

ROYAL BANK OF CANADA
Form 424B2
December 31, 2018

PRICING SUPPLEMENT

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Registration Statement No. 333-227001

Dated December 27, 2018

Royal Bank of Canada Trigger Absolute Return Autocallable Notes

\$5,151,000 Notes Linked to the Common Stock of General Electric Company due on December 31, 2020

Investment Description

Trigger Absolute Return Autocallable Notes (the “Notes”) are unconditional, unsecured and unsubordinated debt securities issued by Royal Bank of Canada linked to the performance of the common stock of General Electric Company (the “Underlying Equity”). If the Underlying Equity closes at or above its closing price on the Trade Date (the “Initial Underlying Price”) on any Observation Date (which will occur first on or about March 27, 2019 and then quarterly thereafter as described on page 4 of this pricing supplement), we will automatically call the Notes and pay you a Call Price equal to the principal amount per Note plus a Call Return based on the Call Return Rate. The Call Return increases the longer the Notes are outstanding, as described below. If by maturity the Notes have not been called, and the closing price of one unit of the Underlying Equity closes at or above the Downside Threshold on the final Observation Date, we will repay the principal amount plus pay you a return at maturity equal to the absolute value of the percentage decline in the price of the Underlying Equity from the Trade Date to the final Observation Date (the “Contingent Absolute Return”). If by maturity the Notes have not been called and the Underlying Equity closes below the Downside Threshold on the final Observation Date, the Contingent Absolute Return will not apply, and we will repay less than the principal amount, if anything, resulting in a loss that is proportionate to the decline in the price of the Underlying Equity from the Trade Date to the final Observation Date, up to a 100% loss of your principal amount invested. The Notes are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act.

Investing in the Notes involves significant risks. The Notes do not pay interest. You may lose some or all of your principal amount. Generally, the higher the Call Return Rate on a Note, the greater the risk of loss on that Note. The Contingent Absolute Return and any contingent repayment of principal apply only if you hold the Notes to maturity. Any payment on the Notes, including any repayment of principal, is subject to our creditworthiness and is not, either directly or indirectly, an obligation of any third party. If we were to default on our payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire principal amount. The Notes will not be listed on any securities exchange.

Features Key Dates

Call Return - We will automatically call the Notes for a Call Price equal to the principal amount plus the applicable Call Return based on the Call Return Rate if the closing price of the Underlying Equity on any Observation Date is equal to or greater than the Initial Underlying Price. The Call Return increases the longer the Notes are outstanding. If the Notes are not called, investors will have the potential for downside market exposure to the Underlying Equity at maturity if the Final Underlying Price is less than the Initial Underlying Price.

Contingent Absolute Return at Maturity - If you hold the Notes to maturity, the Notes have not been called on any Observation Date including the final Observation Date and the Underlying Equity closes above or equal to the Downside Threshold on the final Observation Date, we will pay your full principal amount plus the Contingent Absolute Return. If the Underlying Equity closes below the Downside Threshold on the final Observation Date, the Contingent Absolute Return will not apply and we will pay less than your principal amount, if anything, resulting in a loss of your principal amount that will be proportionate to the full negative Underlying Return. The Contingent Absolute Return and any contingent repayment of principal only applies if you hold the Notes to maturity. Any payment on the Notes, including any repayment of principal, is subject to our creditworthiness.

Trade Date December 27, 2018

Settlement Date December 31, 2018

Observation Dates Quarterly (see page 4 for details)
 Final Observation Date¹ December 28, 2020
 Maturity Date¹ December 31, 2020

¹ Subject to postponement if a market disruption event occurs, as described under “General Terms of the Securities – Market Disruption Events” in the accompanying product prospectus supplement no. UBS-TAS-2.

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

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER “KEY RISKS” BEGINNING ON PAGE 6 AND UNDER “RISK FACTORS” BEGINNING ON PAGE PS-4 OF THE PRODUCT PROSPECTUS SUPPLEMENT NO. UBS TAS-2 BEFORE PURCHASING ANY NOTES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR NOTES. YOU MAY LOSE SOME OR ALL OF THE PRINCIPAL AMOUNT OF THE NOTES.

