

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.

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## 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 EMERGING MARKETS EQUITY INDEX ETF**

December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>INTERNATIONAL EQUITIES</b>				
<b>Communication Services</b>				
500	58.com Inc. ADR	\$ 48	\$ 37	
5 500	Advanced Info Service PCL, Subscription Receipts	40	40	
50 000	Alibaba Pictures Group Ltd.	10	12	
130 200	America Movil S.A.B. de C.V.	141	126	
13 000	Astro Malaysia Holdings Berhad	6	6	
300	Autohome Inc. ADR	33	32	
23 415	Axiata Group Berhad	34	30	
1 300	Baidu.com Inc. ADR	406	282	
12 000	China Communications Services Corp. Ltd.	8	14	
800	China Literature Ltd.	11	5	
25 600	China Mobile (Hong Kong) Ltd.	324	337	
70 000	China Telecom Corp. Ltd.	44	49	
176 000	China Tower Corp. Ltd.	38	45	
30 000	China Unicom Hong Kong Ltd.	51	44	
17 000	Chunghwa Telecom Co. Ltd.	78	85	
19 400	DiGi.Com Berhad	26	29	
8 802	Emirates Telecommunications Group Co. PJSC	50	56	
656	Empresa Nacional de Telecomunicaciones S.A.	10	7	
7 000	Far EasTone Telecommunications Co. Ltd.	22	24	
11 059	Global Telecom Holding SAE	6	3	
120	Globe Telecom Inc.	6	6	
11 400	Grupo TeleVisa S.A. USD	64	39	
1 124	Hellenic Telecommunications Organization S.A.	18	17	
8 700	Intouch Holdings PCL NVDR	19	17	
600	iQIYI Inc. ADR	20	12	
1 312	Magyar Tavkozlesi Rt	3	3	
14 700	Maxis Berhad	25	26	
1 800	Megacable Holdings S.A.B. de C.V.	10	11	
5 216	Mobile Telesystems PJSC	30	24	
400	Momo Inc. ADR	20	13	
8 992	MTN Group Ltd.	96	76	
2 035	Naspers Ltd.	563	559	
300	Netease.com ADR	115	96	
186	O2 Czech Republic A.S.	3	3	
394	Ooredoo Q.S.C.	12	11	
650	PLDT Inc.	24	19	
30 100	PT Media Nusantara Citra Tbk	4	2	
25 200	PT Surya Citra Media Tbk	5	4	
235 400	PT Telekomunikasi Indonesia Persero Tbk	95	84	
7 700	PT Tower Bersama Infrastructure Tbk	5	3	
13 300	PT XL Axiata Tbk	5	3	
4 163	Rostelecom PJSC	6	6	
300	SINA Corp.	37	22	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Communication Services (cont.)</b>				
664	Sistema PJSC FC GDR	\$ 4	\$ 2	
300	Smiles Fidelidade S.A.	9	5	
7 000	Taiwan Mobile Co. Ltd.	32	33	
4 401	Telecom Egypt Co.	4	4	
2 200	Telefonica Brasil S.A. Preference	43	36	
5 100	Telekom Malaysia Berhad	10	4	
5 800	Telesites S.A.B. de C.V.	6	5	
1 426	Telkom SA Ltd.	8	9	
27 100	Tencent Holdings Ltd.	1 487	1 484	
3 400	TIM Participacoes S.A.	19	14	
3 200	Total Access Communication PCL NVDR	7	6	
42 700	True Corp PCL NVDR	10	9	
2 721	Turk Telekomunikasyon A.S.	5	3	
5 079	Turkcell Iletisim Hizmetleri A.S.	23	16	
3 080	Vodacom Group (Pty) Ltd.	44	39	
1 659	Vodafone Qatar QSC	4	5	
300	Weibo Corp. ADR	36	24	
200	YY Inc. ADR	24	16	
		<b>4 346</b>	<b>4 033</b>	<b>14.6</b>

