

The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC ETFs (the "ETFs") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within the financial statements.

We have maintained appropriate procedures and controls to ensure that timely and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgments). The significant accounting policies, which we believe are appropriate for the ETFs, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, have performed an independent audit of the financial statements in accordance with IFRS. Their report is set out on the next page.



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
March 11, 2019



Heidi Johnston, CPA, CA
Chief Financial Officer
RBC GAM Funds

To the Unitholders and Trustee of

RBC 1-5 Year Laddered Canadian Bond ETF	RBC Canadian Preferred Share ETF	RBC Quant EAFE Dividend Leaders ETF
RBC 1-5 Year Laddered Corporate Bond ETF	RBC Quant Canadian Dividend Leaders ETF	RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF
RBC 6-10 Year Laddered Canadian Corporate Bond ETF	RBC Quant Canadian Equity Leaders ETF	RBC Quant EAFE Equity Leaders ETF
RBC Target 2019 Corporate Bond Index ETF	RBC Canadian Equity Index ETF	RBC Quant EAFE Equity Leaders (CAD Hedged) ETF
RBC Target 2020 Corporate Bond Index ETF	RBC Vision Women's Leadership MSCI Canada Index ETF	RBC International Equity Index ETF
RBC Target 2021 Corporate Bond Index ETF	RBC Canadian Bank Yield Index ETF	RBC International Equity (CAD Hedged) Index ETF
RBC Target 2022 Corporate Bond Index ETF	RBC Quant U.S. Dividend Leaders ETF	RBC Quant Emerging Markets Dividend Leaders ETF
RBC Target 2023 Corporate Bond Index ETF	RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RBC Quant Emerging Markets Equity Leaders ETF
RBC Target 2024 Corporate Bond Index ETF	RBC Quant U.S. Equity Leaders ETF	RBC Emerging Markets Equity Index ETF
RBC Target 2025 Corporate Bond Index ETF	RBC Quant U.S. Equity Leaders (CAD Hedged) ETF	RBC Strategic Global Dividend Leaders ETF
RBC PH&N Short Term Canadian Bond ETF	RBC U.S. Equity Index ETF	RBC Strategic Global Equity Leaders ETF
RBC Canadian Short Term Bond Index ETF	RBC U.S. Equity (CAD Hedged) Index ETF	RBC Quant Global Infrastructure Leaders ETF
RBC Canadian Bond Index ETF	RBC U.S. Banks Yield Index ETF	RBC Quant Global Real Estate Leaders ETF
RBC Short Term U.S. Corporate Bond ETF	RBC U.S. Banks Yield (CAD Hedged) Index ETF	(collectively, the "ETFs", individually the "ETF")
RBC Global Government Bond (CAD Hedged) Index ETF	RBC Quant European Dividend Leaders ETF	
RBC BlueBay Global Diversified Income (CAD Hedged) ETF	RBC Quant European Dividend Leaders (CAD Hedged) ETF	

Our opinion

In our opinion, the accompanying December 31, 2018 annual financial statements of each of the ETFs present fairly, in all material respects, the financial position of each ETF, its financial performance and its cash flows as at and for the periods indicated in note 2 in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The financial statements of each of the ETFs comprise:

- the statements of financial position as at the period-end dates indicated in note 2;
- the statements of comprehensive income for the periods indicated in note 2;
- the statements of cash flow for the periods indicated in note 2;
- the statements of changes in net assets attributable to holders of redeemable units ("NAV") for the periods indicated in note 2; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of each of the ETFs in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of each of the ETFs. The other information comprises the 2018 Annual Management Report of Fund Performance of each of the ETFs.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each of the ETFs, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each of the ETFs or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the ETFs in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each of the ETFs to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any of the ETFs or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each of the ETFs.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each ETF are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each of the ETFs.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each of the ETFs, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each of the ETFs.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each of the ETFs to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each of the ETFs or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any of the ETFs to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each of the ETFs, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrizia Perruzza.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 11, 2019



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)

RBC CANADIAN SHORT TERM BOND INDEX ETF

December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
FEDERAL						
353	Canada Housing Trust No. 1	3.750	15-Mar-2020	\$ 364	\$ 361	
307	Canada Housing Trust No. 1	1.200	15-Jun-2020	303	304	
307	Canada Housing Trust No. 1	1.450	15-Jun-2020	304	305	
938	Canada Housing Trust No. 1	1.250	15-Dec-2020	918	925	
400	Canada Housing Trust No. 1	3.350	15-Dec-2020	410	410	
857	Canada Housing Trust No. 1	1.250	15-Jun-2021	834	841	
561	Canada Housing Trust No. 1	3.800	15-Jun-2021	588	584	
359	Canada Housing Trust No. 1	1.150	15-Dec-2021	346	349	
375	Canada Housing Trust No. 1	1.500	15-Dec-2021	366	369	
507	Canada Housing Trust No. 1	2.650	15-Mar-2022	514	515	
807	Canada Housing Trust No. 1	1.750	15-Jun-2022	794	795	
1 295	Canada Housing Trust No. 1	2.400	15-Dec-2022	1 311	1 303	
937	Canada Housing Trust No. 1	2.350	15-Jun-2023	935	940	
180	Canada Housing Trust No. 1	2.350	15-Sep-2023	178	181	
90	Canada Housing Trust No. 1	3.150	15-Sep-2023	92	93	
400	Canada Housing Trust No. 1	2.550	15-Dec-2023	403	404	
371	Canada Housing Trust No. 1	2.550	15-Dec-2023	372	375	
100	CPPIB Capital Inc.	1.400	04-Jun-2020	99	99	
1 404	Government of Canada	1.500	01-Mar-2020	1 399	1 399	
845	Government of Canada	1.750	01-May-2020	841	844	
942	Government of Canada	3.500	01-Jun-2020	962	964	
825	Government of Canada	1.750	01-Aug-2020	820	824	
1 452	Government of Canada	0.750	01-Sep-2020	1 414	1 426	
845	Government of Canada	2.000	01-Nov-2020	842	847	
600	Government of Canada	2.250	01-Feb-2021	601	605	
1 450	Government of Canada	0.750	01-Mar-2021	1 405	1 416	
605	Government of Canada	3.250	01-Jun-2021	633	625	
1 271	Government of Canada	0.750	01-Sep-2021	1 225	1 234	
977	Government of Canada	0.500	01-Mar-2022	924	936	
955	Government of Canada	2.750	01-Jun-2022	987	983	
1 225	Government of Canada	1.000	01-Sep-2022	1 175	1 187	
945	Government of Canada	1.750	01-Mar-2023	930	940	
1 130	Government of Canada	1.500	01-Jun-2023	1 096	1 112	
100	Government of Canada	8.000	01-Jun-2023	125	126	
959	Government of Canada	2.000	01-Sep-2023	953	964	
42	International Bank for Reconstruction & Development CAD	2.500	03-Aug-2023	42	43	
31	OPB Finance Trust	1.880	24-Feb-2022	30	30	
65	PSP Capital Inc.	3.030	22-Oct-2020	67	66	
77	PSP Capital Inc.	1.340	18-Aug-2021	75	75	
115	PSP Capital Inc.	1.730	21-Jun-2022	112	113	
80	PSP Capital Inc.	2.090	22-Nov-2023	78	79	
				25 867	25 991	49.3
PROVINCIAL						
50	Financement-Québec	2.450	01-Dec-2019	51	50	
75	Province of Alberta	4.000	01-Dec-2019	78	76	
170	Province of Alberta	1.250	01-Jun-2020	167	168	
205	Province of Alberta	1.350	01-Sep-2021	199	200	
38	Province of Alberta	1.600	01-Sep-2022	37	37	
141	Province of Alberta	2.550	15-Dec-2022	142	142	
110	Province of Alberta	2.650	01-Sep-2023	110	111	

The accompanying notes are an integral part of the financial statements.



