Dear Client:

Thank you for your interest in a Market Linked Investment (MLI) offered by Merrill. A copy of the preliminary prospectus for the MLI is attached. You should read the offering documents before making a decision to invest in a particular MLI.

Merrill has prepared this special client notice to highlight certain considerations about an investment in an MLI. As discussed in the preliminary prospectus, please note that:

- MLIs are senior unsecured debt obligations of an issuing company that are different from conventional bonds. The return and value of MLIs are based on the performance of one or more underlying market measures. These market measures may include equities or equity indices, commodities or commodity indices, currencies and interest rates. Unlike conventional fixed or floating rate bonds, unless otherwise noted, MLIs generally do not pay a fixed or variable interest coupon.

- Payments on an MLI are subject to issuer credit risk as well as the specific market risks associated with the linked market measure.

- MLIs can have lower returns than conventional bonds. Depending on the terms of the MLI and the performance of the linked market measure, you can lose some or all of your principal investment.

- The public offering price for an MLI will exceed its estimated initial value at the time of issuance. The public offering price includes compensation to Merrill for distributing the MLI and may include an estimated profit credited to Merrill from related hedging arrangements associated with the MLIs. These fees and charges reduce the economic terms of the MLI to you.

- The price at which you may be able to sell your MLI prior to maturity in the secondary market may be lower than the price you paid for it, due to a number of factors, including changes in the linked market measure’s performance, the creditworthiness of the issuer and the initial costs of developing, hedging and distributing the MLIs.

- The U.S. federal tax treatment for MLIs will depend upon a variety of factors, including the structure of the specific investment, and can be uncertain.

The attached preliminary prospectus discusses the risks associated with investing in a particular MLI. You should review the documents carefully and consult your investment, legal, tax and accounting advisors before making a decision to purchase the MLI. If after reading this special client notice and the preliminary prospectus, you are not interested in purchasing the MLI or have any questions, please contact your Merrill financial advisor.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”) makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation (“BofA Corp.”). MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of BofA Corp.

Investment products:

<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
<th>Are Not Bank Guaranteed</th>
<th>May Lose Value</th>
</tr>
</thead>
</table>

Important Notice: Prior to selling any particular Market-Linked Investment, each of the various issuers of Market-Linked Investments available to Merrill clients has filed a registration statement (including a prospectus and related documents) with the Securities and Exchange Commission (“SEC”) covering the relevant offering. Before you invest, you should read the prospectus and other documents that the applicable issuer has filed with the SEC for more complete information about the issuer and the particular offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer or Merrill will arrange to send you the documents if you so request by calling toll-free 1-800-294-1322.
**Capped Notes Linked to the Dow Jones Industrial Average®**

- Maturity of approximately five years
- 1-to-1 upside exposure to increases in the Index, subject to a capped return of [40.00% to 60.00%]
- 1-to-1 downside exposure to decreases in the Index beyond a 20.00% decline, with up to 80.00% of your principal at risk
- All payments occur at maturity and are subject to the credit risk of Royal Bank of Canada
- No periodic interest payments
- In addition to the underwriting discount set forth below, the notes include a hedging-related charge of $0.075 per unit. See “Structuring the Notes”
- Limited secondary market liquidity, with no exchange listing
- The notes are unsecured debt securities and are not savings accounts or insured deposits of a bank. The notes are not insured or guaranteed by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation, or any other governmental agency of Canada or the United States

The notes are being issued by Royal Bank of Canada (“RBC”). There are important differences between the notes and a conventional debt security, including different investment risks and certain additional costs. See “Risk Factors” beginning on page TS-6 of this term sheet and “Risk Factors” beginning on page PS-6 of product supplement EQUITY INDICES LIRN-1.

The initial estimated value of the notes as of the pricing date is expected to be between $9.01 and $9.51 per unit, which is less than the public offering price listed below. See “Summary” on the following page, “Risk Factors” beginning on page TS-6 of this term sheet and “Structuring the Notes” on page TS-11 of this term sheet for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

None of the Securities and Exchange Commission (the “SEC”), any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this Note Prospectus (as defined below) is truthful or complete. Any representation to the contrary is a criminal offense.