<b>Consumer Discretionary</b>				
5 553	Abu Dhabi National Oil Co for Distribution PJSC	5	5	
5 700	Alibaba Group Holding Ltd. ADR	1 316	1 067	
1 100	Alpargatas S.A. Preference	5	7	
2 400	Alsea S.A.B. de C.V.	10	9	
6 000	ANTA Sports Products Ltd.	32	39	
880	Arcelik AS	6	4	
800	B2W Cia Digital	7	12	
6 500	BAIC Motor Corp Ltd.	7	5	
9 000	Bloomberry Resorts Corp.	2	2	
12 000	Brilliance China Automotive	41	12	
3 000	BYD Co. Ltd.	29	26	
8 000	Cheng Shin Rubber Industry Co. Ltd.	17	15	
13 000	China Dongxiang Group Co. Ltd.	3	3	
5 000	China Motor Corp.	5	5	
3 800	Chongqing Changan Automobile Co. Ltd.	6	2	
1 900	Ctrip.com International Ltd. ADR	111	70	
1 283	Curro Holdings Ltd.	4	3	
12 000	Dongfeng Motor Group Co. Ltd.	19	15	
16 252	DXB Entertainments PJSC	4	1	
1 000	Eclat Textile Co. Ltd.	12	15	
900	El Puerto de Liverpool S.A.B. de C.V.	10	8	
1 500	Estacio Participacoes S.A.	16	13	
308	Famous Brands Ltd.	3	3	
2 000	Feng TAY Enterprise Co. Ltd.	13	16	
147	FF Group	4	1	
275	Ford Otomotiv Sanayi A.S.	5	4	
5 000	Formosa Taffeta Co. Ltd.	6	8	
2 400	Fuyao Glass Industry Group Co. Ltd.	11	10	
24 000	Geely Automobile Holdings Ltd.	75	58	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Discretionary (cont.)</b>				
10 000	Genting Berhad	\$ 29	\$ 20	
11 500	Genting Malaysia Berhad	19	11	
1 000	Giant Manufacturing Co. Ltd.	7	6	
55 000	GOME Electrical Appliances Holdings Ltd.	8	6	
14 500	Great Wall Motor Co. Ltd.	22	11	
1 003	Greek Organization of Football Prognostics S.A.	14	12	
1 200	Grendene S.A.	5	3	
14 000	Guangzhou Automobile Group Co. Ltd.	27	19	
100	Guararapes Confecoos S.A.	4	6	
5 000	Haier Electronics Group Co. Ltd.	15	17	
84 000	HengTen Networks Group Ltd.	4	3	
23 500	Home Product Center PCL NVDR	10	15	
500	Huazhu Group Ltd. ADR	41	20	
3 900	JD.com Inc. ADR	200	111	
1 900	Jiangling Motors Corp. Ltd.	3	3	
1 850	Jollibee Foods Corp.	11	14	
445	JUMBO S.A.	9	9	
7 900	Kroton Educacional S.A.	39	25	
800	Lao Feng Xiang Co. Ltd.	4	4	
6 500	Li Ning Co. Ltd.	7	10	
1 100	Lojas Americanas S.A.	5	6	
3 900	Lojas Americanas S.A. Preference	25	27	
3 600	Lojas Renner S.A.	47	54	
300	Magazine Luiza S.A.	11	19	
2 000	Meituan Dianping, Class S	22	15	
15 200	Minor International PCL NVDR	22	22	
670	Motus Holdings Ltd.	8	6	
1 308	Mr. Price Group Ltd.	25	31	
2 100	Nemak S.A.B. de C.V.	2	2	
700	New Oriental Education & Technology Group Inc. ADR	73	52	
4 615	Pepkor Holdings Ltd.	9	9	
1 500	Petrobras Distribuidora S.A.	12	14	
400	Pinduoduo Inc. ADR	10	12	
11 000	Pou Chen Corp.	17	16	
100 800	PT Astra International Tbk	74	79	
10 500	PT Matahari Department Store Tbk	10	6	
3 255	SACI Falabella	39	33	
600	Shanghai Jinjiang International Hotels Development Co. Ltd.	2	2	
3 000	Shenzhou International Group Holdings Ltd.	34	46	
1 508	Super Group Ltd.	6	5	
1 600	TAL Education Group ADR	67	58	
939	The Foschini Group Ltd.	13	15	
526	Tofas Turk Otomobil Fabrikasi A.S.	6	2	
1 809	Truworths International Ltd.	14	15	
2 222	Tsogo Sun Holdings Ltd.	4	5	
2 100	Via Varejo S.A.	5	3	
1 800	Vipshop Holdings Ltd. ADR	34	13	
1 500	Weifu High-Technology Group Co. Ltd.	4	4	
4 074	Woolworths Holdings Ltd.	23	21	
500	Wuxi Little Swan Co. Ltd.	4	3	
2 000	Xinhua Winshare Publishing and Media Co. Ltd.	2	2	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Discretionary (cont.)</b>				
4 000	Yulon Motor Co. Ltd.	\$ 4	\$ 3	
3 000	Zhongsheng Group Holdings Ltd.	8	8	
		2 903	2 371	<b>8.6</b>
<b>Consumer Staples</b>				
1 123	Almacenes Exito S.A.	8	6	
21 400	Ambev S.A.	171	116	
1 009	Anadolu Efes Biracilik Ve Malt Sanayii A.S.	7	5	
700	Anhui Gujing Distillery Co. Ltd.	4	5	
1 800	Arca Continental S.A.B. de C.V.	16	14	
1 500	Atacadao Distribuicao Comercio e Industria Ltda	9	10	
1 414	AVI Ltd.	13	14	
1 900	Becle S.A.B. de C.V.	4	3	
6 000	Berli Jucker PCL NVDR	12	13	
1 701	Bid Corp Ltd.	47	43	
1 184	BIM Biresik Magazalar A.S.	29	26	
2 300	BRF S.A.	28	18	
500	British American Tobacco (Malaysia) Berhad	6	6	
5 680	Cencosud S.A.	22	14	
15 400	Charoen Pokphand Foods PCL	15	16	
8 000	China Agri-Industries Holdings Ltd.	4	4	
8 000	China Resources Enterprise	33	38	
700	Cia Brasileira de Distribuicao Preference	19	20	
614	Cia Cervecerias Unidas S.A.	12	11	
1 040	Clicks Group Ltd.	15	19	
2 300	Coca-Cola Femsa S.A.B. de C.V.	22	19	
337	Coca-Cola Icecek A.S.	4	3	
4 000	Cofco International Ltd.	2	2	
26 000	CP ALL PCL	66	75	
10 500	Dali Foods Group Co. Ltd.	9	11	
1 476	Dis-Chem Pharmacies Ltd.	4	4	
4 410	Eastern Tobacco	9	5	
