

ROYAL BANK OF CANADA
 Form FWP
 March 05, 2019

RBC Capital Markets® Filed Pursuant to Rule 433
 Registration Statement No. 333-227001

The information in this preliminary terms supplement is not complete and may be changed.

Preliminary Terms

Supplement

Subject to Completion:

Dated March 5, 2019

Pricing Supplement

Dated March __, 2019

to the Product Barrier Absolute Return Notes Linked to the Lesser

Prospectus Supplement Performing of One Exchange Traded Fund and One

ERN-ETF-1 Dated Equity Index, Due April 1, 2024

September 11, 2018, the Royal Bank of Canada

Prospectus Supplement

Dated September 7,

2018, and the

Prospectus Dated

September 7, 2018

Royal Bank of Canada is offering Barrier Absolute Return Notes (the “Notes”) linked to the lesser performing of one exchange traded fund and one equity index (each, a “Reference Asset” and collectively, the “Reference Assets”). The Notes offered are senior unsecured obligations of Royal Bank of Canada and will have the terms described in the documents described above, as supplemented or modified by this terms supplement.

Reference Assets	Initial Levels* Barrier Levels
iShares® MSCI Emerging Markets ETF (“EEM”)	60.00% of its Initial Level
EURO STOXX 50® Index (“SX5E”)	60.00% of its Initial Level

* For each Reference Asset, the Initial Level will be its closing price or closing level, as applicable, on the Trade Date. The Notes do not guarantee any return of principal at maturity. Any payments on the Notes are subject to our credit risk.

Investing in the Notes involves a number of risks. See “Additional Risk Factors Specific to the Notes” beginning on page PS-6 of the product prospectus supplement dated September 11, 2018, “Risk Factors” beginning on page S-1 of the prospectus supplement dated September 7, 2018, and “Selected Risk Considerations” beginning on page P-7 of this terms supplement.

The Notes 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. government agency or instrumentality. The Notes are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this terms supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Issuer:	Royal Bank of Canada Stock Exchange Listing:None		
Trade Date:	March 26, 2019	Principal Amount:	\$1,000 per Note
Issue Date:	March 29, 2019	Maturity Date:	April 1, 2024
Valuation Date:	March 26, 2024	Leverage Factor:	[220-240%] (to be determined on the Trade Date)
Initial Level:	For each Reference Asset, its closing price or closing level, as applicable, on the Trade Date.		
Final Level:	For each Reference Asset, its closing price or closing level, as applicable, on the Valuation Date.		

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If, on the Valuation Date, the Final Level of the Lesser Performing Reference Asset is greater than its Initial Level, then the investor will receive a return equal to the principal amount multiplied by the product of the Percentage Change (as defined below) of the Lesser Performing Reference Asset and the Leverage Factor.

If the Final Level of the Lesser Performing Reference Asset is less than or equal to its Initial Level, but greater than or equal to its Barrier Level (60.00% of its Initial Level), the investor will receive a one-for-one positive return equal to the absolute value of the Percentage Change of the Lesser Performing Reference Asset.

If the Final Level of the Lesser Performing Reference Asset is less than the Barrier Level, the Notes will provide a negative return that is equal to the percentage decrease of the Lesser Performing Reference Asset. An investor could lose some or all of its investment in the Notes.

Lesser Performing Reference Asset: The Reference Asset which has the lowest Percentage Change.

Interest Payments: None.

CUSIP: 78013X3B2

	Per Note	Total
Price to public ⁽¹⁾	100.00%	\$
Underwriting discounts and commissions ⁽¹⁾	3.25%	\$
Proceeds to Royal Bank of Canada	96.75%	\$

⁽¹⁾Certain dealers who purchase the Notes for sale to certain fee-based advisory accounts may forego some or all of their underwriting discount or selling concessions. The public offering price for investors purchasing the Notes in these accounts may be between \$967.50 and \$1,000 per \$1,000 in principal amount.

The initial estimated value of the Notes as of the Trade Date is expected to be between \$906.38 and \$926.38 per \$1,000 in principal amount, and will be less than the price to public. The final pricing supplement relating to the Notes will set forth our estimate of the initial value of the Notes as of the Trade Date. 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 in more detail below.