Notes Offering

This pricing supplement relates to Trigger Absolute Return Autocallable Notes linked to the performance of the common stock of General Electric Company. The Call Price for each Observation Date is set forth under “Final Terms of the Notes – Call Return/Call Return Rate” on page 4 of this pricing supplement. The Notes are offered at a minimum investment of 100 Notes at \$10.00 per Note (representing a \$1,000 investment), and integral multiples of \$10.00 in excess thereof.

Underlying Equity	Call Return Rate	Initial Underlying Price	Downside Threshold	CUSIP	ISIN
General Electric Company (GE)	30.75% per annum	\$7.27	\$4.36, which is 60% of the Initial Underlying Price (rounded to two decimal places)	78014H151	US78014H1510

See “Additional Information About Royal Bank of Canada and the Notes” in this pricing supplement. The Notes will have the terms specified in the prospectus dated September 7, 2018, the prospectus supplement dated September 7, 2018, product prospectus supplement no. UBS-TAS-2 dated September 7, 2018 and this pricing supplement. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying prospectus, prospectus supplement and product prospectus supplement no. UBS-TAS-2. Any representation to the contrary is a criminal offense.

Offering of the Notes	Price to Public ⁽¹⁾		Fees and Commissions ⁽¹⁾		Proceeds to Us	
	Total	Per Note	Total	Per Note	Total	Per Note
	\$5,151,000.00	\$10.00	\$77,265.00	\$0.15	\$5,073,735.00	\$9.85

Trigger Absolute Return Autocallable Notes Linked to
the Common Stock of General Electric Company

⁽¹⁾ UBS Financial Services Inc., which we refer to as UBS, will receive a commission of \$0.15 per \$10 principal amount. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.

The initial estimated value of the Notes as of the date of this document is \$9.7486 per \$10 in principal amount for the Notes, which is less than the price to public. The actual value of the Notes 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,” “Supplemental Plan of Distribution (Conflicts of Interest)” and “Structuring the Notes” below.

The Notes 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 Notes

You should read this pricing supplement together with the prospectus dated September 7, 2018, as supplemented by the prospectus supplement dated September 7, 2018, relating to our Series H medium-term notes of which these Notes are a part, and the more detailed information contained in product prospectus supplement no. UBS-TAS-2 dated September 7, 2018. This pricing supplement, together with the documents listed below, contains the terms of the Notes 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-TAS-2, as the Notes involve risks not associated with conventional debt securities.

If the terms discussed in this pricing supplement differ from those discussed in the product prospectus supplement no. UBS-TAS-2, 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-TAS-2 dated September 7, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000114036118038058/form424b5.htm>

“Prospectus supplement dated September 7, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000121465918005975/f97180424b3.htm>

“Prospectus dated September 7, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000121465918005973/196181424b3.htm>

As used in this pricing supplement, “we,” “us” or “our” refers to Royal Bank of Canada.

Investor Suitability

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

- .. You fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- .. You can tolerate the loss of all or a substantial portion of your investment and are willing to make an investment that may have similar downside market risk as the Underlying Equity.
- .. You are willing to accept the risks of investing in equities in general and in the Underlying Equity in particular. You believe the Underlying Equity will close at or above the Initial Underlying Price on any one of the specified
- .. Observation Dates, including the final Observation Date, or you believe the Underlying Equity will not close below the Downside Threshold on the final Observation Date.
- .. You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Underlying Equity.
- .. You are willing to hold Notes that will be called on the earliest Observation Date on which the Underlying Equity closes at or above the Initial Underlying Price, or you are otherwise willing to hold such Notes to maturity. You are willing to make an investment whose return is limited to the Call Return, regardless of the potential
- .. appreciation of the Underlying Equity, which could be significant, or, if the Notes have not been called, to the Contingent Absolute Return (as limited by the Downside Threshold).
- .. You are willing to invest in the Notes based on the Call Return Rate indicated on the cover page of this pricing supplement. You are willing to invest in Notes for which there may be little or no secondary market and you accept that the
- .. secondary market will depend in large part on the price, if any, at which RBC Capital Markets, LLC, which we refer to as "RBCCM," is willing to purchase the Notes.
- .. You do not seek current income from this investment and are willing to forgo any dividends paid on the Underlying Equity.
- .. You are willing to assume our credit risk for all payments under the Notes, and understand that if we default on our obligations, you may not receive any amounts due to you, including any repayment of principal.