<table>
<thead>
<tr>
<th>Per Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public offering price(^{(1)})</td>
<td>$ 10.00</td>
</tr>
<tr>
<td>Underwriting discount(^{(1)})</td>
<td>$ 0.25</td>
</tr>
<tr>
<td>Proceeds, before expenses, to RBC</td>
<td>$ 9.75</td>
</tr>
</tbody>
</table>

\(^{(1)}\) For any purchase of 500,000 units or more in a single transaction by an individual investor or in combined transactions with the investor's household in this offering, the public offering price and the underwriting discount will be $9.95 per unit and $0.20 per unit, respectively. See “Supplement to the Plan of Distribution” below.

The notes:

<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
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<th>May Lose Value</th>
</tr>
</thead>
</table>

BofA Securities

June 2020
Summary

The Capped Notes Linked to the Dow Jones Industrial Average®, due June 2025 (the “notes”) are our senior unsecured debt securities. The notes are not guaranteed or insured by the Canada Deposit Insurance Corporation or the U.S. Federal Deposit Insurance Corporation or secured by collateral. The notes will rank equally with all of our other unsecured and unsubordinated debt. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of RBC. The notes are not bail-inable notes (as defined in the prospectus supplement). The notes provide you a one-for-one positive return, subject to a cap, if the Ending Value of the Market Measure, which is the Dow Jones Industrial Average® (the “Index”), is greater than the Starting Value. If the Ending Value is less than the Threshold Value, you will lose a portion, which could be significant, of the principal amount of your notes. Any payments on the notes will be calculated based on the $10 principal amount per unit and will depend on the performance of the Index, subject to our credit risk. See “Terms of the Notes” below.

The economic terms of the notes (including the Capped Value) are based on our internal funding rate, which is the rate we would pay to borrow funds through the issuance of market-linked notes and the economic terms of certain related hedging arrangements. Our internal funding rate is typically lower than the rate we would pay when we issue conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charge described below, will reduce the economic terms of the notes to you and the initial estimated value of the notes on the pricing date. Due to these factors, the public offering price you pay to purchase the notes will be greater than the initial estimated value of the notes.

On the cover page of this term sheet, we have provided the initial estimated value range for the notes. This initial estimated value range was determined based on our and our affiliates’ pricing models, which take into consideration our internal funding rate and the market prices for the hedging arrangements related to the notes. The initial estimated value of the notes calculated on the pricing date will be set forth in the final term sheet made available to investors in the notes. For more information about the initial estimated value and the structuring of the notes, see “Structuring the Notes” on page TS-11.

Terms of the Notes

| Issuer: | Royal Bank of Canada (“RBC”) |
| Principal Amount: | $10.00 per unit |
| Term: | Approximately five years |
| Market Measure: | The Dow Jones Industrial Average® (Bloomberg symbol: “INDU”), a price return index |
| Starting Value: | The closing level of the Market Measure on the pricing date |
| Ending Value: | The average of the closing levels of the Market Measure on each calculation day occurring during the Maturity Valuation Period. The scheduled calculation days are subject to postponement in the event of Market Disruption Events, as described beginning on page PS-18 of product supplement EQUITY INDICES LIRN-1. |
| Threshold Value: | 80% of the Starting Value, rounded to two decimal places |
| Participation Rate: | 100% |
| Capped Value: | [$14.00 to $16.00] per unit, which represents a return of [40.00% to 60.00%] over the principal amount. The actual Capped Value will be determined on the pricing date. |
| Maturity Valuation Period: | Five scheduled calculation days shortly before the maturity date |
| Fees and Charges: | The underwriting discount of $0.25 per unit listed on the cover page and the hedging related charge of $0.075 per unit described in “Structuring the Notes” on page TS-11 |
| Calculation Agent: | BofA Securities, Inc. (“BofAS”) |

Redemption Amount Determination

On the maturity date, you will receive a cash payment per unit determined as follows:

Yes

Is the Ending Value greater than the Starting Value?