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL (cont.)						
20	Province of Alberta	3.400	01-Dec-2023	\$ 21	\$ 21	
27	Province of British Columbia	4.100	18-Dec-2019	28	28	
155	Province of British Columbia	3.700	18-Dec-2020	163	160	
175	Province of British Columbia	3.250	18-Dec-2021	181	180	
152	Province of British Columbia	2.700	18-Dec-2022	154	154	
20	Province of British Columbia	8.000	08-Sep-2023	25	25	
110	Province of British Columbia	3.300	18-Dec-2023	114	114	
65	Province of Manitoba	4.750	11-Feb-2020	67	67	
78	Province of Manitoba	4.150	03-Jun-2020	82	80	
70	Province of Manitoba	1.550	05-Sep-2021	69	69	
31	Province of Manitoba	3.850	01-Dec-2021	33	32	
120	Province of Manitoba	2.550	02-Jun-2023	120	120	
95	Province of New Brunswick	4.500	02-Jun-2020	101	98	
31	Province of New Brunswick	3.350	03-Dec-2021	32	32	
87	Province of New Brunswick	1.550	04-May-2022	84	85	
60	Province of New Brunswick	2.850	02-Jun-2023	61	61	
38	Province of Newfoundland and Labrador	1.950	02-Jun-2022	37	37	
92	Province of Nova Scotia	4.100	01-Jun-2021	98	96	
833	Province of Ontario	4.200	02-Jun-2020	875	858	
675	Province of Ontario	4.000	02-Jun-2021	715	704	
396	Province of Ontario	1.350	08-Mar-2022	383	385	
918	Province of Ontario	3.150	02-Jun-2022	950	942	
115	Province of Ontario	1.950	27-Jan-2023	112	113	
905	Province of Ontario	2.850	02-Jun-2023	915	920	
394	Province of Ontario	2.600	08-Sep-2023	392	396	
45	Province of Ontario	8.100	08-Sep-2023	56	56	
455	Province of Quebec	4.500	01-Dec-2020	489	476	
593	Province of Quebec	4.250	01-Dec-2021	637	627	
31	Province of Quebec	1.650	03-Mar-2022	30	30	
548	Province of Quebec	3.500	01-Dec-2022	580	571	
61	Province of Quebec	2.450	01-Mar-2023	61	61	
525	Province of Quebec	3.000	01-Sep-2023	535	538	
23	Province of Saskatchewan	3.900	28-Jul-2020	24	24	
				9 008	8 944	17.0
MUNICIPAL						
46	City of Montreal	5.450	01-Dec-2019	49	47	
38	City of Montreal	4.500	01-Dec-2021	41	40	
30	City of Montreal	3.500	01-Sep-2023	31	31	
31	City of Toronto	4.500	02-Dec-2019	33	32	
31	City of Toronto	3.500	06-Dec-2021	32	32	
15	City of Toronto	3.900	29-Sep-2023	16	16	
38	Municipal Finance Authority of British Columbia	4.450	01-Jun-2020	40	39	
35	Municipal Finance Authority of British Columbia	1.650	19-Apr-2021	34	35	
54	Municipal Finance Authority of British Columbia	4.150	01-Jun-2021	58	56	
25	Municipal Finance Authority of British Columbia	3.350	01-Jun-2022	26	26	
25	Municipal Finance Authority of British Columbia	2.150	01-Dec-2022	25	25	
27	Municipal Finance Authority of British Columbia	2.600	23-Apr-2023	27	27	
20	Municipal Finance Authority of British Columbia	3.750	26-Sep-2023	21	21	
43	Municipal Finance Authority of British Columbia	2.800	03-Dec-2023	43	43	
30	Regional Municipality of York	5.000	29-Apr-2019	31	30	
31	Regional Municipality of York	4.000	30-Jun-2021	33	32	
				540	532	1.0
CORPORATE						
77	407 International Inc.	4.300	26-May-2021	82	80	
20	Algonquin Power Co.	4.650	15-Feb-2022	21	21	
15	Alimentation Couche-Tard Inc.	3.899	01-Nov-2022	16	15	

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December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
54	AltaGas Ltd.	3.720	28-Sep-2021	\$ 56	\$ 54	
20	AltaGas Ltd.	3.570	12-Jun-2023	20	20	
61	AltaLink Investments LP	3.265	05-Jun-2020	62	61	
15	AltaLink LP	2.978	28-Nov-2022	16	15	
20	AltaLink LP	3.668	06-Nov-2023	20	21	
77	Bank of Montreal	2.840	04-Jun-2020	78	77	
194	Bank of Montreal	2.100	06-Oct-2020	193	192	
100	Bank of Montreal	3.400	23-Apr-2021	101	102	
237	Bank of Montreal	1.610	28-Oct-2021	229	230	
100	Bank of Montreal	2.120	16-Mar-2022	97	98	
117	Bank of Montreal	2.270	11-Jul-2022	116	115	
168	Bank of Montreal	2.890	20-Jun-2023	168	168	
50	Bank of Montreal	3.340	08-Dec-2025	51	50	
90	Bank of Montreal	3.320	01-Jun-2026	91	90	
45	Bank of Montreal	2.570	01-Jun-2027	44	44	
265	Bank of Nova Scotia	2.130	15-Jun-2020	264	263	
125	Bank of Nova Scotia	3.270	11-Jan-2021	126	126	
270	Bank of Nova Scotia	1.900	02-Dec-2021	264	263	
125	Bank of Nova Scotia	1.830	27-Apr-2022	120	121	
141	Bank of Nova Scotia	2.360	08-Nov-2022	141	138	
148	Bank of Nova Scotia	2.980	17-Apr-2023	148	148	
30	Bank of Nova Scotia	3.367	08-Dec-2025	30	30	
60	Bank of Nova Scotia	2.580	30-Mar-2027	59	59	
54	bcIMC Realty Corp.	2.150	11-Aug-2022	53	53	
77	Bell Canada	3.250	17-Jun-2020	79	78	
30	Bell Canada	4.950	19-May-2021	32	31	
38	Bell Canada	3.150	29-Sep-2021	39	38	
77	Bell Canada	2.000	01-Oct-2021	75	75	
117	Bell Canada	3.000	03-Oct-2022	118	116	
75	Bell Canada	3.350	22-Mar-2023	75	75	
45	Bell Canada	4.700	11-Sep-2023	47	47	
60	BMW Canada Inc.	1.880	11-Dec-2020	59	59	
19	BMW Canada Inc.	2.570	06-Aug-2021	19	19	
30	Brookfield Asset Management Inc.	4.540	31-Mar-2023	32	31	
61	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	62	61	
30	Brookfield Property Finance ULC	4.346	03-Jul-2023	30	30	
54	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	58	56	
54	Bruce Power LP	2.844	23-Jun-2021	54	54	
77	Cadillac Fairview Finance Trust	4.310	25-Jan-2021	82	80	
198	Caisse Centrale Desjardins	1.748	02-Mar-2020	196	196	
10	Calloway Real Estate Investment Trust	3.730	22-Jul-2022	10	10	
54	Cameco Corp.	5.670	02-Sep-2019	56	55	
115	Canadian Credit Card Trust II	1.829	24-Mar-2020	114	114	
125	Canadian Imperial Bank of Commerce	1.900	26-Apr-2021	122	123	
245	Canadian Imperial Bank of Commerce	1.640	12-Jul-2021	238	238	
48	Canadian Imperial Bank of Commerce	2.900	14-Sep-2021	48	48	
40	Canadian Imperial Bank of Commerce	2.040	21-Mar-2022	39	39	
125	Canadian Imperial Bank of Commerce	2.300	11-Jul-2022	122	123	
75	Canadian Imperial Bank of Commerce	2.470	05-Dec-2022	75	74	
74	Canadian Imperial Bank of Commerce	2.970	11-Jul-2023	74	74	
50	Canadian Imperial Bank of Commerce	3.420	26-Jan-2026	51	50	
89	Canadian Imperial Bank of Commerce	3.450	04-Apr-2028	89	88	
15	Canadian National Railway Co.	2.750	18-Feb-2021	15	15	
60	Canadian Natural Resources Ltd.	2.600	03-Dec-2019	60	60	
65	Canadian Natural Resources Ltd.	2.050	01-Jun-2020	64	64	
115	Canadian Natural Resources Ltd.	2.890	14-Aug-2020	116	115	