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

- .. You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- .. You cannot tolerate the loss of all or a substantial portion of your investment, and you are not willing to make an investment that may have similar downside market risk as the Underlying Equity.
- .. You are unwilling to accept the risks of investing in equities in general or in the Underlying Equity in particular. You do not believe the Underlying Equity will close at or above the Initial Underlying Price on any one of the
- .. specified Observation Dates, including the final Observation Date, or you believe the Underlying Equity will close below the Downside Threshold on the final Observation Date exposing you to the full downside performance of the Underlying Equity.
- .. You seek an investment that is designed to provide a full return of principal at maturity. You seek an investment that participates in the full performance of the Underlying Equity and whose positive return
- .. is not limited to the applicable Call Return, or, if the Notes have not been called, to the Contingent Absolute Return (as limited by the Downside Threshold).
- .. You are unwilling to invest in the Notes based on the Call Return Rate indicated on the cover page of this pricing supplement. You are unable or unwilling to hold Notes that will be called on the earliest Observation Date on which the
- .. Underlying Equity closes at or above the Initial Underlying Price, or you are otherwise unable or unwilling to hold such Notes to maturity.
- .. You seek an investment for which there will be an active secondary market.
- .. You seek current income from your investment, or prefer to receive any dividends paid on the Underlying Equity.
- .. You prefer the lower risk, and therefore accept the potentially lower returns, of conventional fixed income investments with comparable maturities and credit ratings.

.. You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Underlying Equity.

.. You are not willing to assume our credit risk for all payments under the Notes, including any repayment of principal.

The suitability considerations identified above are not exhaustive. Whether or not the Notes 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 Notes in light of your particular circumstances. You should also review carefully the “Key Risks” below and “Risk Factors” in the accompanying product prospectus supplement no. UBS-TAS-2 for risks related to an investment in the Notes.

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Final Terms of the Notes¹

Issuer:	Royal Bank of Canada
Principal Amount per Note:	\$10 per Note (subject to a minimum purchase of 100 Notes or \$1,000)
Term:	Approximately two years, unless called earlier
Underlying Equity: ²	The common stock of General Electric Company
Call Feature:	The Notes will be called if the Closing Price of the Underlying Equity on any Observation Date is at or above its Initial Underlying Price. If the Notes are called, we will pay you on the applicable Call Settlement Date a cash payment per \$10 principal amount equal to the Call Price for the applicable Observation Date.
Observation Dates:	The first Observation Date will occur on or about March 27, 2019; Observation Dates will occur quarterly thereafter on or about June 27, 2019, September 27, 2019, December 27, 2019, March 27, 2020, June 29, 2020, September 28, 2020 and December 28, 2020 (the “final Observation Date” ³).
Call Settlement Dates:	Three (3) business days following the applicable Observation Date, except that the Call Settlement Date for the final Observation Date is the Maturity Date.
Call Price:	The Call Price will be calculated based on the following formula: \$10 + (\$10 x Call Return)
Call Return / Call Return Rate:	The Call Price will be based upon the Call Return. The Call Return increases the longer the Notes are outstanding and will be based on the Call Return Rate of 30.75% per annum. The Call Return will be a fixed amount based upon equal quarterly installments at the Call Return Rate, which is a per annum rate. The following table sets forth each Observation Date, each Call Settlement Date and the corresponding Call Price for the Notes.

¹ Terms used in this pricing supplement, but not defined herein, shall have the meanings ascribed to them in the product prospectus supplement.

² For a description of adjustments that may affect the Underlying Equity, see “General Terms of the Securities” in the product prospectus supplement no. UBS-TAS-2.

³ Subject to postponement if a market disruption event occurs, as described under “General Terms of the Securities – Market Disruption Events” in the accompanying product prospectus supplement no. UBS-TAS-2.

