product prospectus supplement no. UBS-EQUITY-1. Any representation to the contrary is a criminal offense.

	Price to Public		Fees and Commissions(1)		Proceeds to Us	
Offering of the Securities	Total	Per Security	Total	Per Security	Total	Per Security
Securities Linked to the iShares® Russell 2000 ETF (IWM)		$10.00		$0.10		$9.90

(1) UBS Financial Services Inc., which we refer to as UBS, will receive a commission that will depend on market conditions on the Trade Date. In no event will the commission received by UBS exceed $0.10 per $10 principal amount of the Securities. See “Supplemental Plan of Distribution (Conflicts of Interest)” on page 13 of this free writing prospectus.

The initial estimated value of the Securities as of the date of this document is $9.8203 per $10 in principal amount, which is less than the price to public. The pricing supplement relating to the Securities will set forth our estimate of the initial value of the Securities as of the Trade Date, which will not be more than $0.20 less than this amount. The actual value of the Securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value under “Key Risks” beginning on page 5, “Supplemental Plan of Distribution (Conflicts of Interest)” on page 13 and “Structuring the Securities” on page 13 of this free writing prospectus.

The Securities will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States government agency or instrumentality.

UBS Financial Services Inc. RBC Capital Markets, LLC

Additional Information About Royal Bank of Canada and the Securities

Royal Bank of Canada has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offering to which this free writing prospectus relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Royal Bank of Canada has filed with the SEC for more complete information about Royal Bank of Canada and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Royal Bank of Canada, any agent or any dealer participating in this offering will arrange to send you the prospectus, the prospectus supplement, product prospectus supplement no. UBS-EQUITY-1 and this free writing prospectus if you so request by calling toll-free 866-609-6009.

You may revoke your offer to purchase the Securities at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the Securities prior to their issuance. In the event of any changes to the terms of the Securities, we will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes, in which case we may reject your offer to purchase.

You should read this free writing prospectus together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016, relating to our senior global medium-term notes, Series G, of which these Securities are a part, and the more detailed information contained in product prospectus supplement no. UBS-EQUITY-1 dated January 4, 2017. This free writing prospectus, together with the documents listed below, contains the terms of the Securities and supersedes 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. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the accompanying product prospectus supplement no. UBS-EQUITY-1, as the Securities involve risks not associated with conventional debt securities.

If the terms discussed in this free writing prospectus differ from those discussed in the product prospectus supplement no. UBS-EQUITY-1, the prospectus supplement, or the prospectus, the terms discussed herein will control.

You may access these on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

¨Product prospectus supplement no. UBS-EQUITY-1 dated January 4, 2017:
https://www.sec.gov/Archives/edgar/data/1000275/000114036117000487/form424b5.htm

¨Prospectus supplement dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm

¨Prospectus dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm

As used in this free writing prospectus, “we,” “us” or “our” refers to Royal Bank of Canada.

Investor Suitability

The Securities may be suitable for you if, among other considerations:

- You fully understand the risks inherent in an investment in the Securities, including the risk of loss of a significant portion of your initial investment.
- You can tolerate the loss of up to 90% of the principal amount of the Securities and are willing to make an investment that has similar downside market risk as a hypothetical investment in the Underlying, subject to the Buffer at maturity.
- You believe that the price of the Underlying will not decrease to a price that is below the Downside Threshold or increase by more than the Digital Return.
- You understand and accept that you will not participate in any appreciation in the price of the Underlying and your potential positive return is fixed at the Digital Return.
- You would be willing to invest in the Securities based on the Digital Return indicated on the cover page of this free writing prospectus.
- You can tolerate fluctuations in the price of the Securities prior to maturity that may be similar to or exceed the downside fluctuations in the price of the Underlying.
- You fully understand and accept the risks associated with the Underlying.
- You do not seek current income from your investment and are willing to forgo dividends paid on the Underlying.
- You are willing to hold the Securities to maturity and accept that there may be little or no secondary market for the Securities.
- You are willing to assume our credit risk for all payments under the Securities, and understand that if we default on our obligations, you may not receive any amounts due to you, including any repayment of principal.