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December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
30	Canadian Natural Resources Ltd.	3.310	11-Feb-2022	\$ 31	\$ 30	
13	Canadian Tire Corp. Ltd.	2.646	06-Jul-2020	13	13	
13	Canadian Tire Corp. Ltd.	3.167	06-Jul-2023	13	13	
40	Canadian Western Bank	2.751	29-Jun-2020	40	40	
15	Canadian Western Bank	2.881	01-Mar-2021	15	15	
32	Canadian Western Bank	2.788	13-Sep-2021	32	32	
31	Canadian Western Bank	2.737	16-Jun-2022	31	30	
25	Canadian Western Bank	2.924	15-Dec-2022	25	25	
54	Capital Desjardins Inc.	5.187	05-May-2020	58	56	
31	Capital Desjardins Inc.	4.954	15-Dec-2026	34	33	
54	Capital Power Corp.	5.276	16-Nov-2020	57	56	
54	Cards II Trust	2.155	15-Oct-2020	54	54	
26	Caterpillar Financial Services Ltd.	2.800	08-Jun-2021	26	26	
77	CDP Financial Inc.	4.600	15-Jul-2020	82	80	
31	Central 1 Credit Union	1.870	16-Mar-2020	31	31	
25	Central 1 Credit Union	2.600	07-Nov-2022	25	24	
15	Central 1 Credit Union	3.060	14-Oct-2026	15	15	
61	Choice Properties LP	3.600	20-Apr-2020	62	61	
54	Choice Properties Real Estate Investment Trust	3.498	08-Feb-2021	55	54	
19	Choice Properties Real Estate Investment Trust	3.010	21-Mar-2022	19	19	
30	Choice Properties Real Estate Investment Trust	3.196	07-Mar-2023	29	30	
30	CI Financial Corp.	2.645	07-Dec-2020	30	30	
19	CI Financial Corp.	3.520	20-Jul-2023	19	19	
85	CIBC Capital Trust	9.976	30-Jun-2108	94	88	
5	Coast Capital Savings Credit Union	5.000	03-May-2028	5	5	
15	Cogeco Communications Inc.	5.150	16-Nov-2020	16	16	
25	Cogeco Communications Inc.	4.175	26-May-2023	25	26	
12	Crombie Real Estate Investment Trust	4.066	21-Nov-2022	12	12	
10	CT Real Estate Investment Trust	2.852	09-Jun-2022	10	10	
54	CU Inc.	4.801	22-Nov-2021	59	57	
99	Daimler Canada Finance Inc.	1.570	25-May-2020	97	97	
25	Daimler Canada Finance Inc.	2.300	23-Nov-2020	25	25	
26	Daimler Canada Finance Inc.	3.050	16-May-2022	26	26	
35	Daimler Canada Finance Inc.	2.570	22-Nov-2022	35	34	
54	Dollarama Inc.	2.337	22-Jul-2021	54	53	
50	Dollarama Inc.	3.550	06-Nov-2023	50	50	
15	Eagle Credit Card Trust	2.631	17-Oct-2022	15	15	
18	Eagle Credit Card Trust	3.042	17-Jul-2023	18	18	
20	Emera Inc.	4.830	02-Dec-2019	21	20	
25	Emera Inc.	2.900	16-Jun-2023	24	25	
54	Enbridge Gas Distribution Inc.	4.040	23-Nov-2020	57	55	
77	Enbridge Inc.	4.530	09-Mar-2020	81	79	
25	Enbridge Inc.	3.160	11-Mar-2021	25	25	
20	Enbridge Inc.	4.850	22-Feb-2022	21	21	
46	Enbridge Inc.	3.190	05-Dec-2022	47	46	
35	Enbridge Inc.	3.940	30-Jun-2023	35	36	
54	Enbridge Pipelines Inc.	4.450	06-Apr-2020	57	55	
23	Enercare Solutions Inc.	3.380	21-Feb-2022	23	23	
23	Fairfax Financial Holdings Ltd.	6.400	25-May-2021	25	25	
25	Fairfax Financial Holdings Ltd.	5.840	14-Oct-2022	28	27	
30	Fairfax Financial Holdings Ltd.	4.500	22-Mar-2023	31	31	
60	Federation des Caisses Desjardins du Quebec	2.394	25-Aug-2022	59	59	
48	Federation des Caisses Desjardins du Quebec	3.056	11-Sep-2023	48	48	
54	First Capital Realty Inc.	4.430	31-Jan-2022	57	56	
10	First Capital Realty Inc.	3.900	30-Oct-2023	10	10	
99	Ford Credit Canada Co.	2.923	16-Sep-2020	99	97	

The accompanying notes are an integral part of the financial statements.