Yes

Is the Ending Value greater than or equal to the Threshold Value?

Yes

You will receive per unit: $10

No

Is the Ending Value greater than or equal to the Threshold Value?

No

You will receive per unit: $10 x (Threshold Value - Ending Value) / (Starting Value - Threshold Value)

In this case, you will receive a payment that is less, and possibly significantly less, than the principal amount per unit.
The terms and risks of the notes are contained in this term sheet and in the following:

- Product supplement EQUITY INDICES LIRN-1 dated September 25, 2018:
  https://www.sec.gov/Archives/edgar/data/1000275/000114036118039041/form424b5.htm

- Series H MTN 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/l96181424b3.htm

As a result of the completion of the reorganization of Bank of America’s U.S. broker-dealer business, references to Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) in the accompanying product supplement EQUITY INDICES LIRN-1 and prospectus supplement, as such references relate to MLPF&S’s institutional services, should be read as references to BofAS. These documents (together, the “Note Prospectus”) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S or BofAS by calling 1-800-294-1322.

Before you invest, you should read the Note Prospectus, including this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement EQUITY INDICES LIRN-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to “we,” “us,” “our,” or similar references are to RBC.

Investor Considerations

You may wish to consider an investment in the notes if:

- You anticipate that the Index will increase moderately from the Starting Value to the Ending Value.
- You are willing to risk a loss of principal and return if the Index decreases from the Starting Value to an Ending Value that is below the Threshold Value.
- You accept that the return on the notes will be capped.
- You are willing to forgo the interest payments that are paid on conventional interest bearing debt securities.
- You are willing to forgo dividends or other benefits of owning the stocks included in the Index.
- You are willing to accept a limited or no market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, our internal funding rate and fees and charges on the notes.
- You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount.

The notes may not be an appropriate investment for you if:

- You believe that the Index will decrease from the Starting Value to the Ending Value or that it will not increase sufficiently over the term of the notes to provide you with your desired return.
- You seek 100% principal repayment or preservation of capital.
- You seek an uncapped return on your investment.
- You seek interest payments or other current income on your investment.
- You want to receive dividends or other distributions paid on the stocks included in the Index.
- You seek an investment for which there will be a liquid secondary market.
- You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes.

We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.
Hypothetical Payout Profile and Examples of Payments at Maturity

The graph below is based on hypothetical numbers and values.

This graph reflects the returns on the notes, based on the Participation Rate of 100%, the Threshold Value of 80% of the Starting Value and a hypothetical Capped Value of $15.00 (the midpoint of the Capped Value range of [$14.00 to $16.00]). The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the stocks included in the Index, excluding dividends.

This graph has been prepared for purposes of illustration only.

The following table and examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, a hypothetical Threshold Value of 80, the Participation Rate of 100%, a hypothetical Capped Value of $15.00 per unit and a range of hypothetical Ending Values. The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Threshold Value, Ending Value and Capped Value, and whether you hold the notes to maturity. The following examples do not take into account any tax consequences from investing in the notes.

For recent actual levels of the Market Measure, see “The Index” section below. The Index is a price return index and as such the Ending Value will not include any income generated by dividends paid on the stocks included in the Index, which you would otherwise be entitled to receive if you invested in those stocks directly. In addition, all payments on the notes are subject to issuer credit risk.