The Securities may not be suitable for you if, among other considerations:

- You do not fully understand the risks inherent in an investment in the Securities, including the risk of loss of a significant portion of your initial investment.
- You require an investment designed to provide a full return of principal at maturity.
- You cannot tolerate the loss of up to 90% of the principal amount of the Securities, and you are not willing to make an investment that has similar downside market risk as a hypothetical investment in the Underlying, subject to the Buffer at maturity.
- You believe that the price of the Underlying will decrease to a price that is below the Downside Threshold or increase by more than the Digital Return.
- You seek an investment that participates in the appreciation in the price of the Underlying or that has unlimited return potential.
- You would be unwilling to invest in the Securities based on the Digital Return indicated on the cover page of this free writing prospectus.
- You cannot tolerate fluctuations in the price of the Securities prior to maturity that may be similar to or exceed the downside fluctuations in the price of the Underlying.
- You do not fully understand or are not willing to accept the risks associated with the Underlying.
- You seek current income from this investment or prefer to receive the dividends paid on the Underlying.
- You are unable or unwilling to hold the Securities to maturity or you seek an investment for which there will be an active secondary market.
- You are not willing to assume our credit risk for all payments under the Securities, including any repayment of principal.

The suitability considerations identified above are not exhaustive. Whether or not the Securities are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting, and other advisers have carefully considered the suitability of an investment in the Securities in light of your particular circumstances. You should also review carefully the “Key Risks” beginning on page 5 of this free writing prospectus and “Risk Factors” beginning on page PS-4 of the accompanying product prospectus supplement no. UBS-EQUITY-1 for risks related to an investment in the Securities. In addition, you should review carefully the section entitled “The iShare® Russell 2000 ETF” beginning on page 10 of this free writing prospectus for more information about the Underlying.

Indicative Terms of the Securities[1]

Issuer:	Royal Bank of Canada
Issue Price:	$10 per Security (subject to a minimum purchase of 100 Securities).
Principal Amount:	$10 per Security.
Term[2]:	Approximately 25 months
Underlying:	iShares® Russell 2000 ETF (the "Fund")
Digital Return:	16.00%
Payment at Maturity (per $10 Security):	If the Final Underlying Price is greater than or equal to the Digital Barrier (which is equal to the Downside Threshold), we will pay you: $10 + ($10 x Digital Return) If the Final Underlying Price is less than the Downside Threshold, we will pay you: $10 + [$10 × (Underlying Return + Buffer)] If the Final Underlying Price is less than the Downside Threshold, you will be exposed to the decline in the Underlying in excess of the Buffer and lose up to 90% of the principal amount of the Securities at maturity.
Underlying Return:	$\frac{\text{Final Underlying Price} - \text{Initial Underlying Price}}{\text{Initial Underlying Price}}$
Initial Underlying Price:	The Closing Price of the Underlying on the Trade Date.
Final Underlying Price:	The Closing Price of the Underlying on the Final Valuation Date.
Digital Barrier:	90% of the Initial Underlying Price (rounded to two decimal places)
Downside Threshold:	90% of the Initial Underlying Price (rounded to two decimal places)
Buffer:	10%

Investment Timeline

Trade Date:	The Initial Underlying Price, Digital Barrier and Downside Threshold are determined.
Maturity Date:	The Final Underlying Price and Underlying Return are determined. If the Final Underlying Price is greater than or equal to the Digital Barrier (which is equal to the Downside Threshold), we will pay you a cash payment per $10 Security that provides you with your principal amount plus a fixed return equal to the Digital Return. Your payment at maturity per $10 Security will be equal to: $10 + ($10 x Digital Return) If the Final Underlying Price is less than the Downside Threshold, we will pay you a cash payment that is less than the full principal amount of $10.00 per Security, resulting in a loss of 1% of principal for every 1% decline in the Underlying in excess of the Buffer. Accordingly, the payment at maturity per Security would be calculated as follows: $10 + [$10 × (Underlying Return + Buffer)] In this scenario, you will lose up to 90% of the principal amount of the Securities.