If the Notes priced on the date of this terms supplement, RBC Capital Markets, LLC, which we refer to as RBCCM, acting as agent for Royal Bank of Canada, would receive a commission of approximately \$32.50 per \$1,000 in principal amount of the Notes and would use a portion of that commission to allow selling concessions to other dealers of up to approximately \$32.50 per \$1,000 in principal amount of the Notes. The other dealers may forgo, in their sole discretion, some or all of their selling concessions. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.

RBC Capital Markets, LLC

Barrier Absolute Return Notes Linked to the
Lesser Performing of One Exchange Traded
Fund and One Equity Index

SUMMARY

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

General: This terms supplement relates to an offering of Barrier Absolute Return Notes (the “Notes”) linked to the lesser performing of one exchange traded fund and one equity index (the “Reference Assets”).

Issuer: Royal Bank of Canada (“Royal Bank”)

Trade Date (Pricing Date): March 26, 2019

Issue Date: March 29, 2019

Denominations: Minimum denomination of \$1,000, and integral multiples of \$1,000 thereafter.

Designated Currency: U.S. Dollars

Valuation Date: March 26, 2024

Maturity Date: April 1, 2024

Initial Level: For each Reference Asset, its closing price or closing level, as applicable, on the Trade Date.

Final Level: For each Reference Asset, its closing price or closing level, as applicable, on the Valuation Date.

Barrier Level: For each Reference Asset, 60.00% of its Initial Level.

Leverage Factor: [220-240%] (to be determined on the Trade Date)

On the Valuation Date, we will pay you at maturity an amount based on the Final Level of the Lesser Performing Reference Asset:

- If the Final Level of the Lesser Performing Reference Asset is greater than its Initial Level, then the investor will receive an amount equal to:
 $\$1,000 + (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset} \times \text{Leverage Factor})$
- If the Final Level of the Lesser Performing Reference Asset is less than or equal to its Initial Level, but greater than or equal to its Barrier Level, the investor will receive a one-for-one positive return equal to the absolute value of the Percentage Change of the Lesser Performing Reference Asset, calculated as follows:
 $\$1,000 + [-1 \times (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset})]$
- If the Final Level of the Lesser Performing Reference Asset is less than its Barrier Level, then the investor will receive an amount equal to:
 $\$1,000 + [\$1,000 \times (\text{Percentage Change of the Lesser Performing Reference Asset})]$
 In this case, you will lose all or a substantial portion of the principal amount.

Payment at Maturity: With respect to each Reference Asset:

$$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$$

Percentage Change:

Lesser Performing Reference Asset: The Reference Asset which has the lowest Percentage Change.

Market Disruption Events: If a market disruption event occurs on the Valuation Date as to a Reference Asset, the determination of the Final Level of that Reference Asset will be postponed. However, the determination of the Final Level of any Reference Asset that is not affected by that market disruption event will not be

postponed.

Calculation
Agent:

RBC Capital Markets, LLC (“RBCCM”)

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U.S. Tax Treatment: By purchasing a Note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the Note as a pre-paid cash settled derivative contract in respect of the Reference Assets for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the Notes are uncertain and the Internal Revenue Service could assert that the Notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the section below, “Supplemental Discussion of U.S. Federal Income Tax Consequences” and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement dated September 11, 2018 under “Supplemental Discussion of U.S. Federal Income Tax Consequences,” which apply to the Notes.

Secondary Market: RBCCM (or one of its affiliates), though not obligated to do so, may maintain a secondary market in the Notes after the Issue Date. The amount that you may receive upon sale of your Notes prior to maturity may be less than the principal amount.

Listing: The Notes will not be listed on any securities exchange.

Settlement: DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under “Description of Debt Securities—Ownership and Book-Entry Issuance” in the prospectus dated September 7, 2018).

Terms Incorporated in the Master Note: All of the terms appearing above the item captioned “Secondary Market” on the cover page and pages P-2 and P-3 of this terms supplement and the terms appearing under the caption “General Terms of the Notes” in the product prospectus supplement dated September 11, 2018, as modified by this terms supplement.