787	Embotelladora Andina S.A.	5	4	
10 200	FGV Holdings Berhad	6	2	
10 000	Fomento Economico Mexicano S.A. Series B	117	117	
880	Gruma S.A.B. de C.V.	16	14	
1 000	Grupo Comercial Chedraui S.A. de C.V.	3	3	
12 500	Grupo Industrial Bimbo S.A., Series A	37	34	
2 300	Grupo Lala S.A.B. de C.V.	5	3	
1 000	Health and Happiness H&H International Holdings Ltd.	8	8	
3 500	Hengan International Group Co. Ltd.	38	35	
800	Industrias Bachoco S.A.B. de C.V.	5	4	
17 000	IOI Corporation Berhad	23	25	
4 200	JBS S.A.	16	17	
3 700	Kimberly-Clark de Mexico S.A.	9	8	
2 100	Kuala Lumpur Kepong Berhad	15	17	
400	M Dias Branco S.A.	9	6	
1 364	Magnit PJSC GDR	67	24	
481	Massmart Holdings Ltd.	5	5	
900	Natura Cosmeticos S.A.	12	14	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Staples (cont.)</b>				
300	Nestlé (Malaysia) Berhad	\$ 13	\$ 15	
478	Oceana Group Ltd.	4	3	
1 500	Organizacion Soriana S.A.B. de C.V.	5	3	
2 027	Pick n Pay Stores Ltd.	13	13	
585	Pioneer Foods Group Ltd.	6	5	
2 880	PPB Group Berhad	12	17	
3 000	President Chain Store Corp.	39	41	
1 400	PT Astra Agro Lestari Tbk	2	2	
39 000	PT Charoen Pokphand Indonesia Tbk	15	27	
2 000	PT Gudang Garam Tbk	13	16	
36 800	PT Hanjaya Mandala Sampoerna Tbk	13	13	
8 300	PT Indofood CBP Sukses Makmur Tbk	7	8	
18 500	PT Indofood Sukses Makmur Tbk	15	13	
6 100	PT Unilever Indonesia Tbk	27	26	
1 000	Raia Drogasil S.A.	32	20	
800	Sao Martinho S.A.	6	5	
1 800	Shanghai Bailian Group Co. Ltd.	3	2	
2 282	Shoprite Holdings Ltd.	44	41	
18 700	Sime Darby Plantation Berhad	8	29	
11 700	Thai Union Group PCL NVDR	9	8	
1 061	The SPAR Group Ltd.	18	21	
687	Tiger Brands Ltd.	24	18	
636	Tongaat Hulett Ltd.	7	3	
2 000	Tsingtao Brewery Co. Ltd.	10	11	
784	Ulker Biskuvi Sanayi A.S.	5	3	
21 000	Uni-President Enterprises Corp.	59	65	
3 860	Universal Robina Corp.	14	13	
25 600	Wal-Mart de Mexico S.A.B. de C.V.	76	89	
1 300	Yantai Changyu Pioneer Wine Co. Ltd.	4	3	
		<b>1 489</b>	<b>1 393</b>	<b>5.0</b>
<b>Energy</b>				
18 406	Banpu Public Company Ltd.	12	11	
94	Bashneft PJSC Preference	3	3	
20 000	Bukit Asam Tbk PT	4	8	
6 400	Bumi Armada Berhad	1	—	
8 000	China Coal Energy Co.	5	4	
8 000	China Oilfield Services Ltd.	8	9	
126 200	China Petroleum & Chemical Corp.	124	123	
17 000	China Shenhua Energy Co. Ltd. 'H'	51	51	
77 700	CNOOC Ltd.	128	164	
800	Cosan SA Industria e Comercio	13	9	
15 739	Dana Gas PJSC	4	6	
20 600	Dialog Group Berhad	23	21	
24 826	Ecopetrol S.A.	17	28	
2 490	Empresas COPEC S.A.	50	41	
6 976	Energy Absolute PCL NVDR	10	12	
1 399	Exxaro Resources Ltd.	17	18	
6 000	Formosa Petrochemical Corp.	29	29	
49 944	Gazprom PAO	136	150	
84	Gulf International Services Q.S.C.	1	1	
373	Hellenic Petroleum S.A.	4	4	
5 500	Inner Mongolia Yitai Coal Co. Ltd.	10	9	
34 766	IRPC PCL NVDR	8	8	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Energy (cont.)</b>				
12 000	Kunlun Energy Co. Ltd.	\$ 14	\$ 17	
2 345	Lukoil PJSC	172	230	
1 900	MOL Hungarian Oil & Gas Plc.	28	28	
345	Motor Oil Hellas Corinth Refineries S.A.	10	11	
5 089	Novatek PJSC	82	113	
3 000	Oil & Gas Development Co. Ltd.	5	4	
2 645	Pakistan Petroleum Ltd.	6	4	
103 200	Petrochina Co.	86	88	
33 800	Petroleo Brasileiro S.A.	259	284	
23 700	Petron Corp.	5	5	
1 200	Petronas Dagangan Berhad	8	11	
58 500	PT Adaro Energy Tbk	10	7	
6 400	PT United Tractors Tbk	18	17	
7 122	PTT Exploration & Production PCL	27	34	
70 340	PTT PCL	116	136	
1 369	Qatar Gas Transport Co. Ltd.	8	9	
5 922	Rosneft Oil Co PJSC	42	50	
25 700	Sapura Energy Berhad	12	2	
53 113	Sapura Energy Berhad, Rights	—	—	
7 200	Semirara Mining & Power Corp.	8	4	
14 000	Sinopec Yizheng Chemical Fibre Co. Ltd.	3	1	
30 413	Surgutneftegas OJSC	19	16	
40 464	Surgutneftegas OJSC Preference	27	31	
7 109	Tatneft PJSC	73	103	
732	Tatneft PJSC Preference	5	7	
4 326	Thai Oil PCL	15	12	
7	Transneft PJSC Preference	27	23	
673	Tupras Türkiye Petrol Rafine	25	20	
2 200	Ultrapar Participacoes S.A.	61	41	
8 000	Yanzhou Coal Mining Co. Ltd.	10	9	
		<b>1 839</b>	<b>2 026</b>	<b>7.3</b>
<b>Financials</b>				
3 578	Absa Group Ltd.	48	55	
10 232	Abu Dhabi Commercial Bank PJSC	26	31	
153 000	Agricultural Bank of China Ltd.	89	92	
9 595	Akbank Turk A.S.	28	17	
4 637	Al Waha Capital PJSC	3	3	
5 200	Alliance Financial Group Berhad	7	7	
5 849	Alpha Bank AE	14	10	
8 900	AMMB Holdings Berhad	12	13	
1 290	Ayala Corp.	29	30	
9 800	B3 SA – Brasil Bolsa Balcao	91	93	
4 390	Banco Bradesco S.A.	60	52	
15 770	Banco Bradesco S.A. Preference	210	215	
1 000	Banco BTG Pactual S.A.	8	8	
