



One Touch Deposit

Earning returns through FX strategy

RBC Wealth Management is committed to meeting the international financial requirements of our clients. With offices in many of the key international financial centres in more than 150 countries around the world, we offer integrated wealth management solutions and exceptional service.

What are Structured Solutions?

Structured solutions are bespoke investment vehicles that can form an important part of your overall investment portfolio. Each product or solution is tailored to meet a particular set of circumstances.

You have the ability to tailor an investment structure to meet your specific investment objectives, taking into consideration such factors as your goals, risk tolerance and horizon. You are also able to incorporate non-standard features into these investments, including capital protection, exposure to less accessible markets and/or indices, options and swaps. Some of these additional features may carry extra risks or charges, which you should discuss with your private banker.

What does a One Touch Deposit do?

It is a type of deposit that allows a client with an opinion on the future movement of an FX rate to potentially earn an enhanced return on their deposit compared to a fixed term deposit. A premium rate of interest is paid if the spot rate trades at a predetermined level *at any point* during the deposit period, otherwise a smaller nominal rate of interest

may be paid. This short-term solution enables the investor to take the view that the exchange rate will move in either direction from the starting level.

Who are One Touch Deposits suitable for?

These type of products are suitable for clients who recognise that they are taking a risk on the return on their investment in exchange for a foreign currency movement prediction. It is, therefore, expected that clients would have a view or some experience on currency movements.

Factors to consider

- Most suitable for investors who are looking for yield enhancement and are prepared to take a view on the currency
- No secondary market: must be held to maturity
- Terms can range from one month to twelve months, commonly one, three and six months
- Minimums are £1million, US\$1million or €1million; we can combine several clients to achieve this
- Past performance is not necessarily a guide to future performance and any exposure to foreign currencies may cause additional fluctuation in the value of any investment
- The overall return will depend on market conditions at the time of deposit and maturity
- Changes in the rates of exchange between currencies may cause the value of your investment to fall.

How does it work?

- A cash deposit is made where the return is linked to a currency. For example, if the deposit is in US\$, the exchange rate could be the €/US\$
- The interest rate payable when the exchange rate reaches or exceeds a pre-determined barrier ('touched') is decided at the beginning of the contract
- The distance from the current spot rate to the rate to be 'touched' is determined by how risk averse the client is. For example, if the client is not averse to risk, the one touch level will be further from the current level and, as a result, the interest payable would be higher should the level be touched over the deposit period
- If the exchange rate hits the 'touch level', the investor receives a higher return on their deposit. This can occur at any time throughout the deposit period but the interest is only payable when the deposit matures.

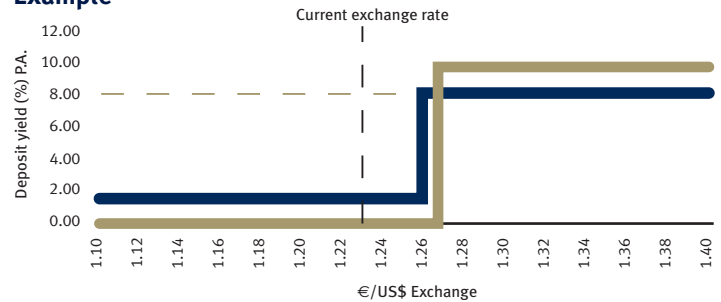
The investor has a choice between two possibilities of deposit, one with a guaranteed minimum return and one without. The payoff for each is as follows:

- A higher potential return but without the security of a guaranteed minimum return
- A lower potential return but with a guaranteed minimum return even if the barrier is never touched.

These examples are for illustrative purposes only and are not indicative of actual returns

Readers should note that there is no secondary market for the types of products described in the attached literature and each product must be held until maturity. Maturities typically range from one month to one year, but may be longer. We do not usually consider these products to be suitable for individuals who are purely attracted to the product by the possibility of an enhanced return or who have no market knowledge or specific views on foreign exchange markets. You should always obtain independent financial advice relevant to your individual circumstances before making any investment decisions. For more information on Dual Currency Deposits, please contact your dedicated Private Banker.

Example



- The client believes that the €/US\$ will strengthen
- The current exchange rate €/US\$ is 1.23
- The client deposits US\$1million for a three month term.

Potential scenarios

A) If €/US\$ touches 1.27 during the contract period, the enhanced return could be 10% p.a.

B) If €/US\$ does NOT touch 1.27 before expiry, the client receives 0%. However, with a deposit where a guaranteed minimum return has been agreed, the investor could potentially receive 8% p.a. if the exchange rate hits the 'touch level' or 2% p.a. if it does not.

Further information

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