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ADDITIONAL TERMS OF YOUR NOTES

You should read this terms supplement together with the prospectus dated September 7, 2018, as supplemented by the prospectus supplement dated September 7, 2018 and the product prospectus supplement dated September 11, 2018, relating to our Senior Global Medium-Term Notes, Series H, of which these Notes are a part. Capitalized terms used but not defined in this terms supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this terms supplement will control. The Notes vary from the terms described in the product prospectus supplement in several important ways. You should read this terms supplement carefully, including “—Additional Terms Related to the SX5E” below.

This terms supplement, together with the documents listed below, contains the terms of the Notes and supersedes all 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, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the prospectus supplement dated September 7, 2018 and “Additional Risk Factors Specific to the Notes” in the product prospectus supplement dated September 11, 2018, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the Securities and Exchange Commission (the “SEC”) website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated September 7, 2018:

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

Prospectus Supplement dated September 7, 2018:

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

Product Prospectus Supplement ERN-ETF-1 dated September 11, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000114036118038211/form424b5.htm>

Our Central Index Key, or CIK, on the SEC website is 1000275. As used in this terms supplement, “we,” “us,” or “our” refers to Royal Bank of Canada.

Royal Bank of Canada has filed a registration statement (including a product prospectus supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this terms supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us 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 product prospectus supplement, the prospectus supplement and the prospectus if you so request by calling toll-free at 1-877-688-2301.

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HYPOTHETICAL EXAMPLES

The table set out below is included for illustration purposes only. The table illustrates the hypothetical Redemption Amount of the Notes for a hypothetical range of performance for the Lesser Performing Reference Asset, assuming the following terms:

Hypothetical Initial Level (for each Reference Asset):	1,000.00*
Hypothetical Barrier Level (for each Reference Asset):	600.00, which is 60.00% of the hypothetical Initial Level
Barrier Amount:	60.00%
Hypothetical Leverage Factor:	230%, which is the midpoint of the Leverage Factor range of [220-240%] (to be determined on the Trade Date).
Principal Amount:	\$1,000 per Note

* The hypothetical Initial Level of 1,000.00 used in the examples below has been chosen for illustrative purposes only and does not represent the actual Initial Level of either Reference Asset. The actual Initial Levels for each Reference Asset will be set forth on the cover page of the final pricing supplement relating to the Notes. We make no representation or warranty as to which of the Reference Assets will be the Lesser Performing Reference Asset. It is possible that the Final Level of each Reference Asset will be less than its Initial Level.

Hypothetical Final Levels are shown in the first column on the left. The second column shows the Redemption Amount for a range of Final Levels of the Lesser Performing Reference Asset on the Valuation Date. The third column shows the Redemption Amount to be paid on the Notes per \$1,000 in principal amount.

Hypothetical Final Level of the Lesser Performing Reference Asset	Redemption Amount as Percentage of Principal Amount	Redemption Amount per \$1,000 in Principal Amount
1,300.00	169.00%	\$1,690.00
1,200.00	146.00%	\$1,460.00
1,100.00	123.00%	\$1,230.00
1,000.00	100.00%	\$1,000.00
900.00	110.00%	\$1,100.00
850.00	115.00%	\$1,150.00
800.00	120.00%	\$1,200.00
750.00	125.00%	\$1,250.00
700.00	130.00%	\$1,300.00
600.00	140.00%	\$1,400.00
500.00	50.00%	\$500.00
400.00	40.00%	\$400.00
250.00	25.00%	\$250.00
0.00	0.00%	\$0.00

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Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments at maturity set forth in the table above are calculated.