INVESTING IN THE SECURITIES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE UP TO 90% OF YOUR PRINCIPAL AMOUNT. ANY PAYMENT ON THE SECURITIES, INCLUDING ANY REPAYMENT OF

PRINCIPAL, IS SUBJECT TO OUR CREDITWORTHINESS. IF WE WERE TO DEFAULT ON OUR PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE SECURITIES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

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[1] Terms used in this free writing prospectus, but not defined herein, shall have the meanings ascribed to them in the product prospectus supplement.
[2] In the event we make any change to the expected Trade Date and Settlement Date, the Final Valuation Date and Maturity Date will be changed to ensure that the stated term of the Securities remains approximately the same.

Key Risks

An investment in the Securities involves significant risks. Investing in the Securities is not equivalent to investing directly in the Underlying or in the securities held by the Underlying. These risks are explained in more detail in the "Risk Factors" section of the accompanying product prospectus supplement no. UBS-EQUITY-1. We also urge you to consult your investment, legal, tax, accounting and other advisors before investing in the Securities.

Risks Relating to the Securities Generally

- Your Investment in the Securities May Result in a Loss of Principal: The Securities differ from ordinary debt securities in that we are not necessarily obligated to repay the full principal amount of the Securities at maturity. The return on the Securities at maturity is linked to the performance of the Underlying and will depend on whether, and the extent to which, the Underlying Return is positive or negative. If the Final Underlying Price is less than the Downside Threshold, you will be exposed to any negative Underlying Return in excess of the Buffer and we will pay you less than your principal amount at maturity, resulting in a loss of 1% of principal for each 1% that the price of the Underlying decreases in excess of the Buffer. Accordingly, you could lose up to 90% of the principal amount of the Securities.
- The Contingent Payment of Digital Return and the Buffered Downside Market Exposure Apply Only if You Hold the Securities to Maturity: You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, you may have to sell them at a loss even if the price of the Underlying is at or above the Digital Barrier at the time of sale.
- You Will Not Participate in Any Appreciation in the Price of the Underlying and the Potential Positive Return of the Securities Is Fixed at the Digital Return: If the Final Underlying Price is greater than or equal to the Digital Barrier (which is equal to the Downside Threshold), we will pay you $10 per Security at maturity plus a fixed return equal to the Digital Return, regardless of the appreciation in the Underlying, which may be significant. Since any positive return on the Securities is fixed at the Digital Return, your return on the Securities may be less than your return would be on a hypothetical direct investment in the Underlying or the securities held by the Underlying.
- No Interest Payments: We will not pay any interest with respect to the Securities.
- An Investment in the Securities Is Subject to Our Credit Risk: The Securities are unsubordinated, unsecured debt obligations of the issuer, Royal Bank of Canada, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Securities, including any repayment of principal at maturity, depends on our ability to satisfy our obligations as they come due. As a result, our actual and perceived creditworthiness may affect the market value of the Securities and, in the event we were to default on our obligations, you may not receive any amounts owed to you under the terms of the Securities and you could lose your entire initial investment.
- 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 the 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 could earn if you bought a conventional senior interest bearing debt security of ours with the same maturity date or if you invested directly 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.
- The Initial Estimated Value of the Securities Will Be Less than the Price to the Public: The initial estimated value that is set forth on the cover page of this document, and that will be set forth in the final pricing supplement for the Securities, will be less than the public offering price you pay for the Securities, does not represent a minimum price at which we, RBC Capital Markets, LLC ("RBCCM") or any of our other affiliates would be willing to purchase the Securities in any secondary market (if any exists) at any time. If you attempt to sell the Securities prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the price of the Underlying, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to public of the underwriting discount, and our estimated profit and the costs relating to our hedging of the Securities. These factors, together with various credit, market and economic factors over the term of the Securities, are expected to reduce the price at which you may be able to sell the Securities in any secondary market and will affect the value of the Securities in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Securities prior to maturity may be less than the price to public, as any such sale price would not be expected to include the