146 620	Banco de Chile	30	29	
180	Banco de Credito e Inversiones	16	16	
3 200	Banco del Bajio S.A.	8	8	
5 200	Banco do Brasil S.A.	80	85	
1 100	Banco do Estado do Rio Grande do Sul S.A. Preference	6	9	
1 700	Banco Santander Brasil S.A.	24	26	
322 645	Banco Santander Chile	33	33	
7 160	Banco Santander Mexico S.A.	18	12	
1 168	Bancolombia S.A.	16	15	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
2 347	Bancolombia S.A. Preference	\$ 33	\$ 31	
2 000	Bangkok Bank PCL (Foreign)	14	17	
2 200	Bangkok Life Assurance PCL NVDR	4	2	
372 000	Bank of China Ltd.	230	219	
40 000	Bank of Communications Co. Ltd.	37	43	
8 242	Bank of Philippine Islands	20	20	
2 900	BB Seguridade Participacoes S.A.	35	28	
10 180	BDO Unibank Inc.	32	35	
1 573	Brait SE	8	4	
10 700	Capital Securities Corp.	5	4	
280	Capitec Bank Holdings Ltd.	24	30	
39 000	Cathay Financial Holding Co. Ltd.	84	81	
4 000	Central China Securities Co. Ltd.	2	1	
5 000	Chailease Holding Co. Ltd.	23	22	
26 000	Chang Hwa Commercial Bank Ltd.	18	20	
40 000	China Cinda Asset Management Co. Ltd.	18	13	
43 000	China Citic Bank	35	36	
424 700	China Construction Bank Corp.	453	479	
60 000	China Development Financial Holding Corp.	25	26	
9 000	China Everbright Bank Co. Ltd.	5	5	
4 000	China Everbright Ltd.	11	10	
17 500	China Galaxy Securities Co. Ltd.	19	11	
45 000	China Huarong Asset Management Co. Ltd.	26	11	
5 600	China International Capital Corp Ltd.	14	14	
47 600	China Life Insurance Co. Ltd.	143	120	
18 500	China Merchants Bank Co. Ltd.	85	93	
4 600	China Merchants Securities Co. Ltd.	9	8	
27 300	China Minsheng Banking Corp., Ltd.	28	26	
13 000	China Pacific Insurance Group Co. Ltd.	68	57	
28 000	China Reinsurance Group Corp.	8	8	
6 200	China Taiping Insurance Holdings Co. Ltd.	21	23	
90 000	Chinatrust Financial Holding Co.	76	81	
14 000	Chongqing Rural Commercial Bank Co. Ltd.	11	10	
10 000	CITIC Securities Co. Ltd.	26	24	
33 137	Commerce Asset Holdings Berhad	64	63	
5 547	Commercial International Bank Egypt SAE	30	31	
1 463	Coronation Fund Managers Ltd.	9	6	
548	Corp Financiera Colombiana S.A.	6	4	
330	Credicorp Ltd.	88	100	
4 500	CSC Financial Co. Ltd.	5	3	
1 512	Discovery Ltd.	20	23	
765	Doha Bank QSC	9	6	
8 360	Dubai Financial Market PJSC	3	2	
6 935	Dubai Islamic Bank PJSC	13	13	
44 573	E.Sun Financial Holding Co. Ltd.	34	40	
3 273	Egyptian Financial Group-Hermes Holding Co.	4	4	
8 895	Eurobank Ergasias S.A.	10	7	
2 600	Everbright Securities Co. Ltd.	4	3	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
10 000	Far East Horizon Ltd.	\$ 11	\$ 14	
14 081	Far Eastern International Bank	6	6	
13 604	First Abu Dhabi Bank PJSC	51	71	
41 410	First Financial Holding Co. Ltd.	34	37	
15 744	FirstRand Ltd.	84	98	
37 000	Fubon Financial Holding Co. Ltd.	78	77	
7 000	GF Securities Co. Ltd.	18	13	
16 965	Grupo Aval Acciones y Valores S.A. Preference	10	7	
1 071	Grupo de Inversiones Suramericana S.A.	19	14	
420	Grupo de Inversiones Suramericana S.A. Preference	7	5	
355	Grupo Elektra S.A. de C.V.	20	23	
13 300	Grupo Financiero Banorte S.A.B. de C.V.	104	88	
9 600	Grupo Financiero Inbursa S.A.B. de C.V.	21	19	
435	GT Capital Holdings Inc.	12	11	
4 200	Guotai Junan Securities Co. Ltd.	12	12	
3 200	Habib Bank Ltd.	6	4	
3 941	Haci Omer Sabanci Holding A.S.	14	8	
14 400	Haitong Securities Co. Ltd.	29	19	
2 700	Hong Leong Bank Berhad	13	18	
1 100	Hong Leong Financial Group Berhad	5	7	
36 575	Hua Nan Financial Holdings Co. Ltd.	25	28	
8 000	Huatai Securities Co. Ltd.	21	17	
371 300	Industrial & Commercial Bank of China	342	362	
1 176	Investec Ltd.	11	9	
700	IRB Brasil Resseguros S.A.	15	21	
697 201	Itau CorpBanca	8	9	
22 100	Itau Unibanco Holding S.A. Preference	291	276	
21 661	Itausa – Investimentos Itau S.A. Preference	98	92	
398	JSE Ltd.	6	6	
11 400	Kasikornbank PCL	93	89	
334	Komercni Banka A.S.	18	17	
32 700	Krung Thai Bank PCL NVDR	24	26	
565	Liberty Holdings Ltd.	5	6	
28 986	Malayan Banking Berhad	84	91	
1 935	Masraf Al Rayan	28	30	
48 000	Mega Financial Holding Co. Ltd.	49	55	
54 800	Metro Pacific Investments Corp.	9	7	
7 396	Metropolitan Bank & Trust Co.	15	16	
5 011	MMI Holdings Ltd.	9	8	
3 019	Moneta Money Bank A.S.	14	13	
6 017	Moscow Exchange MICEX-RTS PJSC	16	10	
2 286	National Bank of Greece S.A.	10	4	
1 892	Nedcor Limited	41	49	
3 700	New China Life Insurance Co. Ltd.	26	20	
24 481	Old Mutual Ltd.	64	52	
3 200	Orient Securities Co Ltd.	4	3	
1 146	OTP Bank Rt.	57	63	
35 000	PICC Property & Casualty Co. Ltd.	52	49	