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
25	Ford Credit Canada Co.	2.580	10-May-2021	\$ 25	\$ 24	
153	Ford Credit Canada Co.	2.710	23-Feb-2022	150	145	
40	Ford Credit Canada Co.	3.349	19-Sep-2022	38	38	
52	Ford Credit Canada Co.	3.742	08-May-2023	52	50	
31	Ford Floorplan Auto Securitization Trust	2.197	15-Jul-2020	31	31	
46	Fortified Trust	2.161	23-Oct-2020	46	46	
46	Fortified Trust	1.670	23-Jul-2021	45	45	
35	Fortis Inc.	2.850	12-Dec-2023	34	35	
20	Gaz Metro Inc.	5.450	12-Jul-2021	22	21	
46	GE Capital Canada Funding Co.	4.600	26-Jan-2022	50	46	
54	General Motors Financial of Canada Ltd.	3.080	22-May-2020	54	54	
57	General Motors Financial of Canada Ltd.	3.000	26-Feb-2021	57	56	
50	Genesis Trust II	1.699	15-Apr-2020	49	49	
46	Glacier Credit Card Trust	2.237	20-Sep-2020	46	46	
38	Glacier Credit Card Trust	2.048	20-Sep-2022	37	37	
33	Glacier Credit Card Trust	3.138	20-Sep-2023	33	33	
15	Granite Real Estate Investment Trust Holdings LP	3.873	30-Nov-2023	15	15	
31	Greater Toronto Airports Authority	1.510	16-Feb-2021	30	30	
30	Greater Toronto Airports Authority	3.040	21-Sep-2022	30	30	
61	Great-West Lifeco Inc.	4.650	13-Aug-2020	65	63	
54	H&R Real Estate Investment Trust	2.923	06-May-2022	53	53	
24	H&R Real Estate Investment Trust	3.416	23-Jan-2023	24	24	
35	Hollis Receivables Term Trust II	1.788	26-Feb-2020	35	35	
92	Honda Canada Finance Inc.	2.155	18-Feb-2021	91	91	
38	Honda Canada Finance Inc.	2.488	19-Dec-2022	38	37	
25	Honda Canada Finance Inc.	2.537	01-Mar-2023	25	24	
24	Honda Canada Finance Inc.	3.176	28-Aug-2023	24	24	
150	HSBC Bank Canada	2.938	14-Jan-2020	152	151	
75	HSBC Bank Canada	2.449	29-Jan-2021	74	74	
180	HSBC Bank Canada	2.908	29-Sep-2021	182	180	
75	HSBC Bank Canada	2.170	29-Jun-2022	72	73	
55	HSBC Bank Canada	2.542	31-Jan-2023	54	54	
50	HSBC Bank Canada	3.245	15-Sep-2023	50	50	
23	Husky Energy Inc.	5.000	12-Mar-2020	24	24	
30	Hydro One Inc.	1.840	24-Feb-2021	29	29	
9	Hydro One Inc.	2.570	25-Jun-2021	9	9	
77	Hydro One Inc.	3.200	13-Jan-2022	79	78	
31	Industrial Alliance Insurance & Financial Services Inc.	2.640	23-Feb-2027	31	31	
30	Industrial Alliance Insurance & Financial Services Inc.	3.300	15-Sep-2028	30	30	
31	Intact Financial Corp.	4.700	18-Aug-2021	33	32	
77	Inter Pipeline Ltd.	3.448	20-Jul-2020	79	78	
31	Inter Pipeline Ltd.	3.776	30-May-2022	32	31	
15	Inter Pipeline Ltd.	2.608	13-Sep-2023	14	14	
55	International Bank for Reconstruction & Development CAD	2.250	17-Jan-2023	55	55	
35	Ivanhoe Cambridge II Inc.	2.909	27-Jun-2023	35	35	
26	John Deere Canada Funding Inc.	2.700	12-Oct-2021	26	26	
9	John Deere Canada Funding Inc.	2.630	21-Sep-2022	9	9	
28	John Deere Canada Funding Inc.	2.700	17-Jan-2023	28	28	
15	John Deere Canada Funding Inc.	3.020	13-Jul-2023	15	15	
35	John Deere Financial Inc.	3.070	23-Jul-2021	35	35	
20	Kraft Canada Inc.	2.700	06-Jul-2020	20	20	
38	Laurentian Bank of Canada	2.500	23-Jan-2020	38	38	
38	Laurentian Bank of Canada	3.000	12-Sep-2022	38	37	
25	Laurentian Bank of Canada	3.450	27-Jun-2023	25	25	
23	Leisureworld Senior Care LP	3.474	03-Feb-2021	24	23	
20	Loblaw Companies Ltd.	5.220	18-Jun-2020	21	21	

The accompanying notes are an integral part of the financial statements.



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
60	Loblaw Companies Ltd.	4.860	12-Sep-2023	\$ 63	\$ 63	
15	Lower Mattagami Energy LP	4.331	18-May-2021	16	16	
23	Magna International Inc.	3.100	15-Dec-2022	24	23	
30	Manulife Bank of Canada	2.082	26-May-2022	29	29	
32	Manulife Bank of Canada	2.844	12-Jan-2023	32	32	
130	Manulife Financial Capital Trust II	7.405	31-Dec-2108	143	135	
53	Manulife Financial Corp.	3.317	09-May-2028	53	53	
8	MCAP Commercial LP	5.000	14-Dec-2022	8	8	
31	Metro Inc.	2.680	05-Dec-2022	31	30	
8	Morguard Corp.	4.085	14-May-2021	8	8	
205	National Bank of Canada	1.742	03-Mar-2020	203	203	
69	National Bank of Canada	1.957	30-Jun-2022	67	67	
64	National Bank of Canada	3.183	01-Feb-2028	64	63	
49	Nissan Canada Financial Services Inc.	2.420	19-Oct-2020	49	48	
26	Nissan Canada Financial Services Inc.	2.606	05-Mar-2021	26	26	
22	Nissan Canada Financial Services Inc.	3.150	14-Sep-2021	22	22	
46	North West Redwater Partnership	2.100	23-Feb-2022	45	45	
84	OMERS Realty Corp.	3.203	24-Jul-2020	86	85	
54	OMERS Realty Corp.	1.823	09-May-2022	52	52	
20	OMERS Realty Corp.	3.358	05-Jun-2023	20	20	
20	OPB Finance Trust	2.900	24-May-2023	20	20	
15	Pembina Pipeline Corp.	4.890	29-Mar-2021	16	16	
31	Pembina Pipeline Corp.	3.770	24-Oct-2022	32	31	
26	Penske Truck Leasing Canada Inc.	2.850	07-Dec-2022	26	26	
54	RioCan Real Estate Investment Trust	2.194	09-Apr-2021	53	53	
23	RioCan Real Estate Investment Trust	3.746	30-May-2022	24	23	
15	RioCan Real Estate Investment Trust	2.830	03-Oct-2022	15	15	
15	RioCan Real Estate Investment Trust	3.725	18-Apr-2023	15	15	
15	RioCan Real Estate Investment Trust	3.209	29-Sep-2023	15	15	
153	Rogers Communications Inc.	5.340	22-Mar-2021	167	161	
31	Rogers Communications Inc.	4.000	06-Jun-2022	33	32	
46	Royal Bank of Canada*	1.590	23-Mar-2020	46	46	
125	Royal Bank of Canada*	1.920	17-Jul-2020	123	124	
100	Royal Bank of Canada*	2.860	04-Mar-2021	100	100	
410	Royal Bank of Canada*	2.030	15-Mar-2021	405	404	
125	Royal Bank of Canada*	1.583	13-Sep-2021	121	121	
293	Royal Bank of Canada*	1.968	02-Mar-2022	287	286	
125	Royal Bank of Canada*	2.000	21-Mar-2022	121	122	
115	Royal Bank of Canada*	2.360	05-Dec-2022	114	113	
110	Royal Bank of Canada*	2.949	01-May-2023	110	110	
75	Royal Bank of Canada*	3.296	26-Sep-2023	75	75	
85	Royal Bank of Canada*	2.333	05-Dec-2023	82	83	
50	Royal Bank of Canada*	2.480	04-Jun-2025	50	50	
115	Royal Bank of Canada*	3.310	20-Jan-2026	116	116	
45	Royal Bank of Canada*	3.450	29-Sep-2026	46	45	
54	Saputo Inc.	2.196	23-Jun-2021	53	53	
40	Scotiabank Capital Trust	7.802	30-Jun-2108	43	41	
46	Shaw Communications Inc.	5.500	07-Dec-2020	50	48	
20	Shaw Communications Inc.	3.150	19-Feb-2021	20	20	
50	Shaw Communications Inc.	3.800	02-Nov-2023	50	50	
20	SmartCentres Real Estate Investment Trust	4.050	27-Jul-2020	21	20	
10	SmartCentres Real Estate Investment Trust	2.876	21-Mar-2022	10	10	
23	SNC-Lavalin Group Inc.	2.689	24-Nov-2020	23	23	
17	SNC-Lavalin Group Inc.	3.235	02-Mar-2023	17	17	
31	Sun Life Capital Trust II	5.863	31-Dec-2108	33	32	
25	Sun Life Financial Inc.	4.570	23-Aug-2021	27	26	

The accompanying notes are an integral part of the financial statements.