Observation Dates Call Settlement Dates Call Price

March 27, 2019	April 1, 2019	\$10.76875
June 27, 2019	July 2, 2019	\$11.53750
September 27, 2019	October 2, 2019	\$12.30625
December 27, 2019	January 2, 2020	\$13.07500
March 27, 2020	April 1, 2020	\$13.84375
June 29, 2020	July 2, 2020	\$14.61250
September 28, 2020	October 1, 2020	\$15.38125
December 28, 2020	December 31, 2020	\$16.15000

If the Notes are not called and the Final Underlying Price of the Underlying Equity is above or equal to the Downside Threshold on the final Observation Date, we will pay you a cash payment on the Maturity Date per Note equal to:

$\$10 \times (1 + \text{Contingent Absolute Return})$

Payment at
Maturity
(per Note):

If the Notes are not called and the Final Underlying Price is below the Downside Threshold on the final Observation Date, then the Contingent Absolute Return will not apply, and we will pay you a cash payment on the Maturity Date that is less than your principal amount, if anything, resulting in a loss that is proportionate to the negative Underlying Return, equal to:

$\$10 \times (1 + \text{Underlying Return})$

Accordingly, you may lose all or a substantial portion of your principal at maturity, depending on how much the Underlying Equity declines.

Underlying
Return:
Downside
Threshold:
Contingent
Absolute
Return:

Final Underlying Price - Initial Underlying Price

Initial Underlying Price

\$4.36, which is 60% of the Initial Underlying Price of the Underlying Equity (rounded to two decimal places).

The absolute value of the Underlying Return. For example, if the Underlying Return is -5%, the Contingent Absolute Return will equal 5%.

Initial
Underlying
Price:

\$7.27, which was the closing price of the Underlying Equity on the Trade Date.

Final
Underlying
Price:

The closing price of the Underlying Equity on the final Observation Date.

Closing Price:

On any trading day, the last reported sale price of the Underlying Equity on the principal national securities exchange on which it is listed for trading, as determined by the calculation agent.

Investment Timeline

Trade Date: The closing price of the Underlying Equity (the Initial Underlying Price) was observed, the Downside Threshold was determined and the Call Return Rate was set.

The Notes will be called if the closing price of the Underlying Equity on any Observation Date is equal to or greater than the Initial Underlying Price.

Quarterly:

If the Notes are called, we will pay the Call Price for the applicable Observation Date, equal to the principal amount plus the applicable Call Return.

The Final Underlying Price of the Underlying Equity is observed on the final Observation Date.

If the Notes have not been called and the Final Underlying Price is equal to or greater than the Downside Threshold, we will repay an amount in cash equal to:

Maturity Date: $\$10 \times (1 + \text{Contingent Absolute Return})$

If the Notes have not been called and the Final Underlying Price is less than the Downside Threshold, then the Contingent Absolute Return will not apply, and we will repay less than the principal amount, if anything, resulting in a loss proportionate to the decline of the Underlying Equity, equal to a return of:

$\$10.00 \times (1 + \text{Underlying Return})$ per Note

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR PRINCIPAL AMOUNT. ANY PAYMENT ON THE NOTES, 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 NOTES AND YOU COULD LOSE YOUR ENTIRE PRINCIPAL AMOUNT.

Key Risks

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Underlying Equity. These risks are explained in more detail in the “Risk Factors” section of the accompanying product prospectus supplement no. UBS-TAS-2. We also urge you to consult your investment, legal, tax, accounting and other advisors before investing in the Notes.

Risks Relating to the Notes Generally

You May Lose Some or All of Your Principal: The Notes differ from ordinary debt securities in that we will not necessarily pay the full principal amount at maturity. The return on the Notes depends on whether the Underlying Equity closes at or above the Initial Underlying Price on an Observation Date, and if the Notes are not called, whether the Final Underlying Price of the Underlying Equity is greater than or equal to the Downside Threshold. If the Notes are not called, we will only pay you the principal amount of your Notes, plus the Contingent Absolute Return, if the Final Underlying Price of the Underlying Equity is greater than or equal to the Downside Threshold, and will only make such payment at maturity. If the Notes are not called and the Final Underlying Price is less than the Downside Threshold, the Contingent Absolute Return will not apply and you will lose some or all of your principal amount in an amount proportionate to the negative Underlying Return.