<table>
<thead>
<tr>
<th>Ending Value</th>
<th>Percentage Change from the Starting Value to the Ending Value</th>
<th>Redemption Amount per Unit</th>
<th>Total Rate of Return on the Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>-100.00%</td>
<td>$2.00</td>
<td>-80.00%</td>
</tr>
<tr>
<td>50.00</td>
<td>-50.00%</td>
<td>$7.00</td>
<td>-30.00%</td>
</tr>
<tr>
<td>70.00</td>
<td>-30.00%</td>
<td>$9.00</td>
<td>-10.00%</td>
</tr>
<tr>
<td>80.00(1)</td>
<td>-20.00%</td>
<td>$10.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>90.00</td>
<td>-10.00%</td>
<td>$10.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>95.00</td>
<td>-5.00%</td>
<td>$10.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>97.00</td>
<td>-3.00%</td>
<td>$10.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>100.00(2)</td>
<td>0.00%</td>
<td>$10.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>102.00</td>
<td>2.00%</td>
<td>$10.40</td>
<td>4.00%</td>
</tr>
<tr>
<td>104.00</td>
<td>4.00%</td>
<td>$10.50</td>
<td>5.00%</td>
</tr>
<tr>
<td>105.00</td>
<td>5.00%</td>
<td>$11.00</td>
<td>10.00%</td>
</tr>
<tr>
<td>110.00</td>
<td>10.00%</td>
<td>$12.00</td>
<td>20.00%</td>
</tr>
<tr>
<td>120.00</td>
<td>20.00%</td>
<td>$13.00</td>
<td>30.00%</td>
</tr>
<tr>
<td>130.00</td>
<td>30.00%</td>
<td>$14.00</td>
<td>40.00%</td>
</tr>
<tr>
<td>140.00</td>
<td>40.00%</td>
<td>$15.00(3)</td>
<td>50.00%</td>
</tr>
<tr>
<td>150.00</td>
<td>50.00%</td>
<td>$15.00</td>
<td>50.00%</td>
</tr>
<tr>
<td>160.00</td>
<td>60.00%</td>
<td>$15.00</td>
<td>50.00%</td>
</tr>
</tbody>
</table>

(1) This is the hypothetical Threshold Value.
(2) The hypothetical Starting Value of 100 used in these examples has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value for the Market Measure.
(3) The Redemption Amount per unit cannot exceed the hypothetical Capped Value.
Redemption Amount Calculation Examples

Example 1
The Ending Value is 70.00, or 70.00% of the Starting Value:

Starting Value: 100.00
Threshold Value: 80.00
Ending Value: 70.00

\[
10 - \left[ 10 \times \left( \frac{80 - 70}{100} \right) \right] = 9.00 \quad \text{Redemption Amount per unit}
\]

Example 2
The Ending Value is 95.00, or 95.00% of the Starting Value:

Starting Value: 100.00
Threshold Value: 80.00
Ending Value: 95.00

Redemption Amount (per unit) = $10.00, the principal amount, since the Ending Value is less than the Starting Value but equal to or greater than the Threshold Value.

Example 3
The Ending Value is 130.00, or 130.00% of the Starting Value:

Starting Value: 100.00
Ending Value: 130.00

\[
10 + \left[ 10 \times 100.00\% \times \left( \frac{130 - 100}{100} \right) \right] = 13.00 \quad \text{Redemption Amount per unit}
\]

Example 4
The Ending Value is 160.00, or 160.00% of the Starting Value:

Starting Value: 100.00
Ending Value: 160.00

\[
10 + \left[ 10 \times 100.00\% \times \left( \frac{160 - 100}{100} \right) \right] = 16.00, \text{ however, because the Redemption Amount for the notes cannot exceed the Capped Value, the Redemption Amount will be $15.00 per unit}
\]
Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the “Risk Factors” sections beginning on page PS-6 of product supplement EQUITY INDICES LIRN-1, page S-1 of the MTN prospectus supplement, and page 1 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