underwriting discount and our estimated profit and the costs relating to our hedging of the Securities. In addition, any price at which you may sell the Securities is likely to reflect customary bid-ask spreads for similar trades. In addition to bid-ask spreads, the value of the Securities determined for any secondary market price is expected to be based on the secondary market rate rather than the internal borrowing rate used to price the Securities and determine the initial estimated value. As a result, the secondary market price will be less than if the internal borrowing rate was used. The Securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Securities to maturity.

¨ Our Initial Estimated Value of the Securities Is an Estimate Only, Calculated as of the Time the Terms of the Securities Are Set: The initial estimated value of the Securities is based on the value of our obligation to make the payments on the Securities, together with the mid-market value of the derivative embedded in the terms of the Securities. See “Structuring the Securities” below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the Securities. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Securities or similar securities at a price that is significantly different than we do.

The value of the Securities at any time after the Trade Date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Securities in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Securities and the amount that will be paid at maturity.

¨ Owning the Securities Is Not the Same as Owning the Underlying or the Stocks Comprising the Underlying’s Underlying Index: The return on your Securities may not reflect the return you would realize if you actually owned the Underlying or stocks included in the Underlying’s underlying index. As a holder of the Securities, you will not have voting rights or rights to receive dividends or other distributions or other rights that holders of the Underlying or these stocks would have, and any such dividends will not be incorporated in the determination of the Underlying Return.

¨ The Policies of the Underlying’s Investment Adviser Could Affect the Amount Payable on the Securities and Their Market Value: The policies of the Underlying’s investment adviser concerning the management of the Underlying, additions, deletions or substitutions of the securities

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held by the Underlying could affect the market price of shares of the Underlying and, therefore, the amount payable on the Securities on the maturity date and the market value of the Securities before that date. The amount payable on the Securities and their market value could also be affected if the Underlying investment adviser changes these policies, for example, by changing the manner in which it manages the Underlying, or if the Underlying investment adviser discontinues or suspends maintenance of the Underlying, in which case it may become difficult to determine the market value of the Securities. The Underlying's investment adviser has no connection to the offering of the Securities and has no obligations to you as an investor in the Securities in making its decisions regarding the Underlying.

- Historical Prices of the Underlying Should Not Be Taken as an Indication of Its Future Prices During the Term of the Securities: The trading prices of the Underlying will determine the value of the Securities at any given time. However, it is impossible to predict whether the price of the Underlying will rise or fall, and trading prices of the common stocks held by the Underlying will be influenced by complex and interrelated political, economic, financial and other factors that can affect the issuers of those stocks, and therefore, the price of the Underlying.
- The Underlying and Its Underlying Index Are Different: The performance of the Underlying may not exactly replicate the performance of the underlying index, because the Underlying will reflect transaction costs and fees that are not included in the calculation of the underlying index. It is also possible that the performance of the Underlying may not fully replicate or may in certain circumstances diverge significantly from the performance of the underlying index due to the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments contained in the Underlying or due to other circumstances. The Underlying may use futures contracts, options, swap agreements, currency forwards and repurchase agreements in seeking performance that corresponds to the underlying index and in managing cash flows.

During periods of market volatility, securities underlying the Underlying may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the Underlying and the liquidity of the Underlying may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the Underlying. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the Underlying. As a result, under these circumstances, the market value of shares of the Underlying may vary substantially from the net asset value per share of the Underlying. For all of the foregoing reasons, the performance of the Underlying may not correlate with the performance of its underlying index as well as the net asset value per share of the Underlying, which could materially and adversely affect the value of the Securities in the secondary market and/or reduce your payment at maturity.