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





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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
23 500	Ping An Insurance Group Company of China Ltd.	\$ 245	\$ 283	
1 195	Piraeus Bank S.A.	6	2	
500	Porto Seguro S.A.	8	9	
25 000	Postal Savings Bank of China Co. Ltd.	18	18	
897	PSG Group Ltd.	19	21	
47 600	PT Bank Central Asia Tbk	93	118	
12 800	PT Bank Danamon Indonesia Tbk	7	9	
92 800	PT Bank Mandiri Persero Tbk	58	65	
38 800	PT Bank Negara Indonesia Persero Tbk	28	32	
262 500	PT Bank Rakyat Indonesia Tbk	79	91	
15 200	Public Bank Berhad	97	124	
191	Qatar International Islamic Bank Q.S.C.	4	5	
603	Qatar Islamic Bank SAQ	25	34	
2 180	Qatar National Bank SAQ	117	159	
3 327	Rand Merchant Investment Holdings Ltd.	12	12	
1 000	Regional S.A.B. de C.V.	7	6	
2 352	Remgro Ltd.	46	43	
5 500	RHB Bank Berhad	8	10	
2 829	RMB Holdings Ltd.	17	21	
8 741	Sanlam Ltd.	58	66	
208	Santam Ltd.	5	6	
48 776	Sberbank of Russia	202	178	
44 475	Shin Kong Financial Holding Co. Ltd.	19	18	
44 880	SinoPac Financial Holdings Co. Ltd.	18	21	
6 312	Standard Bank Group Ltd.	96	107	
1 100	Sul America S.A.	9	11	
42 817	Taishin Financial Holdings Co. Ltd.	24	25	
23 520	Taiwan Business Bank	9	11	
39 140	Taiwan Cooperative Financial Holding Co. Ltd.	27	31	
834	The Commercial Bank of Qatar QSC	8	12	
35 000	The People's Insurance Co. Group of China Ltd.	19	19	
12 000	The Siam Commercial Bank PCL	68	67	
86 600	TMB Bank PCL NVDR	8	8	
11 344	Türkiye Garanti Bankası A.S.	33	23	
2 872	Türkiye Halk Bankası A.S.	9	5	
6 548	Türkiye İş Bankası	13	8	
4 889	Türkiye Vakıflar Bankası T.A.O.	9	5	
21 330 000	VTB Bank PJSC	28	14	
6 569	Yapi ve Kredi Bankası A.S.	5	3	
49 000	Yuanta Financial Holding Co. Ltd.	27	34	
800	ZhongAn Online P&C Insurance Co. Ltd.	5	3	
		<b>6 387</b>	<b>6 492</b>	<b>23.4</b>
<b>Health Care</b>				
4 000	3SBio Inc.	8	7	
16 000	Alibaba Health Information Technology Ltd.	12	18	
1 598	Aspen Pharmacare Holdings Ltd.	46	20	
44 200	Bangkok Dusit Medical Services PCL	37	46	
200	BeiGene Ltd. ADR	39	38	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Health Care (cont.)</b>				
1 500	Bumrungrad Hospital PCL	\$ 12	\$ 12	
5 000	China Medical System Holdings Ltd.	11	6	
700	China National Accord Medicines Corp. Ltd.	4	3	
8 000	China Resources Pharmaceutical Group Ltd.	12	14	
10 000	China Traditional Chinese Medicine Holdings Co. Ltd.	7	8	
22 000	CSPC Pharmaceutical Group Ltd.	46	43	
1 000	Fleury S.A.	11	7	
4 000	Genscript Biotech Corp.	18	7	
2 000	Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd.	10	10	
600	Hapvida Participacoes e Investimentos S.A.	6	7	
6 600	Hartalega Holdings Berhad	14	13	
1 700	Hypermarcas S.A.	24	18	
14 800	IHH Healthcare Berhad	26	26	
5 850	Life Healthcare Group Holdings Ltd.	14	15	
650	Livzon Pharmaceutical Group Inc.	5	3	
8 000	Luye Pharma Group Ltd.	5	8	
6 199	Netcare Ltd.	14	16	
800	Notre Dame Intermedica Participacoes S.A.	8	8	
1 000	OBI Pharma Inc.	6	7	
1 300	Odontoprev S.A.	8	6	
94 000	PT Kalbe Farma Tbk	15	14	
1 200	Qualicorp S.A.	14	5	
768	Richter Gedeon Nyrt.	24	20	
8 000	Shandong Weigao Group Medical Polymer Co. Ltd.	7	9	
2 000	Shanghai Fosun Pharmaceutical Group Co. Ltd.	10	8	
5 400	Shanghai Haixin Group Co.	3	3	
3 900	Shanghai Pharmaceuticals Holding Co. Ltd.	12	11	
22 000	Sihuan Pharmaceutical Holdings Group Ltd.	10	5	
33 500	Sino Biopharmaceutical Ltd.	29	30	
4 400	Sinopharm Group Co.	25	25	
2 000	Wuxi Biologics Cayman Inc.	21	17	
		<b>573</b>	<b>513</b>	<b>1.9</b>
<b>Industrials</b>				
100	51job Inc. ADR	10	9	
3 064	Aeroflot – Russian Airlines OJSC	10	6	
11 765	Air Arabia PJSC	5	4	
8 000	Air China Ltd.	9	10	
7 300	AirAsia Berhad	7	7	
20 300	Airports of Thailand PCL	43	55	
1 500	ALEATICA S.A.B. de C.V.	3	3	
16 300	Alfa S.A.	27	26	
16 400	Alliance Global Group Inc.	6	5	
2 000	Anhui Expressway Co. Ltd.	2	2	
3 758	Arabtec Holding PJSC	3	3	
705	Aselsan Elektronik Sanayi Ve Ticaret A.S.	8	4	

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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
10 000	AviChina Industry & Technology Co. Ltd.	\$ 7	\$ 9	
1 100	Azul S.A. Preference	12	14	
37 500	Bangkok Expressway & Metro PCL NVDR	11	15	
892	Barloworld Ltd.	10	10	
8 000	Beijing Capital International Airport Co. Ltd.	17	12	
1 749	Bidvest Group Ltd.	28	34	
32 200	BTS Group Holdings PCL	10	13	
3 000	CAR Inc.	3	3	
4 700	CCR S.A.	26	19	
12 000	China Airlines	6	6	
19 000	China Communications Construction Co. Ltd.	30	25	
7 000	China Conch Venture Holdings Ltd.	16	28	
11 500	China COSCO Holdings Co. Ltd.	9	6	
6 000	China Eastern Airlines Corp Ltd.	4	5	
15 074	China Everbright International Ltd.	21	18	
3 200	China International Marine Containers Group Co. Ltd.	6	4	
5 000	China Machinery Engineering Corp.	4	3	
6 395	China Merchants Port Holdings Co. Ltd.	21	16	
8 000	China Railway Construction Corp Ltd.	12	15	
16 000	China Railway Group Ltd.	16	20	
14 000	China Shipping Container Lines Co. Ltd.	4	2	
2 000	China Shipping Development Co. Ltd.	1	1	
8 000	China Southern Airlines Co. Ltd. 'H'	8	7	
6 000	China State Construction International Holdings Ltd.	10	7	
25 000	Citic Pacific Ltd.	47	54	
26 000	CITIC Resources Holdings Ltd.	4	3	
8 183	COSCO SHIPPING Ports Ltd.	11	11	
4 137	Country Garden Services Holdings Co. Ltd.	—	9	
17 000	CRRG Corp. Ltd.	18	23	
2 000	CSSC Offshore and Marine Engineering Group Co. Ltd.	5	2	
14 000	Dalian Port PDA Co. Ltd.	3	2	
4 000	Dazhong Transportation Group Co. Ltd.	4	2	
23 200	DMCI Holdings Inc.	9	8	
2 800	Dongfang Electric Corp Ltd.	3	2	
692	DP World Ltd.	21	16	
7 592	Dubai Investments PJSC	7	4	
3 560	ElSewedy Electric Co.	4	5	
3 100	Embraer S.A.	26	24	
1 652	ENKA Insaat ve Sanayi A.S.	3	2	
10 500	Eva Airways Corp.	6	7	
575	Eva Airways Corp., Rights	—	—	
9 988	Evergreen Marine Corp.	6	5	
17 000	Far Eastern Textile Co. Ltd.	18	21	
4 500	Foshan Electrical and Lighting Co. Ltd.	3	3	
9 500	Fosun International	22	19	
32 500	Fullshare Holdings Ltd.	16	10	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
10 600	Gamuda Berhad	\$ 17	\$ 8	
2 500	GMexico Transportes S.A.B. de C.V.	5	4	
2 000	Grupo Aeroportuario del Centro Norte S.A.B. de C.V.	13	13	
1 500	Grupo Aeroportuario del Pacifico S.A.B. de C.V.	19	17	
860	Grupo Aeroportuario del Sureste S.A.B. de C.V.	21	18	
2 000	Grupo Carso S.A.	10	10	
8 000	Guangshen Railway	6	4	
3 000	Haitian International Holdings Ltd.	11	8	
2 500	HAP Seng Consolidated Berhad	7	8	
14 800	IJM Corp. Berhad	14	8	
670	Imperial Logistics Ltd.	13	4	
913	Industries Qatar Q.S.C.	36	46	
5 130	International Container Terminal Services Inc.	13	13	
6 000	Jiangsu Expressway Co. Ltd.	11	11	
5 500	Jinzhou Port Co. Ltd.	3	3	
12 379	KAP Industrial Holdings Ltd.	9	10	
3 600	KOC Holding A.S.	21	13	
1 307	Latam Airlines Group S.A.	24	18	
2 100	Localiza Rent a Car S.A.	20	22	
11 300	LT Group Inc.	5	5	
3 700	Malaysia Airports Holdings Berhad	10	10	
14 000	Metallurgical Corp of China Ltd.	6	5	
6 000	MISC Berhad	13	13	
4 900	MMC Corp. Berhad	3	1	
518	Mytilineos Holdings S.A.	8	6	
1 030	Promotora y Operadora de Infraestructura S.A.B. de C.V.	13	13	
13 500	PT Jasa Marga Persero Tbk	7	5	
297	Qatar Navigation QSC	7	7	
5 000	Qingdao Port International Co. Ltd.	5	5	
636	Reunert Ltd.	4	4	
4 800	Rumo S.A.	24	29	
12 000	Shanghai Electric Group Co. Ltd.	7	5	
2 000	Shanghai Industrial Holdings Limited	7	6	
2 500	Shanghai Jinjiang International Industrial Investment Co. Ltd.	3	3	
1 200	Shanghai Mechanical and Electrical Industry Co. Ltd.	3	3	
1 700	Shanghai Waigaoqiao Free Trade Zone Group Co. Ltd.	3	3	
7 200	Shanghai Zhenhua Heavy Industries Co. Ltd.	4	3	
4 000	Shenzhen Expressway Co. Ltd.	5	6	
4 244	Shenzhen International Holdings Ltd.	10	11	
6 000	Sichuan Expressway Co. Ltd.	3	3	
15 800	Sime Darby Berhad	42	13	
4 500	Sinopec Engineering Group Co. Ltd.	5	5	
8 000	Sinotrans Ltd.	5	5	
3 000	Sinotruk Hong Kong Ltd.	5	6	
2 430	SM Investments Corp.	50	58	
8 000	Taiwan Glass Industry Corp.	6	5	