The Call Feature and the Downside Threshold Limit Your Potential Return: The return potential of the Notes if the Notes are called as of any Observation Date is limited to the applicable Call Return, regardless of the appreciation of the Underlying Equity, which may be significant. Therefore, you may receive a lower payment if the Notes are automatically called or at maturity, as the case may be, than you would have if you had invested directly in the Underlying Equity. In addition, because the Call Return increases the longer the Notes are outstanding, the Call Price payable on the first Observation Date is less than the Call Price payable on later Observation Dates. As the Notes could be called as early as the first Observation Date, the total return on the Notes could be minimal.

If the Notes are not called, and the Final Underlying Price is greater than or equal to the Downside Threshold, your return at maturity will be limited to the absolute value of the decline in the price of the Underlying Equity up to the Downside Threshold. Accordingly, this payment will not exceed the percentage by which the Downside Threshold is less than the Initial Underlying Price. You will not receive the Contingent Absolute Return, and will lose some or all of your principal amount, if the Notes are not called and the Final Underlying Price is less than the Downside Threshold.

No Periodic Interest Payments: We will not pay any interest with respect to the Notes.

Reinvestment Risk: If your Notes are called early, the holding period over which you would receive the per annum Call Return Rate could be as little as three months. There is no guarantee that you would be able to reinvest the proceeds from an investment in the Notes in a comparable investment with a similar level of risk in the event the Notes are called prior to the Maturity Date.

Contingent Absolute Return Applies Only at Maturity: You should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, if any, you may have to sell your Notes at a loss relative to your initial investment, even if the price of the Underlying Equity is above the Downside Threshold. If at maturity the Notes have not been called, we will repay you the full principal amount per Note plus the Contingent Absolute Return, unless the price of the Underlying Equity closes below the Downside Threshold on the final Observation Date. Under these circumstances, the Contingent Absolute Return will not apply and we will repay less than the principal amount, if anything, resulting in a loss that is proportionate to the decline in the price of the Underlying Equity from the Trade Date to the final Observation Date. The Contingent Absolute Return and any contingent repayment of principal are based on whether the Final Underlying Price is below the Downside Threshold and apply only if you hold your Notes to maturity.

The Call Return Rate and the Probability that the Final Underlying Price Will Fall Below the Downside Threshold on the Final Observation Date Will Reflect in Part the Volatility of the Underlying Equity: “Volatility” refers to the frequency and magnitude of changes in the price of the Underlying Equity. The greater the volatility of the Underlying Equity, the more likely it is that the price of that Underlying Equity could close below the Downside Threshold on the final Observation Date. This risk will generally be reflected in a higher Call Return Rate for the Notes than the return payable on our conventional debt securities with a comparable term. However, while the Call Return Rate is set on the Trade Date, the Underlying Equity’s volatility can change significantly over the term of the

Notes, and may increase. The price of the Underlying Equity could fall sharply as of the final Observation Date, which could result in a significant loss of your initial investment.

Credit Risk of Royal Bank of Canada: The Notes are our unsubordinated and unsecured debt obligations and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Notes, including payments in respect of an automatic call or any repayment of principal, 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 Notes 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 Notes and you could lose your entire investment.

The Notes Will be Subject to Risks, Including Non-Payment in Full, Under Canadian Bank Resolution Powers: Under Canadian bank resolution powers, the Canada Deposit Insurance Corporation (“CDIC”) may, in circumstances where we have ceased, or are about to cease, to be viable, assume temporary control or ownership over us and may be granted broad powers by one or more orders of the Governor in Council (Canada), including the power to sell or dispose of all or a part of our assets, and the power to carry out or cause us to carry out a transaction or a series of transactions the purpose of which is to restructure our business of the Bank. As See “Description of Debt Securities Canadian Bank Resolution Powers” in the accompanying prospectus for a description of the Canadian bank resolution powers, including the bail-in regime. If the CDIC were to take action under the Canadian bank resolution powers with respect to us, this could result in holders of the Notes being exposed to losses.

Single Stock Risk: The price of the Underlying Equity can rise or fall sharply due to factors specific to the Underlying Equity and its issuer, such as stock price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock market volatility and levels, interest rates and economic and political conditions. You, as an investor in the Notes, should make your own investigation into the issuer of the Underlying Equity and the Underlying Equity. We urge you to review financial and other information filed periodically by the issuer with the SEC.