- Depending on the performance of the Index as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.
- Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.
- Payments on the notes are subject to our credit risk, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes. If we become insolvent or are unable to pay our obligations, you may lose your entire investment.
- Your investment return is limited to the return represented by the Capped Value and may be less than a comparable investment directly in the stocks included in the Index.
- The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to our and our affiliates’ pricing models. These pricing models consider certain assumptions and variables, including our credit spreads, our internal funding rate on the pricing date, mid-market terms on hedging transactions, expectations on interest rates and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.
- The public offering price you pay for the notes will exceed the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the level of the Index, our internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in “Structuring the Notes” on page TS-11. 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.
- The initial estimated value does not represent a minimum or maximum price at which we, MLPF&S, BofAS or any of our affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Index, our creditworthiness and changes in market conditions.
- A trading market is not expected to develop for the notes. None of us, MLPF&S or BofAS is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.
- Our business, hedging and trading activities, and those of MLPF&S, BofAS and our respective affiliates (including trades in shares of companies included in the Index), and any hedging and trading activities we, MLPF&S, BofAS or our respective affiliates engage in for our clients’ accounts, may affect the market value and return of the notes and may create conflicts of interest with you.
- The Index sponsor may adjust the Index in a way that affects its level, and has no obligation to consider your interests.
- You will have no rights of a holder of the securities represented by the Index, and you will not be entitled to receive securities or dividends or other distributions by the issuers of those securities.
- While we, MLPF&S, BofAS or our respective affiliates may from time to time own securities of companies included in the Index, we, MLPF&S, BofAS and our respective affiliates do not control any company included in the Index, and have not verified any disclosure made by any other company.
- There may be potential conflicts of interest involving the calculation agent, which is BofAS. We have the right to appoint and remove the calculation agent.
- The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes. See “Summary of U.S. Federal Income Tax Consequences” below and “U.S. Federal Income Tax Summary” beginning on page PS-30 of product supplement EQUITY INDICES LIRN-1. For a discussion of the Canadian federal income tax consequences of investing in the notes, see “Tax Consequences—Canadian Taxation” in the prospectus dated September 7, 2018.
Capped Notes
Linked to the Dow Jones Industrial Average®, due June 2025

The Index

All disclosures contained in this term sheet regarding the Index, including, without limitation, its make-up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC (“SPDJI”), SPJDI, which licenses the copyright and all other rights to the Index, has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of the Index sponsor discontinuing publication of the Index are discussed in the section entitled “Description of LIRNs—Discontinuance of an Index” beginning on page PS-19 of product supplement EQUITY INDICES LIRN-1. None of us, the calculation agent, MLPF&S or BofAS accepts any responsibility for the calculation, maintenance or publication of the Index or any successor index.

The Dow Jones Industrial Average®
The INDU is designed to provide an indication of the composite performance of 30 common stocks of corporations representing a broad cross-section of U.S. industry. The corporations represented in the INDU tend to be market leaders in their respective industries and their stocks are typically widely held by individuals and institutional investors. The INDU is a price-weighted index, which means an underlying stock's weight in the INDU is based on its price per share rather than the total market capitalization of the issuer.

The INDU is maintained by an Averages Committee. The committee is composed of three representatives of S&P Dow Jones Indices and two representatives of The Wall Street Journal. The Averages Committee was created in 2010, when Dow Jones Indexes became part of CME Group Index Services, LLC, a joint venture company owned by CME Group Inc. and by Dow Jones & Company. Generally, composition changes occur only after mergers, corporate acquisitions or other dramatic shifts in a component's core business. When such an event necessitates that one component be replaced, the entire INDU is reviewed. As a result, when changes are made they typically involve more than one component. While there are no rules for component selection, a stock typically is added only if it has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors and accurately represents the sector(s) covered by the average.

Changes in the composition of the INDU are made entirely by the Averages Committee without consultation with the corporations represented in the INDU, any stock exchange, any official agency or us. Unlike most other indices, which are reconstituted according to a fixed review schedule, constituents of the INDU are reviewed on an as-needed basis. Changes to the common stocks included in the INDU tend to be made infrequently, and the underlying stocks of the INDU may be changed at any time for any reason. The companies currently represented in the INDU are incorporated in the United States and its territories and their stocks are listed on the New York Stock Exchange and Nasdaq.