Example 1: The value of the Lesser Performing Reference Asset increases by 10% from the Initial Level of 1,000.00 to its Final Level of 1,100.00. Because the Final Level of the Lesser Performing Reference Asset is greater than the Initial Level, the investor receives at maturity, a cash payment of \$1,230.00 per Note, calculated as follows:

$$\begin{aligned} & \$1,000 + (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset} \times \text{Leverage Factor}) \\ & = \$1,000 + (\$1,000 \times 10\% \times 230\%) = \$1,230.00 \end{aligned}$$

Example 2: The value of the Lesser Performing Reference Asset decreases by 15% from the Initial Level of 1,000.00 to its Final Level of 850.00. Because the Final Level of the Lesser Performing Reference Asset is less than the Initial Level but greater than its Barrier Level, the investor receives at maturity, a positive return equal to the absolute value of the Percentage Change, despite the 15% decline in the value of the Lesser Performing Reference Asset, calculated as follows:

$$\begin{aligned} & \$1,000 + [-1 \times (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset})] \\ & = \$1,000 + [-1 \times (\$1,000 \times -15\%)] = \$1,000 + \$150 = \$1,150.00. \end{aligned}$$

Example 3: The value of the Lesser Performing Reference Asset is 400.00 on the Valuation Date, which is less than its Barrier Level. Because the Final Level of the Lesser Performing Reference Asset is less than its Barrier Level, we will pay only \$400.00 for each \$1,000 in the principal amount of the Notes, calculated as follows:

$$\begin{aligned} & \text{Principal Amount} + [\text{Principal Amount} \times (\text{Reference Asset Return of the Lesser Performing Reference Asset})] \\ & = \$1,000 + [\$1,000 \times -60.00\%] = \$1,000 - \$600.00 = \$400.00 \end{aligned}$$

* * *

The Payments at Maturity shown above are entirely hypothetical; they are based on values of the Reference Assets that may not be achieved on the Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical Redemption Amounts shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Notes or on an investment in the EEM or the securities held by or included in either Reference Asset.

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SELECTED RISK CONSIDERATIONS

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Assets. These risks are explained in more detail in the section “Additional Risk Factors Specific to the Notes” in the product prospectus supplement. In addition to the risks described in the prospectus supplement and the product prospectus supplement, you should consider the following:

Principal at Risk – Investors in the Notes could lose all or a substantial portion of their principal amount if there is a decline in the value of the Lesser Performing Reference Asset between the Trade Date and the Valuation Date of more than 40%. If the Percentage Change is less than -40%, you will lose 1% of the principal amount of your Notes for each 1% that the Final Level of the Lesser Performing Reference Asset is less than its Initial Level.

Your Redemption Amount Will Be Determined Solely by Reference to the Lesser Performing Reference Asset Even if the Other Reference Asset Performs Better – Your Redemption Amount will be determined solely by reference to the performance of the Lesser Performing Reference Asset. Even if the Final Level of the other Reference Asset has increased compared to its Initial Level, or has experienced a decrease that is less than that of the Lesser Performing Reference Asset, your return will only be determined by reference to the performance of the Lesser Performing Reference Asset, regardless of the performance of the other Reference Asset. The Notes are not linked to a weighted basket, in which the risk may be mitigated and diversified among each of the basket components. For example, in the case of notes linked to a weighted basket, the return would depend on the weighted aggregate performance of the basket components reflected as the basket return. As a result, the depreciation of one basket component could be mitigated by the appreciation of the other basket components, as scaled by the weighting of that basket component. However, in the case of the Notes, the individual performance of each of the Reference Assets would not be combined, and the depreciation of one Reference Asset would not be mitigated by any appreciation of the other Reference Asset. Instead your return will depend solely on the Final Level of the Lesser Performing Reference Asset.

The Notes Do Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity – You will not receive any interest payments on the Notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The return that you will receive on the Notes, 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.

Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes – The Notes are Royal Bank’s senior unsecured debt securities. As a result, your receipt of the Redemption Amount is dependent upon Royal Bank’s ability to repay its obligations at that time. This will be the case even if the prices or levels of the Reference Assets increase after the Trade Date. No assurance can be given as to what our financial condition will be at the maturity of the Notes.

There May Not Be an Active Trading Market for the Notes – Sales in the Secondary Market May Result in Significant Losses – There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and other affiliates of Royal Bank may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of Royal Bank may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your Notes in any secondary market could be substantial.