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
92	Sun Life Financial Inc.	2.600	25-Sep-2025	\$ 92	\$ 92	
6	Sun Life Financial Inc.	2.750	23-Nov-2027	6	6	
35	Sun Life Financial Inc.	3.050	19-Sep-2028	35	35	
54	Suncor Energy Inc.	3.100	26-Nov-2021	55	54	
46	TD Capital Trust IV	6.631	30-Jun-2108	52	50	
68	TELUS Corp.	5.050	23-Jul-2020	73	70	
30	TELUS Corp.	3.600	26-Jan-2021	30	30	
31	TELUS Corp.	3.200	05-Apr-2021	32	31	
77	TELUS Corp.	2.350	28-Mar-2022	76	75	
25	TELUS Corp.	3.350	15-Mar-2023	25	25	
61	Teranet Holdings LP	4.807	16-Dec-2020	64	63	
37	The Manufacturers Life Insurance Co.	2.100	01-Jun-2025	37	37	
61	The Manufacturers Life Insurance Co.	3.181	22-Nov-2027	62	61	
40	Thomson Reuters Corp.	3.309	12-Nov-2021	40	40	
61	Toronto Hydro Corp.	4.490	12-Nov-2019	64	62	
260	Toronto-Dominion Bank	2.563	24-Jun-2020	262	260	
195	Toronto-Dominion Bank	2.045	08-Mar-2021	192	193	
168	Toronto-Dominion Bank	1.680	08-Jun-2021	164	165	
165	Toronto-Dominion Bank	2.621	22-Dec-2021	166	164	
215	Toronto-Dominion Bank	1.994	23-Mar-2022	210	210	
125	Toronto-Dominion Bank	3.005	30-May-2023	125	126	
150	Toronto-Dominion Bank	1.909	18-Jul-2023	142	144	
125	Toronto-Dominion Bank	2.692	24-Jun-2025	125	125	
50	Toronto-Dominion Bank	2.982	30-Sep-2025	50	50	
107	Toronto-Dominion Bank	3.589	14-Sep-2028	107	107	
130	Toyota Credit Canada Inc.	1.800	19-Feb-2020	129	129	
65	Toyota Credit Canada Inc.	2.020	28-Feb-2022	64	63	
12	Toyota Credit Canada Inc.	2.620	11-Oct-2022	12	12	
25	Toyota Credit Canada Inc.	2.700	25-Jan-2023	25	25	
30	Toyota Credit Canada Inc.	3.040	12-Jul-2023	30	30	
54	TransCanada PipeLines Ltd.	3.650	15-Nov-2021	57	55	
35	TransCanada PipeLines Ltd.	3.690	19-Jul-2023	36	36	
20	Union Gas Ltd.	2.760	02-Jun-2021	20	20	
15	Union Gas Ltd.	3.790	10-Jul-2023	16	16	
20	Ventas Canada Finance Ltd.	2.550	15-Mar-2023	19	19	
46	Veresen Inc.	3.430	10-Nov-2021	47	46	
31	VW Credit Canada Inc.	2.150	24-Jun-2020	31	31	
49	VW Credit Canada Inc.	2.900	29-Mar-2021	49	49	
13	VW Credit Canada Inc.	3.700	14-Nov-2022	13	13	
28	VW Credit Canada Inc.	3.250	29-Mar-2023	28	28	
65	Wells Fargo Canada Corp.	3.040	29-Jan-2021	65	64	
25	Wells Fargo Canada Corp.	3.460	24-Jan-2023	25	25	
54	Westcoast Energy Inc.	5.600	16-Jan-2019	56	54	
31	Westcoast Energy Inc.	4.570	02-Jul-2020	33	32	
20	Westcoast Energy Inc.	3.120	05-Dec-2022	20	20	
				16 274	16 145	30.7
TOTAL CANADIAN BONDS				51 689	51 612	98.0
FOREIGN BONDS						
CORPORATE						
25	Anheuser-Busch InBev Finance Inc. CAD	3.375	25-Jan-2023	26	25	
61	AT&T Inc. CAD	3.825	25-Nov-2020	63	62	
23	Bank of America Corp. CAD	3.228	22-Jun-2022	24	23	
77	Bank of America Corp. CAD	2.604	15-Mar-2023	76	75	
50	Bank of America Corp. CAD	3.301	24-Apr-2024	50	50	
40	BHP Billiton Finance Ltd. CAD	3.230	15-May-2023	40	40	
54	Citigroup Inc. CAD	3.390	18-Nov-2021	55	54	

The accompanying notes are an integral part of the financial statements.



December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
15	Commonwealth Bank of Australia CAD	5.150	09-Apr-2020	\$ 16	\$ 15	
46	JPMorgan Chase & Co. CAD	3.190	05-Mar-2021	47	46	
54	Molson Coors International LP CAD	2.750	18-Sep-2020	54	54	
54	Morgan Stanley CAD	3.125	05-Aug-2021	55	54	
92	The Goldman Sachs Group Inc. CAD	2.433	26-Apr-2023	90	89	
69	Wells Fargo & Co. CAD	2.222	15-Mar-2021	68	68	
69	Wells Fargo & Co. CAD	2.094	25-Apr-2022	67	67	
50	Wells Fargo & Co. CAD	2.509	27-Oct-2023	48	49	
				779	771	1.5
TOTAL FOREIGN BONDS				779	771	1.5
TOTAL INVESTMENTS				\$ 52 468	52 383	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					286	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 52 669	100.0

* Investment in related party (see note 9 in the generic notes).



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 52 383	\$ 45 737
Cash	89	38
Due from investment dealers	85	157
Dividends receivable, interest accrued and other assets	238	188
TOTAL ASSETS	52 795	46 120
LIABILITIES		
Due to investment dealers	25	–
Distributions payable	96	198
Accounts payable and accrued expenses	5	3
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	126	201
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 52 669	\$ 45 919
Investments at cost	\$ 52 468	\$ 45 759
NAV PER UNIT	\$ 19.88	\$ 19.96

Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 1 122	\$ 183
Net realized gain (loss) on investments	(134)	3
Change in unrealized gain (loss) on investments	(63)	(22)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	925	164
Securities lending revenue (see note 8 in the generic notes)	9	1
TOTAL OTHER INCOME (LOSS)	9	1
TOTAL INCOME (LOSS)	934	165
EXPENSES (see notes – ETF Specific Information)		
Management fees	45	8
GST/HST	7	1
TOTAL EXPENSES	52	9
INCREASE (DECREASE) IN NAV	\$ 882	\$ 156
INCREASE (DECREASE) IN NAV PER UNIT	\$ 0.39	\$ 0.11



Statements of Cash Flow *(in \$000s)*

For the periods ended December 31
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 882	\$ 156
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	—	—
Net unrealized foreign exchange (gain) loss on cash	—	—
Net realized loss (gain) on investments	134	(3)
Change in unrealized loss (gain) on investments	63	22
Non-cash distributions from underlying funds	—	—
(Increase) decrease in accrued receivables	(50)	(188)
Increase (decrease) in accrued payables	2	3
Cost of investments purchased*	(30 620)	(34 532)
Proceeds from sale and maturity of investments*	23 874	4 637
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(5 715)	(29 905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	13 842	31 038
Cash paid on redemption of redeemable units*	(6 943)	(1 005)
Distributions paid to holders of redeemable units	(1 133)	(90)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 5 766	\$ 29 943
Net unrealized foreign exchange gain (loss) on cash	—	—
Net increase (decrease) in cash for the period	51	38
Cash (bank overdraft), beginning of period	38	—
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 89	\$ 38
Interest received (paid)	\$ 1 072	\$ (8)
Income received from investment trusts	\$ —	\$ —
Dividends received, net of withholding taxes	\$ —	\$ —

* Excludes in-kind transactions.