In addition to the daily governance of the INDU, at least once within any 12-month period, the Averages Committee reviews the methodology to ensure that the INDU continues to achieve its stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

The INDU initially consisted of 12 common stocks and was first published in the WSJ in 1896. The INDU was increased to include 20 common stocks in 1916 and to 30 common stocks in 1928. The number of common stocks in the INDU has remained at 30 since 1928, and, in an effort to maintain continuity, the constituent corporations represented in the INDU have been changed on a relatively infrequent basis.

Computation of the INDU

The level of the INDU is the sum of the primary exchange prices of each of the 30 component stocks included in the INDU, divided by a divisor that is designed to provide a meaningful continuity in the level of the INDU. Because the INDU is price-weighted, stock splits or changes in the component stocks could result in distortions in the index level. In order to prevent these distortions related to extrinsic factors, the divisor is periodically changed in accordance with a mathematical formula that reflects adjusted proportions within the INDU. The current divisor of the INDU is published daily in the WSJ and other publications. In addition, other statistics based on the INDU may be found in a variety of publicly available sources.
The following graph shows the daily historical performance of the Index in the period from January 1, 2010 through June 9, 2020. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On June 9, 2020, the closing level of the Index was 27,272.30.

Historical Performance of the Index

This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the notes may be. Any historical upward or downward trend in the level of the Index during any period set forth above is not an indication that the level of the Index is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the levels of the Index.

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Capped Notes
Linked to the Dow Jones Industrial Average®, due June 2025

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Supplement to the Plan of Distribution

Under our distribution agreement with BofAS, BofAS will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

MLPF&S will purchase the notes from BofAS for resale, and will receive a selling concession in connection with the sale of the notes in an amount up to the full amount of underwriting discount set forth on the cover of this term sheet.

We may deliver the notes against payment therefor in New York, New York on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the notes occurs more than two business days from the pricing date, purchasers who wish to trade the notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S and/or one of its affiliates acting as a principal in effecting the transaction for your account.

MLPF&S and BofAS may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these prices will include MLPF&S’s and BofAS’s trading commissions and mark-ups or mark-downs. MLPF&S and BofAS may act as principal or agent in these market-making transactions; however, neither is obligated to engage in any such transactions. At their discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S and BofAS may offer to buy the notes in the secondary market at a price that may exceed the initial estimated value of the notes. Any price offered by MLPF&S or BofAS for the notes will be based on then-prevailing market conditions and other considerations, including the performance of the Index and the remaining term of the notes. However, none of us, MLPF&S, BofAS or any of our respective affiliates is obligated to purchase your notes at any price or at any time, and we cannot assure you that we, MLPF&S, BofAS or any of our respective affiliates will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

The value of the notes shown on your account statement will be based on BofAS’s estimate of the value of the notes if BofAS or another of its affiliates were to make a market in the notes, which it is not obligated to do. That estimate will be based upon the price that BofAS may pay for the notes in light of then-prevailing market conditions and other considerations, as mentioned above, and will include transaction costs. At certain times, this price may be higher than or lower than the initial estimated value of the notes.

The distribution of the Note Prospectus in connection with these offers or sales will be solely for the purpose of providing investors with the description of the terms of the notes that was made available to investors in connection with their initial offering. Secondary market investors should not, and will not be authorized to, rely on the Note Prospectus for information regarding RBC or for any purpose other than that described in the immediately preceding sentence.

An investor’s household, as referenced on the cover of this term sheet, will generally include accounts held by any of the following, as determined by MLPF&S in its discretion and acting in good faith based upon information then available to MLPF&S:

- the investor’s spouse (including a domestic partner), siblings, parents, grandparents, spouse’s parents, children and grandchildren, but excluding accounts held by aunts, uncles, cousins, nieces, nephews or any other family relationship not directly above or below the individual investor;
- a family investment vehicle, including foundations, limited partnerships and personal holding companies, but only if the beneficial owners of the vehicle consist solely of the investor or members of the investor’s household as described above; and
- a trust where the grantors and/or beneficiaries of the trust consist solely of the investor or members of the investor’s household as described above; provided that, purchases of the notes by a trust generally cannot be aggregated together with any purchases made by a trustee’s personal account.