The Initial Estimated Value of the Notes Will Be Less than the Price to the Public — The initial estimated value that will be set forth in the final pricing supplement for the Notes does not represent a minimum price at which we, RBCCM or any of our 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 prices or levels of the

Reference Assets, 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 the estimated 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 your original purchase price, as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined by RBCCM for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding 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.

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The Initial Estimated Value of the Notes that We Will Provide in the Final Pricing Supplement Will Be an Estimate Only, Calculated as of the Time the Terms of the Notes Are Set — The initial estimated value of the Notes will be 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 will be 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.

Inconsistent Research — Royal Bank or its affiliates may issue research reports on the Reference Assets or on securities that are, or may become, components of the Reference Assets. We may also publish research from time to time on financial markets and other matters that may influence the prices or levels of the Reference Assets or the value of the Notes, or express opinions or provide recommendations that may be inconsistent with purchasing or holding the Notes or with the investment view implicit in the Notes or the Reference Assets. You should make your own independent investigation of the merits of investing in the Notes and the Reference Assets.

Market Disruption Events and Adjustments – The Redemption Amount and the Valuation Date are subject to adjustment as to each Reference Asset as described in the product prospectus supplement. For a description of what constitutes a market disruption event as well as the consequences of that market disruption event, see “General Terms of the Notes—Market Disruption Events” in the product prospectus supplement and “—Additional Terms of Your Notes Related to the SX5E—Market Disruption Events” below.

Our Business Activities May Create Conflicts of Interest — We and our affiliates expect to engage in trading activities related to the Reference Assets or the securities held by or included in the Reference Assets that are not for the account of holders of the Notes or on their behalf. These trading activities may present a conflict between the holders’ interests in the Notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the prices or levels of the Reference Assets, could be adverse to the interests of the holders of the Notes. We and one or more of our affiliates may, at present or in the future, engage in business with the issuers of the securities held by or included in the Reference Assets, including making loans to or providing advisory services. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates’ obligations and your interests as a holder of the Notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Reference Assets or securities held by or included in the Reference Assets. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities by us or one or more of our affiliates may affect the prices or levels of the Reference Assets, and, therefore, the market value of the Notes.

You Will Not Have Any Shareholder Rights and Will Have No Right to Receive Any Shares of the EEM or the Securities Held by or Included in the Reference Assets at Maturity — The return on your Notes is unlikely to reflect the return you would realize if you actually owned shares of the EEM or the securities held by or included in a Reference Asset. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on those securities during the term of your Notes. As an owner of the Notes, you will not have voting rights or any other rights that holders of those securities may have. The Final Level of either Reference Asset will not reflect any

dividends paid on the EEM or the securities held by or included in the Reference Asset, and accordingly, any positive return on the Notes may be less than the potential positive return on the EEM or the securities held by or included in a Reference Asset.

The EEM and its Underlying Index Are Different — The performance of the EEM may not exactly replicate the performance of its Underlying Index (as defined below), because the EEM will reflect transaction costs and fees that are not included in the calculation of its Underlying Index. It is also possible that the performance of the EEM may not fully replicate or may in certain circumstances diverge significantly from the performance of its Underlying Index due to the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments contained in the EEM or due to other circumstances. The EEM may use futures contracts, options, swap agreements, currency forwards and repurchase agreements in seeking performance that corresponds to its Underlying Index and in managing cash flows.

During periods of market volatility, securities held by the EEM may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the EEM and the liquidity of the EEM may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the EEM. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the EEM. As a result, under these circumstances, the market value of shares of the EEM may vary substantially from the net asset value per share of the EEM. For all of the foregoing reasons, the performance of the EEM may

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not correlate with the performance of its Underlying Index as well as the net asset value per share of the EEM, which could materially and adversely affect the value of the Notes in the secondary market and/or reduce your payment at maturity.

The EEM Is Subject to Management Risks — The EEM is subject to management risk, which is the risk that the investment advisor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the investment advisor may invest a portion of the EEM's assets in securities not included in the relevant industry or sector but which the investment advisor believes will help the EEM track the relevant industry or sector.

Adjustments to the Reference Assets or the Underlying Index Could Adversely Aff