

Index-Linked Term Deposits



Index-Linked Term Deposits offer unlimited earning potential with zero risk to your principal investment. Your investment will be locked in for a pre-determined period and linked to stock market performance. Returns are calculated based on the S&P/TSX 60 Index*, which tracks sixty foremost companies in leading industries in Canada.

Features

- Low minimum investment of \$500
- No commissions, management or administration fees
- Unlimited potential
- Choice of 3 or 5 year terms
- Not redeemable prior to maturity
- RRSP/TFSA eligible
- Depositors are 100% protected by the Deposit Insurance Corporation of Ontario (DICO)

How is a return calculated?

$$\frac{(\text{Average Value} - \text{Starting Value})}{\text{Starting value}} \times \text{Participation Rate} = \text{return}$$

Participation Rate: The percentage at which the Index-Linked Term Deposit will correspond to the performance of the S&P/TSX 60 Index. The participation rate can be below, at or above 100%.

Average value: The average of monthly closing values of the S&P/TSX 60 Index for the term period. Using the average value smooths over any potential losses from individual poor performances within the period or in the event [the stock] market collapses around the maturity date.

Examples[†]

Each example starts with an investment size of \$1,000 with the index starting value at 450.

Three-year example

The average value of the S&P/TSX 60 Index over the term of the deposit is 500. The Participation Rate is 50%.

At the maturity date of the deposit the investor will receive:

$$\frac{(500 - 450)}{450} \times 50\% = \mathbf{5.56\%}$$

\$1,000 x 5.56% = \$55.60 plus the original \$1,000 principal.

Annual Compounded Return: 5.56/3 years = 1.83%

Five-year example

The average value of the S&P/TSX 60 Index over the term of the deposit is 550. The Participation Rate is 100%.

At the maturity date of the deposit the investor will receive:

$$\frac{(550 - 450)}{450} \times 100\% = \mathbf{22.22\%}$$

\$1,000 x 22.22% = \$222.22 plus the original \$1,000 principal.

Annual Compounded Return: 22.22/5 years = 4.44%

In the instance that the average value is less than the starting value of the index the return on the deposit will be 0%. When this is the case the investor will receive only their principal investment back at maturity.

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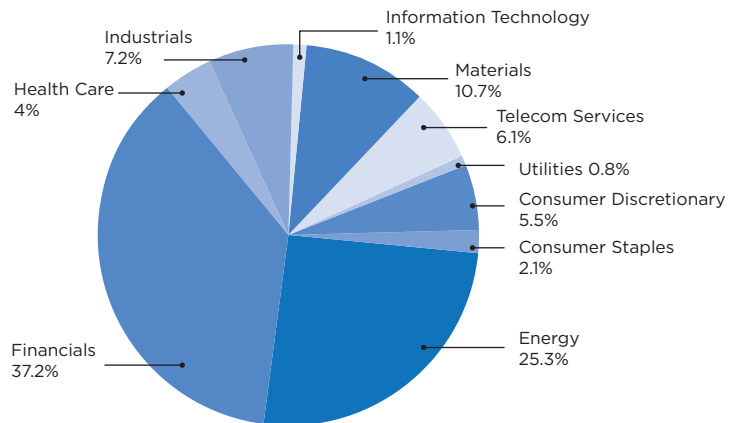
† Examples are for demonstration purposes. Rate of return is based on simple interest calculation. Please call or visit your branch for more information.

What Industries does the S&P/TSX 60 cover?

Candidates for the S&P/TSX 60 Index are evaluated for ample liquidity and efficient share pricing, as well as representation of important industry segments within Canada.

The S&P/TSX 60 Index provides economic diversity over various market sectors. These include Materials, Industrials, Telecommunication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Information Technology, and Utilities.

S&P/TSX 60 Sector Breakdown*



*Breakdown as of May 28, 2014, actual composition may change over time.

Investment Options Comparative Chart

Features	Term Deposits	Index-Linked Term Deposits	Mutual Funds
Available as registered products (ie. TFSA, RRSP)	✓	✓	✓
Principal guarantee	✓	✓	
No fees	✓	✓	
Deposit protection*	✓	✓	
Return based on	Predetermined rate	Index performance	Market performance
Length of term	Many term options available	Option of 3 or 5 year term	No set term
Option to redeem during investment period	Redeemable options are available	Not redeemable until the term is up	Anytime

* Depositors are 100% protected by the Credit Union Deposit Insurance Corporation of British Columbia.

You should consider investing in Index-Linked Term Deposits if you:

- Are looking for an investment where the principal is guaranteed.
- Want the potential return from the stock market.
- Are interested in an investment that offers the potential for a return higher than a term deposit.
- Accept that at maturity, there is a chance that you may only receive your principal investment amount with no return.
- Will not need to access your principal for the term of the deposit.

Things to note when investing in Index-Linked Term Deposits:

- Past performance of the S&P/TSX 60 Index is not indicative of future returns.
- Index-Linked Term Deposits do not include a guaranteed return.
- It is possible that at maturity investors will receive their principal investment back, but no further return.
- Return paid at maturity.

If you would like more information or are ready to invest in a Index-Linked Term Deposit contact us today!

Website
www.mcccu.com