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



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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
10 000	Taiwan High Speed Rail Corp.	\$ 10	\$ 14	
1 000	Taiwan Secom Co. Ltd.	4	4	
764	TAV Havalimanlari Holding A.S.	4	5	
9 000	Teco Electric and Machinery Co. Ltd.	10	7	
806	Tekfen Holding A.S.	4	4	
6 100	Thai Airways International PCL NVDR	4	3	
6 000	Tianjin Capital Environmental Protection Group Co. Ltd.	4	3	
2 297	Turk Hava Yollari	8	10	
3 119	Turkiye Sise ve Cam Fabrikalari A.S.	4	5	
2 000	U-Ming Marine Transport Corp.	3	3	
15 000	Walsin Lihwa Corp.	10	11	
4 000	Wan Hai Lines Ltd.	3	3	
3 000	WEG S.A.	21	19	
8 000	Weichai Power Co. Ltd.	11	12	
4 100	Westports Holdings Berhad	5	5	
3 600	Xinjiang Goldwind Science & Technology Co. Ltd.	6	4	
10 100	Yangzijiang Shipbuilding Holdings Ltd.	13	13	
6 000	Zhejiang Expressway Co.	9	7	
2 100	Zhuzhou CRRC Times Electric Co. Ltd.	15	16	
6 800	Zoomlion Heavy Industry Science and Technology Co. Ltd.	4	3	
1 700	ZTO Express Cayman Inc. ADR	39	37	
		1 388	1 322	<b>4.8</b>

**Information Technology**

18 000	Acer Inc.	18	16	
2 000	Advantech Co. Ltd.	18	19	
15 000	ASE Technology Holding Co. Ltd.	49	39	
3 000	Asustek Computer Inc.	33	27	
36 000	AU Optronics Corp.	20	20	
6 200	BOE Technology Group Co. Ltd.	5	2	
3 500	BYD Electronic International Co. Ltd.	12	6	
4 000	Catcher Technology Co. Ltd.	53	40	
3 015	Chicony Electronics Co. Ltd.	9	8	
7 700	China Railway Signal & Communication Corp Ltd.	7	7	
4 800	Cielo S.A.	45	15	
17 000	Compal Electronics	14	13	
11 000	Delta Electronics Inc.	65	63	
2 200	Delta Electronics Thailand PCL NVDR	7	6	
5 000	Epistar Corp.	10	6	
5 000	Foxconn Technology Co. Ltd.	17	13	
62 000	GCL-Poly Energy Holdings Ltd.	11	5	
200	GDS Holdings Ltd., Class A ADR	9	6	
1 000	Globalwafers Co. Ltd.	21	12	
3 000	High Tech Computer Corp.	8	5	
56 600	Hon Hai Precision Industry Co. Ltd.	249	178	
35 000	InnoLux Display Corp.	19	15	
13 000	Inventec Corp.	12	13	
3 000	Kingboard Holdings Ltd.	21	11	
4 500	Kingboard Laminates Holdings Ltd.	10	5	
4 000	Kingsoft Corp Ltd.	13	8	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Information Technology (cont.)</b>				
1 000	Largan Precision Co. Ltd.	\$ 142	\$ 143	
1 900	Legend Holdings Corp.	7	7	
32 000	Lenovo Group Limited	22	30	
10 000	Lite-On Technology Corp.	16	18	
7 000	MediaTek Inc.	82	71	
9 500	Meitu Inc.	15	4	
3 000	Nanya Technology Corp.	9	7	
3 000	Novatek Microelectronics Corp.	17	19	
9 000	Pegatron Corp.	27	21	
11 000	Quanta Computer Inc.	28	26	
2 000	Realtek Semiconductor Corp.	9	13	
1 100	Shanghai Baosight Software Co. Ltd.	2	3	
3 300	Sunny Optical Technology Group Co. Ltd.	59	40	
6 000	Synnex Technology International Corp.	10	10	
114 000	Taiwan Semiconductor Manufacturing Co. Ltd.	1 153	1 142	
1 000	TPK Holding Co. Ltd.	3	2	
1 000	Transcend Information Inc.	3	3	
4 000	Travelsky Technology Ltd.	13	14	
6 000	Unimicron Technology Corp.	5	6	
51 000	United Microelectronics Corporation Ltd.	30	25	
4 000	Vanguard International Semiconductor Corp.	10	11	
2 000	Walsin Technology Corp.	20	14	
13 381	Wistron Corp.	13	11	
10 400	Xiaomi Corp.	29	23	
2 000	Yageo Corporation	43	28	
3 800	ZTE Corp.	14	10	
		2 536	2 259	<b>8.2</b>