Dividend Payments or Voting Rights: As a holder of the Notes, you will not have voting rights, rights to receive cash dividends or other distributions, or any other rights that holders of the Underlying Equity would have.

Owning the Notes Is Not the Same as Owning the Underlying Equity: The return on your Notes may not reflect the return you would realize if you actually owned the Underlying Equity. For instance, you will not receive or be entitled to receive any dividend payments or other distributions over the term of the Notes, which could constitute significant returns to actual owners of the Underlying Equity. Furthermore, the Underlying Equity may appreciate substantially during the term of the Notes, while your potential return, if called, will be limited to the applicable Call Return.

There Is No Affiliation Between the Underlying Equity Issuer and RBCCM, and RBCCM Is Not Responsible for any Disclosure by the Underlying Equity Issuer: We are not affiliated with the Underlying Equity issuer. However, we and our affiliates may currently, or from time to time in the future engage in business with the Underlying Equity issuer. Nevertheless, neither we nor our affiliates assume any responsibility for the accuracy or the completeness of any information about the Underlying Equity and the Underlying Equity issuer. You, as an investor in the Notes, should make your own investigation into the Underlying Equity and the Underlying Equity issuer for your Notes. The Underlying Equity issuer is not involved in this offering

and has no obligation of any sort with respect to your Notes. The Underlying Equity issuer has no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of your Notes.

Lack of Liquidity: The Notes will not be listed on any securities exchange. RBCCM intends to offer to purchase the Notes 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 Notes easily. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which RBCCM is willing to buy the Notes.

The Initial Estimated Value of the Notes Is Less than the Price to the Public: The initial estimated value for the Notes that is set forth on the cover page of this document, is less than the public offering price you pay for the Notes, and does not represent a minimum price at which we, RBCCM or any of our other affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes 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 Equity, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount, and our estimated profit and the costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes 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 Notes 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 Notes. In addition, any price at which you may sell the Notes is likely to reflect customary bid-ask spreads for similar trades. In addition to bid-ask spreads, the value of the Notes determined for any secondary market price is expected to be based on a secondary market rate rather than the internal borrowing rate used to price the Notes and determine the initial estimated value. As a result, any secondary price will be less than if the internal borrowing rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

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

The value of the Notes 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 Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes.

Potential Conflicts: We and our affiliates play a variety of roles in connection with the issuance of the Notes, including hedging our obligations under the Notes. 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 Notes.

Potentially Inconsistent Research, Opinions or Recommendations by RBCCM, UBS or Their Affiliates: RBCCM, UBS or their affiliates may publish research, express opinions or provide recommendations as to the Underlying Equity that are inconsistent with investing in or holding the Notes, and which may be revised at any time. Any such research, opinions or recommendations could affect the value of the Underlying Equity, and therefore the market value of the Notes.

Uncertain Tax Treatment: Significant aspects of the tax treatment of an investment in the Notes 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 us, UBS or our respective affiliates in the Underlying Equity, or in futures, options, exchange-traded funds or other derivative products on the Underlying Equity may adversely affect the market value of the Underlying Equity, the closing price

of the Underlying Equity, and, therefore, the market value of the Notes.

The Terms of the Notes Were Influenced at Issuance and Their Market Value Prior to Maturity Will Be Influenced by Many Unpredictable Factors: Many economic and market factors influenced the terms of the Notes at issuance and will influence 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 Notes, including a combination of a bond with one or more options or other derivative instruments. For the market value of the Notes, we expect that, generally, the price of the Underlying Equity on any trading day will affect the value of the Notes more than any other single factor. However, you should not expect the value of the Notes in the secondary market to vary in proportion to changes in the price of the Underlying Equity. The value of the Notes will be affected by a number of other factors that may either offset or magnify each other, including:

- the actual and expected volatility of the price of the Underlying Equity;
- the time remaining to maturity of the Notes;
- the dividend rate on the Underlying Equity;
 - .. interest and yield rates in the market generally;
- a variety of economic, financial, political, regulatory or judicial events;
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