Statements of Changes in NAV (in \$000s)

For the periods ended December 31 (see note 2 in the generic notes)	Total	
	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 45 919	\$ —
INCREASE (DECREASE) IN NAV	882	156
Early redemption fees	—	—
Proceeds from redeemable units issued	13 842	47 056
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(6 943)	(1 005)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	6 899	46 051
Distributions from net income	(1 022)	(169)
Distributions from net gains	—	(6)
Distributions from capital	(9)	(113)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 031)	(288)
NET INCREASE (DECREASE) IN NAV	6 750	45 919
NAV AT END OF PERIOD	\$ 52 669	\$ 45 919



December 31, 2018

General information (see note 1 in the generic notes)

The investment objective of the ETF is to replicate, to the extent possible and before fees and expenses, the performance of a broad Canadian bond index with a short-term average maturity. Currently, the ETF seeks to track the FTSE Canada Universe + Maple Short Term Overall Bond Index (or any successor thereto).

The ETF was started August 9, 2017.

**Financial instrument risk and capital management
(see note 5 in the generic notes)**

Credit risk (%)

The table below summarizes the ETF's credit risk exposure grouped by credit ratings as at:

Rating	December 31 2018	December 31 2017
AAA	53.0	53.8
AA	28.0	12.0
A	9.0	24.9
BBB	10.0	9.3
Total	100.0	100.0

Concentration risk (%)

The table below summarizes the ETF's investment exposure (after consideration of derivative products, if any) as at:

Investment mix	December 31 2018	December 31 2017
Canadian Bonds		
Federal	49.3	49.5
Corporate	30.7	31.2
Provincial	17.0	17.2
Municipal	1.0	0.4
Foreign Corporate Bonds	1.5	1.3
Other Net Assets	0.5	0.4
Total	100.0	100.0

Interest rate risk (%)

The table below summarizes the ETF's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	December 31 2018	December 31 2017
Less than 1 year	0.7	0.4
1 – 5 years	95.6	97.4
5 – 10 years	2.7	2.2
> 10 years	1.0	–
Total	100.0	100.0

As at December 31, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the ETF's NAV may have decreased or increased, respectively, by approximately 2.7% (December 31, 2017 – 2.8%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

The following is a summary of the inputs used as of December 31, 2018 and 2017.

December 31, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	52 383	–	52 383
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	52 383	–	52 383
% of total portfolio	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income				
and debt securities	–	45 737	–	45 737
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	45 737	–	45 737
% of total portfolio	–	100.0	–	100.0

For the periods ended December 31, 2018 and 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees (see note 9 in the generic notes)

RBC GAM is paid a management fee per annum of the NAV by the ETF as compensation for its services. The management fee of the ETF is calculated at 0.10% annually, before GST/HST, of the daily NAV of the ETF.



December 31, 2018

**Investments by related parties
(\$000s except unit amounts)**

Royal Bank of Canada, or one of its subsidiaries, held the following investments in the ETF as at:

	December 31 2018	December 31 2017
Units held		
RBC Canadian Short Term Bond Index ETF	1 000 000	1 200 000
Value of all units	19 875	23 958

Taxes (\$000s) (see note 7 in the generic notes)

The non-capital and capital losses as at December 31, 2018 for the ETF were approximately:

Capital losses	117
Non-capital losses	–

**Redeemable units (000s)
(see note 6 in the generic notes)**

The NAV per unit is arrived at by dividing the NAV of the ETF by the total number of units outstanding at the end of each trading day of the ETF.

For the periods ended December 31 (see note 2 in the generic notes)	2018	2017
Opening units	2 300	–
Issued number of units	700	2 350
Reinvested number of units	–	–
Redeemed number of units	(350)	(50)
Ending number of units	2 650	2 300

**Securities lending revenue (\$000s except %)
(see note 8 in the generic notes)**

Fair value of securities on loan and collateral received as at:

	December 31 2018	December 31 2017
Fair value of securities loaned	21 341	11 947
Fair value of collateral received	21 827	12 195

The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the ETF to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	December 31 2018		December 31 2017	
	\$	%	\$	%
Gross revenue	13	100	1	100
RBC IS (paid)	(4)	(25)	–	(25)
Tax withheld	–	–	–	–
ETF revenue	9	75	1	75

Subsequent event

RBC GAM has called and will hold a special meeting of unitholders of the ETF on March 22, 2019. Subject to unitholder and regulatory approvals, the ETF will be merged into the iShares Core Canadian Short Term Bond Index ETF, an ETF managed by BlackRock Asset Management Canada Limited, effective on or about April 5, 2019. The ETF will terminate following completion of the merger.

December 31, 2018

1. The ETFs

The RBC ETFs, the exchange-traded funds (“ETF” or “ETFs”), are open-ended mutual fund trusts governed by the laws of the Province of Ontario and governed by a Master Declaration of Trust. RBC GAM is the manager, trustee and portfolio manager of the ETFs and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on March 11, 2019.

The units of the ETFs are listed either on the Toronto Stock Exchange (the “TSX”) or on the Aequis NEO Exchange (the “NEO Exchange”) as the case may be. The TSX and the NEO Exchange are each referred to herein as the “Exchange.” Investors may purchase or sell units on the applicable Exchange in the same way as other securities listed on the Exchange.

ETF	Exchange Ticker Symbol	Index*
RBC 1-5 Year Laddered Canadian Bond ETF	RLB	Not applicable
RBC 1-5 Year Laddered Corporate Bond ETF	RBO	Not applicable
RBC 6-10 Year Laddered Canadian Corporate Bond ETF	RMBO	Not applicable
RBC Target 2019 Corporate Bond Index ETF	RQG	FTSE Canada 2019 Maturity Corporate Bond Index
RBC Target 2020 Corporate Bond Index ETF	RQH	FTSE Canada 2020 Maturity Corporate Bond Index
RBC Target 2021 Corporate Bond Index ETF	RQI	FTSE Canada 2021 Maturity Corporate Bond Index
RBC Target 2022 Corporate Bond Index ETF	RQJ	FTSE Canada 2022 Maturity Corporate Bond Index
RBC Target 2023 Corporate Bond Index ETF	RQK	FTSE Canada 2023 Maturity Corporate Bond Index
RBC Target 2024 Corporate Bond Index ETF	RQL	FTSE Canada 2024 Maturity Corporate Bond Index
RBC Target 2025 Corporate Bond Index ETF	RQN	FTSE Canada 2025 Maturity Corporate Bond Index
RBC PH&N Short Term Canadian Bond ETF	RPSB	Not applicable
RBC Canadian Short Term Bond Index ETF	RCSB	FTSE Canada Universe + Maple Short Term Overall Bond Index
RBC Canadian Bond Index ETF	RCUB	FTSE Canada Universe + Maple Bond Index
RBC Short Term U.S. Corporate Bond ETF	RUSB RUSB.U	Not applicable
RBC Global Government Bond (CAD Hedged) Index ETF	RGGB	FTSE World Government Bond Index (hedged to CAD)