**Materials**

442	AECI Ltd.	4	4	
411	African Rainbow Minerals Ltd.	5	6	
1 400	Alpek S.A.B. de C.V.	2	2	
13 061	Alrosa PAO	24	25	
16 000	Aluminum Corp of China Ltd.	16	7	
6 000	Angang Steel Co. Ltd.	7	6	
273	Anglo American Platinum Corp.	9	14	
2 106	AngloGold Ashanti Ltd.	27	36	
11 000	Asia Cement Corp.	13	17	
142	Assore Ltd.	4	4	
11 000	BBMG Corp.	7	5	
6 700	Bengang Steel Plates Co. Ltd.	3	2	
1 100	Bradespar S.A. Preference	14	12	
900	Braskem S.A. Preference	16	15	
927	Buenaventura S.A. ADR	15	21	
863	CEMEX Latam Holdings S.A.	4	1	
76 700	Cemex S.A.	76	50	
8 000	China BlueChemical Ltd.	3	3	
18 000	China Molybdenum Co. Ltd.	13	9	
16 250	China National Building Material Co. Ltd.	14	15	
10 000	China Resources Cement Holdings Ltd.	9	12	
53 000	China Steel Corp.	53	57	
6 800	China Zhongwang Holdings Ltd.	4	4	

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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials (cont.)</b>				
3 700	Cia Siderurgica Nacional S.A.	\$ 14	\$ 12	
6 000	Conch Cement Co. Ltd.	35	40	
5 980	CSG Holding Co. Ltd.	4	3	
4 759	Empresas CMPC S.A.	21	21	
6 098	Eregli Demir ve Celik Fabrikalari T.A.S.	17	11	
5 350	Eternal Materials Co. Ltd.	7	6	
6 000	Fauji Fertilizer Co. Ltd.	5	5	
2 000	Feng Hsin Steel Co. Ltd.	5	5	
1 000	Fibria Celulose S.A.	21	24	
15 000	Formosa Chemicals & Fibre Corp.	66	70	
24 000	Formosa Plastics Corp.	100	108	
5 400	Gerdau S.A. Preference	30	28	
3 415	Gold Fields Limited	18	16	
18 200	Grupo Mexico S.A.B. de C.V.	66	51	
1 708	Harmony Gold Mining Co. Ltd.	4	4	
3 227	Impala Platinum Holdings Ltd.	10	11	
7 500	Indorama Ventures PCL	12	17	
610	Industrias Penoles S.A.	20	10	
5 000	Jiangxi Copper Co. Ltd.	10	8	
3 300	Klabir S.A.	22	18	
236	Koza Altin Isletmeleri AS	2	3	
238	Kumba Iron Ore Ltd.	5	6	
6 000	Lee & Man Paper Manufacturing Ltd.	10	7	
8 000	Maanshan Iron & Steel Co. Ltd.	5	5	
10 028	Magnitogorsk Iron & Steel Works PJSC	10	8	
4 400	Mexichem S.A.B. de C.V.	14	15	
231	MMC Norilsk Nickel PJSC	53	59	
481	Mondi Ltd.	16	14	
2 963	Nampak Ltd.	6	4	
28 000	Nan Ya Plastic Corporation	91	94	
7 000	Nine Dragons Paper Holdings Ltd.	17	9	
1 602	Northam Platinum Ltd.	7	7	
3 649	Novolipetsk Steel PJSC	11	11	
447	Omnia Holdings Ltd.	6	4	
4 000	Oriental Union Chemical Corp.	5	5	
3 299	Petkim Petrokimya Holding A.S.	6	4	
13 000	Petronas Chemicals Group Berhad	29	40	
416	PhosAgro OAO GDR	8	7	
206	Polyus PJSC GDR	11	11	
10 400	Press Metal Aluminium Holdings Berhad	17	17	
11 800	PT Indah Kiat Pulp & Paper Corp. Tbk	19	13	
6 300	PT Indocement Tungal Prakarsa Tbk	11	11	
11 800	PT International Nickel Indonesia Tbk	3	4	
14 200	PT Semen Indonesia Persero Tbk	13	16	
10 600	PTT Global Chemical PCL	32	32	
2 369	Sappi Ltd.	19	18	
2 611	Sasol Ltd.	100	105	
866	Severstal PJSC	17	16	
4 200	Shandong Chenming Paper Holdings Ltd.	6	4	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials (cont.)</b>				
3 100	Shanghai Chlor-Alkali Chemical Co. Ltd.	\$ 3	\$ 3	
800	Shanghai Huayi Group Corp. Ltd.	1	1	
400	Siam City Cement PCL NVDR	4	3	
8 388	Sibanye Gold Ltd.	14	8	
12 000	Sinofert Holdings Ltd.	3	2	
14 000	Sinopec Shanghai Petrochemical Co.	10	8	
500	Sociedad Quimica y Minera de Chile S.A. Preference	35	27	
2 019	Soda Sanayii A.S.	3	4	
2 000	Suzano Papel e Celulose S.A.	16	27	
21 500	Taiwan Cement Corp.	32	34	
673	Taiwan Cement Corp., Rights	—	—	
4 000	Taiwan Fertilizer Co. Ltd.	7	8	
4 200	The Siam Cement PCL	77	77	
277	Titan Cement Co. S.A.	8	8	
2 170	Uralkali PJSC	5	4	
1 300	Usinas Siderurgicas de Minas Gerais S.A. Preference	6	4	
16 500	Vale S.A.	285	297	
3 500	Zhaojin Mining Industry Company Ltd.	4	5	
28 000	Zijin Mining Group Co. Ltd.	13	15	
		<b>1 904</b>	<b>1 879</b>	<b>6.8</b>