- Management Risk: The Underlying is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based on economic, financial and market analysis and investment judgment. Instead, the Underlying, utilizing a “passive” or indexing investment approach, attempts to approximate the investment performance of its underlying index by investing in a portfolio of securities that generally replicate the underlying index. Therefore, unless a specific security is removed from the underlying index, the Underlying generally would not sell a security because the security’s issuer was in financial trouble. In addition, the Underlying is subject to the risk that the investment strategy of the Underlying’s investment advisor may not produce the intended results.
- Risks Associated with Small-Capitalization Stocks: The Underlying tracks its underlying index, which consists of stocks issued by companies with relatively small market capitalizations. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies. As a result, the share price of the Underlying may be more volatile than that of a market measure that does not track solely small-capitalization stocks. Stock prices of small-capitalization companies are also generally more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large-capitalization companies. These companies may also be more susceptible to adverse developments related to

their products or services.

- Lack of Liquidity: The Securities will not be listed on any securities exchange. RBCCM intends to offer to purchase the Securities in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Securities easily. Because other dealers are not likely to make a 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.
- Potential Conflicts: We and our affiliates play a variety of roles in connection with the issuance of the Securities, including hedging our obligations under the Securities. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the Securities.
- Potentially Inconsistent Research, Opinions or Recommendations by RBCCM, UBS or Their Affiliates: RBCCM, UBS, and our respective affiliates may publish research, express opinions or provide recommendations that are inconsistent with investing in or holding the Securities, and which may be revised at any time. Any such research, opinions or recommendations could affect the price of the Underlying, and therefore, the market value of the Securities.
- Uncertain Tax Treatment: Significant aspects of the tax treatment of an investment in the Securities are uncertain. You should consult your tax adviser about your tax situation.
- Potential Royal Bank of Canada and UBS Impact on Price: Trading or other transactions by Royal Bank of Canada, UBS and our respective affiliates in the Underlying or the securities included in the Underlying's underlying index, or in futures, options, exchange-traded funds or other derivative products on the Underlying or those securities, may adversely affect the market value of the Underlying and, therefore, the market value of the Securities.
- The Probability That the Underlying Will Fall Below the Downside Threshold on the Final Valuation Date Will Depend on the Volatility of the Underlying: "Volatility" refers to the frequency and magnitude of changes in the price of the Underlying. Greater expected volatility with respect to the Underlying reflects a higher expectation as of the Trade Date that the Underlying could close below its Downside Threshold on the Final Valuation Date, resulting in the loss of up to 90% of your investment. However, an Underlying's volatility can change significantly over the term of the Securities. The price of the Underlying could fall sharply, which could result in a loss of up to 90% of your principal at maturity.

- The Terms of the Securities at Issuance and Their Market Value Prior to Maturity Will Be Influenced by Many Unpredictable Factors: Many economic and market factors will influence the terms of the Securities at issuance and their value prior to maturity. These factors are similar in some ways to those that could affect the value of a combination of instruments that might be used to replicate the payments on the Securities, including a combination of a bond with one or more options or other derivative instruments. For the market value of the Securities, we expect that, generally, the price 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 price 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 price of the Underlying;
- whether the price of the Underlying is below its Downside Threshold;
- the actual and expected volatility of the price of the Underlying;
- the time remaining to maturity of the Securities;
- the dividend rates on the securities held by the Underlying;
- interest and yield rates in the market generally, as well as in each of the markets of the securities held by the Underlying;
- a variety of economic, financial, political, regulatory or judicial events;
- the occurrence of certain events with respect to the Underlying 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 terms of the Securities at issuance as well as the price you will receive if you choose to sell the 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 the Securities at a substantial discount from the principal amount if, for example, the price of the Underlying is at, below or not sufficiently above, its Downside Threshold.

- The Anti-Dilution Protection for the Underlying Is Limited: The calculation agent will make adjustments to the Initial Underlying Price, the Digital Barrier, the Downside Threshold and the Final Underlying Price for certain events affecting the shares of the Underlying. However, the calculation agent will not be required to make an adjustment in response to all events that could affect the Underlying. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Securities and the Payment at Maturity may be materially and adversely affected.