Purchases in retirement accounts will not be considered part of the same household as an individual investor’s personal or other non-retirement account, except for individual retirement accounts (“IRAs”), simplified employee pension plans (“SEPs”), savings incentive match plan for employees (“SIMPLEs”), and single-participant or owners only accounts (i.e., retirement accounts held by self-employed individuals, business owners or partners with no employees other than their spouses).

Please contact your Merrill financial advisor if you have any questions about the application of these provisions to your specific circumstances or think you are eligible.
Structuring the Notes

The notes are our debt securities, the return on which is linked to the performance of the Index. As is the case for all of our debt securities, including our market-linked notes, the economic terms of the notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because market-linked notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these notes at a rate that is more favorable to us than the rate which we refer to as our internal funding rate, which is the rate that we might pay for a conventional fixed or floating rate debt security. This generally relatively lower internal funding rate, which is reflected in the economic terms of the notes, along with the fees and charges associated with market-linked notes, typically results in the initial estimated value of the notes on the pricing date being less than their public offering price.

At maturity, we are required to pay the Redemption Amount to holders of the notes, which will be calculated based on the $10 per unit principal amount and will depend on the performance of the Index. In order to meet these payment obligations, at the time we issue the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with BofAS or one of its affiliates. The terms of these hedging arrangements are determined by seeking bids from market participants, including MLPF&S, BofAS and its affiliates, and take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Index, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

BofAS has advised us that the hedging arrangements will include a hedging related charge of approximately $0.075 per unit, reflecting an estimated profit to be credited to BofAS from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by BofAS or any third party hedge providers.

For further information, see “Risk Factors—General Risks Relating to the LIRNs” beginning on page PS-6 and “Use of Proceeds and Hedging” on page PS-15 of product supplement EQUITY INDICES LIRN-1.
Summary of Canadian Federal Income Tax Consequences

For a discussion of the material Canadian federal income tax consequences relating to an investment in the notes, please see the section entitled “Tax Consequences—Canadian Taxation” in the prospectus dated September 7, 2018.

Summary of U.S. Federal Income Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the notes, including the following:

- There is no statutory, judicial, or administrative authority directly addressing the characterization of the notes.
- You agree with us (in the absence of a statutory, regulatory, administrative, or judicial ruling to the contrary) to characterize and treat the notes for all tax purposes as pre-paid cash-settled derivative contracts in respect of the Index.
- Under this characterization and tax treatment of the notes, a U.S. holder (as defined on page 41 of the prospectus) generally will recognize capital gain or loss upon the sale or maturity of the notes. This capital gain or loss generally will be long-term capital gain or loss if you held the notes for more than one year.
- No assurance can be given that the Internal Revenue Service or any court will agree with this characterization and tax treatment.
- Under current Internal Revenue Service guidance, withholding on “dividend equivalent” payments (as discussed in the accompanying product supplement), if any, will not apply to notes that are issued as of the date of this pricing supplement unless such notes are “delta-one” instruments. The discussion in the accompanying product supplement is modified to reflect recent Internal Revenue Service guidance, which states that the U.S. Treasury Department and the Internal Revenue Service intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified equity-linked instruments that are not delta-one instruments and that are issued before January 1, 2023.
- The accompanying product supplement notes that FATCA withholding on payments of gross proceeds from a sale or redemption of the notes will only apply to payments made after December 31, 2018. That discussion is modified to reflect regulations proposed by the U.S. Treasury Department in December 2018 that eliminate the requirement of FATCA withholding on payments of gross proceeds upon the disposition of financial instruments. The U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization. Prospective investors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the notes.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion under the section entitled “U.S. Federal Income Tax Summary” beginning on page PS-30 of product supplement EQUITY INDICES LIRN-1.

Where You Can Find More Information

We have filed a registration statement (including a product supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents that we have filed with the SEC, for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S or BofAS toll-free at 1-800-294-1322.