ETF	Exchange Ticker Symbol	Index*
RBC BlueBay Global Diversified Income (CAD Hedged) ETF	RBDI	Not applicable
RBC Canadian Preferred Share ETF	RPF	Not applicable
RBC Quant Canadian Dividend Leaders ETF	RCD	Not applicable
RBC Quant Canadian Equity Leaders ETF	RCE	Not applicable
RBC Canadian Equity Index ETF	RCAN	FTSE Canada All Cap Domestic Index
RBC Vision Women’s Leadership MSCI Canada Index ETF	RLDR	MSCI Canada IMI Women’s Leadership Select Index
RBC Canadian Bank Yield Index ETF	RBNK	Solactive Canada Bank Yield Index
RBC Quant U.S. Dividend Leaders ETF	RUD RUD.U	Not applicable
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RUDH	Not applicable
RBC Quant U.S. Equity Leaders ETF	RUE RUE.U	Not applicable
RBC Quant U.S. Equity Leaders (CAD Hedged) ETF	RUEH	Not applicable
RBC U.S. Equity Index ETF	RUSA	FTSE USA Index
RBC U.S. Equity (CAD Hedged) Index ETF	RUSH	FTSE USA Hedged 100% to CAD Index
RBC U.S. Banks Yield Index ETF	RUBY RUBY.U	Solactive U.S. Bank Yield Index
RBC U.S. Banks Yield (CAD Hedged) Index ETF	RUBH	Solactive U.S. Bank Yield (CAD Hedged) Index
RBC Quant European Dividend Leaders ETF	RPD RPD.U	Not applicable
RBC Quant European Dividend Leaders (CAD Hedged) ETF	RPDH	Not applicable
RBC Quant EAFE Dividend Leaders ETF	RID RID.U	Not applicable
RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF	RIDH	Not applicable
RBC Quant EAFE Equity Leaders ETF	RIE RIE.U	Not applicable
RBC Quant EAFE Equity Leaders (CAD Hedged) ETF	RIEH	Not applicable
RBC International Equity Index ETF	RINT	FTSE Developed ex North America Index
RBC International Equity (CAD Hedged) Index ETF	RINH	FTSE Developed ex North America Index (hedged to CAD)

December 31, 2018

ETF	Exchange Ticker Symbol	Index*
RBC Quant Emerging Markets Dividend Leaders ETF	RXD RXD.U	Not applicable
RBC Quant Emerging Markets Equity Leaders ETF	RXE RXE.U	Not applicable
RBC Emerging Markets Equity Index ETF	REEM	FTSE Emerging Index
RBC Strategic Global Dividend Leaders ETF	RLD	Not applicable
RBC Strategic Global Equity Leaders ETF	RLE	Not applicable
RBC Quant Global Infrastructure Leaders ETF	RIG RIG.U	Not applicable
RBC Quant Global Real Estate Leaders ETF	RGRE RGRE.U	Not applicable

* These indices have been licensed for use for certain purposes to RBC GAM by FTSE Global Debt Capital Markets Inc., FTSE International Limited, FTSE Fixed Income LLC, Solactive AG and MSCI Inc. (each an "Index Provider" and together, the "Index Providers"), as applicable. The ETFs are not sponsored, endorsed, sold or promoted by the Index Providers. The Index Providers make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the indices they have licensed to RBC GAM and/or the figures at which the indices they have licensed to RBC GAM stand at any particular time on any particular day or otherwise. The indices are compiled, calculated and published by the applicable Index Provider. The Index Providers shall not be liable (whether in negligence or otherwise) to any person for any error in the indices they have licensed to RBC GAM and the Index Providers shall not be under any obligation to advise any person of any error therein. The Index Providers make no representation regarding the advisability of investing in the ETFs.

2. Financial year

The information provided in these financial statements and notes thereto is as at December 31, 2018 and December 31, 2017, as applicable, and for the 12-month periods ended December 31, 2018 and December 31, 2017, as applicable, except for ETFs or classes established during either period, in which case the information for the ETF or class, is provided for the period from the start date as described in the Notes to Financial Statements – ETF Specific Information of the ETF.

3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The significant accounting policies of the ETFs, which are investment entities, are as follows:

Adoption of New Accounting Standards Effective January 1, 2018, the ETFs adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss ("FVTPL") or fair value

through other comprehensive income ("FVOCI") based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment. IFRS 9 also introduces a new expected credit loss impairment model.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the current or comparative period. The ETFs' financial assets previously designated at FVTPL under IAS 39 Financial Instruments are now mandatorily classified and measured at FVTPL. The ETFs' financial assets and liabilities previously classified as FVTPL under the held for trading category continue to be classified as held for trading and measured at FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost. There was no material impact on the adoption of the new impairment model.

In addition, certain comparative figures in the Statements of Comprehensive Income have been revised to meet the disclosure requirements on initial application of IFRS 9. Amounts previously recorded as "Net gain (loss) on foreign currencies and other net assets," "Other derivatives" and "Net gain (loss) from futures contracts" are now recorded as "Derivative income." And certain amounts previously recorded as "Other income (loss)" are now recorded as "Income from investment trusts."

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the ETFs classify their investment portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets and liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the ETFs' debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the ETFs' business model objectives. Consequently, all investments are measured at FVTPL. Derivative assets and liabilities are also measured at FVTPL.

The ETFs' obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Offsetting Financial Assets and Liabilities In the normal course of business, the ETFs may enter into various International Swaps and Derivatives Association master netting agreements or other similar arrangements with certain counterparties that allow for related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. Offsetting information, where applicable, is presented in the Notes to Financial Statements – ETF Specific Information.

Classification of Redeemable Units The ETFs' redeemable units, which are puttable instruments, are held by different types of unitholders that are entitled to different redemption rights. Consequently, the ETFs' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Unconsolidated Structured Entities The ETFs may invest in other Funds and ETFs managed by the manager or an affiliate of the manager ("sponsored funds") and may invest in other funds and ETFs managed by unaffiliated entities ("unsponsored funds"); collectively, "underlying funds." The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the ETF. The investments in underlying funds are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds' objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives.

The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective underlying funds' NAV.

The ETFs do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the ETFs are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the ETFs meet the following criteria:

- (i) The ETFs obtain capital from one or more investors for the purpose of providing those investors with investment management services,
- (ii) The ETFs commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both, and
- (iii) The ETFs measure and evaluate the performance of substantially all of their investments on a fair value basis.

Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the ETFs' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

Certain ETFs may invest in mortgage-related or other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are securitized by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans while asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans. The ETFs account for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date.

Determination of Fair Value The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the ETFs' financial instruments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

December 31, 2018

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Investments and derivatives are recorded at fair value, which is determined as follows:

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Fixed-Income and Debt Securities – Bonds and mortgage-backed securities are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Any unrealized gain or loss at the close of business on each valuation date is recorded as "Change in unrealized gain (loss) on investments" and realized gain or loss on foreign exchange contracts is included in "Derivative income" in the Statements of Comprehensive Income.

Fair Valuation of Investments – The ETFs have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

Management also has procedures where the ETFs primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book

values and other relevant information for the investment to determine its fair value. The ETFs may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee ("VC") of the manager and are approved by the manager. The VC provides oversight of the ETFs' valuation policies and procedures.

Cash Cash is comprised of cash and deposits with banks and is recorded at amortized cost. The carrying amount of cash approximates its fair value because it is short term in nature.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in "Net gain (loss) on foreign cash balances" in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in "Derivative income" in the Statements of Comprehensive Income.

Functional Currency The ETFs have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the ETFs.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the ETFs are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed-income and debt securities with the exception of zero coupon bonds.

December 31, 2018

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. “Income from investment trusts” includes income from ETFs and income trusts.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit Increase (decrease) in net assets attributable to holders of redeemable units per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the average units outstanding during the period.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

AUD – Australian dollar	JPY – Japanese yen
CAD – Canadian dollar	MXN – Mexican peso
CHF – Swiss franc	NOK – Norwegian krone
DKK – Danish krone	PLN – Polish zloty
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	USD – United States dollar
ILS – Israeli new shekel	ZAR – South African rand

4. Critical accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying the ETFs’ accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair value measurement of securities not quoted in an active market

The ETFs have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the ETFs’ assets and liabilities are believed to be appropriate as at the reporting date.

The ETFs may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial instrument risk and capital management

RBC GAM is responsible for managing each ETF’s capital, which is its NAV and consists primarily of its financial instruments.

An ETF’s investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on an ETF’s performance by employing professional, experienced portfolio managers, daily monitoring of the ETF’s holdings and market events and diversifying its investment portfolio within the constraints of its investment objectives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each ETF’s investment activities and monitors compliance with the ETF’s investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to an ETF, is disclosed in its Notes to Financial Statements – ETF Specific Information. These risks include an ETF’s direct risks and pro rata exposure to the risks of underlying funds, as applicable.