Hypothetical Examples and Return Table at Maturity

The hypothetical terms used below are not the actual terms that will apply to the Securities, which will be set on the Trade Date and will be set forth on the cover page of the final pricing supplement for the Securities. The following table and hypothetical examples below illustrate the payment at maturity per $10.00 Security for a hypothetical range of Underlying Returns from -100.00% to +100.00% and assume a hypothetical Initial Underlying Price of $100.00, a hypothetical Digital Barrier of $90.00 and a hypothetical Downside Threshold of $90.00, and reflect the Digital Return of 16.00% and the Buffer of 10%. The actual Initial Underlying Price, Digital Barrier and Downside Threshold for the Securities will be set on the Trade Date. The hypothetical payment at maturity examples set forth below are for illustrative purposes only and may not be the actual returns applicable to a purchaser of the Securities. The actual payment at maturity will be determined based on the Final Underlying Price on the Final Valuation Date. You should consider carefully whether the Securities are suitable to your investment goals. The numbers appearing in the table below have been rounded for ease of analysis.

Example 1 – On the Final Valuation Date, the Underlying closes 80% above the Initial Underlying Price. Because the Final Underlying Price is greater than or equal to the Digital Barrier, we will pay you the principal amount plus a positive return equal to the Digital Return, even though the increase in the price of the Underlying is significant. The payment at maturity will be $11.60 per $10 principal amount Security, calculated as follows:

$10 + ($10 x 16.00%) = $10 + $1.60 = $11.60

Example 2 – On the Final Valuation Date, the Underlying closes 8% below the Initial Underlying Price. Because the Final Underlying Price is greater than or equal to the Digital Barrier, we will pay you the principal amount plus a positive return equal to the Digital Return, even though there is a decrease in the price of the Underlying. The payment at maturity will be $11.60 per $10 principal amount Security, calculated as follows:

$10 + ($10 x 16.00%) = $10 + $1.60 = $11.60

Example 3 – On the Final Valuation Date, the Underlying closes 40% below the Initial Underlying Price. Because the Final Underlying Price is less than the Downside Threshold, we will pay you less than the principal amount, resulting in a loss of 1% of the principal amount for each 1% that the price of the Underlying decreases in excess of the Buffer. The payment at maturity will be $7.00 per $10 principal amount Security (a 30% loss on the principal amount), calculated as follows:

$10 + [$10 x (-40% + 10%)] = $10 - $3.00 = $7.00

Hypothetical Final Underlying Price ($)	Hypothetical Underlying Return[1]	Hypothetical Payment at Maturity ($)	Hypothetical Total Return on Securities[2]
$200.00	100.00%	$11.60	16.00%
$175.00	75.00%	$11.60	16.00%
$150.00	50.00%	$11.60	16.00%
$140.00	40.00%	$11.60	16.00%
$130.00	30.00%	$11.60	16.00%
$120.00	20.00%	$11.60	16.00%
$110.00	10.00%	$11.60	16.00%
$105.00	5.00%	$11.60	16.00%
$100.00	0.00%	$11.60	16.00%
$95.00	-5.00%	$11.60	16.00%
$90.00	-10.00%	$11.60	16.00%
$85.00	-15.00%	$9.50	-5.00%
$80.00	-20.00%	$9.00	-10.00%
$75.00	-25.00%	$8.50	-15.00%
$70.00	-30.00%	$8.00	-20.00%
$60.00	-40.00%	$7.00	-30.00%
$50.00	-50.00%	$6.00	-40.00%
$25.00	-75.00%	$3.50	-65.00%
$0.00	-100.00%	$1.00	-90.00%

(1) The Underlying Return excludes any cash dividend payments.
(2) The “total return” is the number, expressed as a percentage, that results from comparing the payment at maturity per $10 principal amount Security to the purchase price of $10 per Security.