Liquidity risk

Liquidity risk is the possibility that investments in an ETF cannot be readily converted into cash when required. An ETF is exposed to liquidity risk to the extent that it is subject to daily redemptions of redeemable units. Since the delivery of redemptions is in the form of securities, an ETF is not exposed to any significant liquidity risk. Liquidity risk is managed by investing the majority of an ETF’s assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulation, an ETF must maintain at least 90% of its assets in liquid investments. In addition, an ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its NAV. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

Any securities deemed to be illiquid are identified in the Schedules of Investment Portfolio.

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in an ETF’s Statements of Financial Position. The ETFs measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. All other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher. Management

December 31, 2018

considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the ETFs. The fair value of fixed-income securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure is mitigated for those ETFs participating in a securities lending program (see note 8). RBC GAM monitors each ETF's credit exposure and counterparty ratings daily. Rating data is provided by the Licensors Parties.

Concentration risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of an ETF's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Securities with a stated maturity date beyond the target maturity year of the ETF have an effective maturity date in the target year of the ETF, as determined with the rules based on methodology developed by the Licensors Parties.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market

prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Redeemable units

The beneficial interest in the ETFs is divided into equal interests of one class referred to as outstanding units. Each ETF is authorized to issue an unlimited number of redeemable and transferable units, each of which represents an equal, undivided interest in the net asset value of the ETF. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the ETF, in the net assets of the ETF.

On any trading day, an underwriter or designated broker may place a subscription or redemption order for an integral multiple of the prescribed number of units of an ETF. If the order is accepted, the ETF will issue or redeem units to or from the underwriter or designated broker within two trading days thereafter. For each prescribed number of units issued or redeemed, the underwriter or designated broker must deliver or receive payment consisting of:

- a) a basket of applicable securities for each prescribed number of units; and
- b) cash in an amount sufficient so that the value of the basket of the applicable securities and cash delivered is equal to the net asset value of the prescribed number of units plus the distribution price adjustment, if applicable, of the ETF.

A trading day is each day on which the TSX is open for trading.

A unitholder is entitled on any trading day to redeem units for cash at a redemption price of 95% of net asset value per unit of the ETF's units at the next valuation following receipt of the cash redemption request. To be effective on a particular trading day, a cash redemption request must be received by such time as RBC GAM may, from time to time, determine on that trading day. If a cash redemption request is received later than the prescribed time on a trading day or a day which is not a trading day, the cash redemption request shall be deemed to be received as of the next trading day.

The net asset value per unit is arrived at by dividing the net asset value of the ETF by the total number of units outstanding at the end of each trading day of the ETF. The capital of the ETFs is managed in accordance with the investment objective as outlined in the Prospectus.

7. Taxes

The ETFs qualify as “mutual fund trusts” or “unit trusts” as defined in the *Income Tax Act* (Canada). In general, the ETFs are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the ETFs do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the ETFs are redeemed. It is the intention of the ETFs to pay out all net income and realized capital gains each year so that the ETFs will not be subject to income taxes.

Accordingly, no provision for income taxes is recorded.

Net investment income and capital gains are distributable to the unitholders in amounts determined under the provisions of the Declaration of Trust on a monthly or quarterly basis. All distributions, other than management fee distributions, shall be credited to the unitholder pro rata in accordance with the number of units held by them on record date of the distribution. Reinvested distributions will be automatically reinvested in additional units of the applicable class of the RBC ETF at a price equal to the net asset value per unit of the applicable class of the RBC ETF. The units of that class will be immediately consolidated such that the number of outstanding units of the applicable class following the distribution will equal the number of units of the applicable class outstanding prior to the distribution. Management fee distributions shall be credited to the unitholder entitled thereto.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

8. Securities lending revenue

Certain of the ETFs lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of the ETF. Each ETF will have entered into a securities lending agreement with its custodian, RBC Investor Services Trust (“RBC IS”). The aggregate market value of all securities loaned by an ETF cannot exceed 50% of the assets of an ETF. The ETF receives collateral, with an approved credit rating of at least A, of at least 102% of the value of the

securities on loan. The ETF is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

9. Administrative and other related-party transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”). RBC GAM is the manager, trustee and portfolio manager of the ETFs. RBC GAM is responsible for the ETFs’ day-to-day operations, holds title to the ETFs’ property on behalf of its unitholders, provides investment advice and portfolio management services to the ETFs and appoints underwriters or designated brokers for the ETFs. RBC GAM is paid a management fee by the ETFs as compensation for its services. The management fee is calculated and accrued on a daily basis and is based on a percentage of the NAV of the ETFs. The fee plus applicable taxes are accrued daily and paid monthly in arrears.

RBC GAM in turn pays certain operating expenses of the ETFs. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the cost of preparing and distributing annual and interim reports, prospectuses and investor communications. The ETFs also pay certain operating expenses directly, including the costs related to the Independent Review Committee of the ETFs and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, “other fund costs”), and taxes (including, but not limited to, GST/HST).

Certain ETFs may invest in units of other Funds managed by RBC GAM or its affiliates (“underlying funds”). To the extent an ETF invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the ETF. However, an ETF may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same service. The ETF’s ownership interest in underlying funds is disclosed in the Notes to Financial Statements – ETF Specific Information. The fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the ETF.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions

December 31, 2018

with, the ETFs, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between ETFs denominated in different currencies. The ETFs also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the ETFs in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC Short Term U.S. Corporate Bond ETF. BlueBay Asset Management LLP is the sub-advisor for the RBC BlueBay Global Diversified Income (CAD Hedged) ETF.

The sub-advisors earn a fee which is calculated and accrued on a daily basis and is based on a percentage of the NAV of the ETFs. The sub-advisors are paid by the manager from the management fee paid by the ETFs.

Custodian and Valuation Agent

RBC IS is the custodian and valuation agent for the ETFs. RBC IS is responsible for certain aspects of day-to-day administration including holding the assets and the daily calculation of the net asset value of the ETFs. RBC IS earns a variable fee based on the value of assets under custody and a fixed fee for other valuation and administrative services.

Designated Broker and Authorized Dealer

RBC Dominion Securities Inc. is a designated broker and/or an authorized dealer for the ETFs. As such, RBC Dominion Securities Inc. may subscribe or redeem units of the ETFs.

Brokers and Dealers

The ETFs have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

Securities Lending Agent

To the extent an ETF may engage in securities lending transactions, RBC IS may act as the ETF's securities lending agent. Any revenue earned on such securities lending is split between the ETF and the securities lending agent.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the ETFs relied on the standing instructions from the Independent Review Committee with respect to the following related-party transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public; and
- (c) purchases of debt securities from or sales of debt securities to a related-party dealer, where it acted as principal.

The applicable standing instructions require that Related-Party Trading Activities be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the ETFs, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the ETFs.

10. Revision of comparative information

Where applicable, certain comparative figures on the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in NAV and ETF Specific Information have been revised to reflect series specific information for the following ETFs:

RBC Short Term U.S. Corporate Bond ETF, RBC Quant U.S. Dividend Leaders ETF, RBC Quant U.S. Equity Leaders ETF, RBC Quant European Dividend Leaders ETF, RBC Quant EAFE Dividend Leaders ETF, RBC Quant EAFE Equity Leaders ETF, RBC Quant Emerging Markets Dividend Leaders ETF, RBC Quant Emerging Markets Equity Leaders ETF, RBC Quant Global Infrastructure Leaders ETF and RBC Quant Global Real Estate Leaders ETF.