<b>Real Estate</b>				
6 000	Agile Group Holdings Ltd.	11	10	
19 046	Aldar Properties PJSC	15	11	
3 613	Attacq Ltd.	7	5	
35 700	Ayala Land Inc.	38	38	
946	Barwa Real Estate Co.	12	14	
8 000	Beijing North Star Co. Ltd.	3	3	
3 300	BR Malls Participacoes S.A.	16	15	
12 700	Central Pattana PCL, Subscription Receipts	35	40	
10 000	China Evergrande Group	42	41	
18 000	China Overseas Land & Investment Ltd.	79	84	
14 000	China Resources Land Ltd.	60	74	
10 000	China South City Holdings Ltd.	3	2	
5 600	China Vanke Co. Ltd.	25	26	
14 000	CIFI Holdings Group Co. Ltd.	18	10	
900	Concentradora Fibra Danhos S.A. de C.V. Real Estate Investment Trust	2	1	
37 000	Country Garden Holdings Co. Ltd.	80	62	
8 606	DAMAC Properties Dubai Co. PJSC	10	5	
3 598	Emaar Development PJSC	7	6	
10 318	Emaar Malls Group PJSC	8	7	
18 502	Emaar Properties PJSC	46	28	
9 688	Emlak Konut Gayrimenkul Yatirim Ortakligi A.S. Real Estate Investment Trust	8	4	
68	Ezdan Holding Group Q.S.C.	—	—	
12 900	Fibra Uno Administracion S.A. de C.V. Real Estate Investment Trust	27	20	
8 332	Fortress REIT Ltd. Real Estate Investment Trust	21	13	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Real Estate (cont.)</b>				
24 000	Franshion Properties China Ltd.	\$ 16	\$ 15	
8 000	Future Land Development Holdings Ltd.	8	7	
3 000	Greentown China Holdings Ltd.	5	3	
15 073	Growthpoint Properties Ltd. Real Estate Investment Trust	35	33	
26 000	Guangzhou Investment Co. Ltd.	7	7	
4 800	Guangzhou R&F Properties Co. Ltd.	14	10	
4 000	Hopson Development Holdings Ltd.	5	5	
1 173	Hyprop Investments Ltd. Real Estate Investment Trust	13	9	
10 100	IOI Properties Group Berhad	6	5	
4 000	Jiayuan International Group Ltd.	10	10	
1 500	KLCCP Stapled Group	4	4	
6 000	KWVG Group Holdings Ltd.	8	7	
31 400	Land & Houses PCL NVDR	13	13	
6 000	Landing International Development Ltd.	16	3	
4 000	Logan Property Holdings Co. Ltd.	6	7	
6 500	Longfor Group Holdings Ltd.	21	27	
351	MAS Real Estate Inc.	1	1	
76 300	Megaworld Corp.	9	9	
1 200	Multiplan Empreendimentos Imobiliarios S.A.	11	10	
1 445	NEPI Rockcastle Plc.	25	16	
2 913	Parque Arauco S.A.	12	9	
11 000	Poly Property Group Co. Ltd.	7	5	
29 600	PT Bumi Serpong Damai Tbk	5	4	
435	Red Star Macalline Group Corp. Ltd.	1	1	
22 288	Redefine Properties Ltd. Real Estate Investment Trust	22	20	
1 090	Resilient Ltd. Real Estate Investment Trust	13	6	
1 800	Shanghai Jinqiao Export Processing Zone Development Co. Ltd.	3	3	
4 500	Shanghai Lujiazui Finance & Trade Zone Development Co. Ltd.	9	8	
6 700	Shanghai Shibei Hi-Tech Co. Ltd.	3	4	
14 000	Shenzhen Investment Ltd.	8	6	
5 000	Shimao Property Holdings Ltd.	13	18	
15 800	Sime Darby Property Berhad	–	5	
13 500	Sino-Ocean Group Holding Ltd.	11	8	
41 600	SM Prime Holdings	35	39	
9 000	Soho China Ltd.	6	4	
10 000	Sunac China Holdings Ltd.	51	44	
4 842	Talaat Moustafa Group	3	4	
8 700	UEM Sunrise Berhad	3	2	
5 521	Union Properties PJSC	2	1	
875	United Development Co QSC	5	5	
3 669	Vukile Property Fund Ltd. Real Estate Investment Trust	8	7	
3 300	Yanlord Land Group Ltd	5	4	
		<b>1 031</b>	<b>927</b>	<b>3.3</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Underlying Funds</b>				
945	Global X MSCI Pakistan Fund	\$ 17	\$ 10	
74 946	iShares MSCI India Fund	3 173	3 406	
		<b>3 190</b>	<b>3 416</b>	<b>12.3</b>
<b>Utilities</b>				
7 500	Aboitiz Power Corp.	7	7	
13 534	AES Gener S.A.	6	5	
13 587	Aguas Andinas S.A.	12	10	
12 000	Beijing Datang Power Generation Co. 'H' Ltd.	5	4	
2 500	Beijing Enterprises Holdings Ltd.	17	18	
18 000	Beijing Enterprises Water Group Ltd.	18	13	
12 000	Beijing Jingneng Clean Energy Co. Ltd.	4	4	
1 600	Centrais Eletricas Brasileiras S.A.	13	14	
1 200	Centrais Eletricas Brasileiras S.A. Preference	12	12	
838	CEZ A.S.	22	27	
46 000	CGN Power Co. Ltd.	16	15	
8 200	China Gas Holdings Ltd.	29	40	
14 000	China Longyuan Power Group Corp.	13	13	
18 000	China Power International Development Ltd.	7	6	
4 000	China Resources Gas Group Ltd.	19	22	
8 000	China Resources Power Holdings Co. Ltd.	18	21	
200	Cia de Gas de Sao Paulo – COMGAS Preference	4	4	
1 400	Cia de Saneamento Basico do Estado de Sao Paulo	19	16	
200	Cia de Transmissao de Energia Electrica Paulista	5	5	
5 000	Cia Energetica de Minas Gerais Preference	17	24	
35 196	Colbun S.A.	11	10	
500	Companhia Paranaense de Energia	5	5	
1 500	EDP – Energias do Brasil S.A.	8	8	
1 296	Electricity Generating PCL NVDR	11	13	
945	Energisa S.A.	12	12	
143 370	Enersis Americas S.A.	40	35	
129 490	Enersis Chile S.A.	18	17	
875	Engie Brasil Energia S.A.	10	10	
2 628	Engie Energia Chile S.A.	7	7	
3 700	ENN Energy Holdings Ltd.	33	45	
700	Equatorial Energia S.A.	19	18	
1 460 000	Federal Grid Co Unified Energy System PJSC	5	4	
2 000	Glow Energy PCL	6	7	
6 000	Guangdong Electric Power Development Co. Ltd.	3	3	
16 000	Guangdong Investments Ltd.	31	42	
1 500	Gulf Energy Development PCL	4	5	
7 700	Huadian Energy Co. Ltd.	3	3	
10 000	Huadian Fuxin Energy Corp Ltd.	3	3	
20 000	Huaneng Power International Inc. 'H'	16	17	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Utilities (cont.)</b>				
22 000	Huaneng Renewables Corp Ltd.	\$ 9	\$ 8	
3 000	Infraestructura Energetica Nova S.A.B. de C.V.	18	15	
201 000	Inter RAO UES PJSC	16	15	
1 954	Interconexion Electrica S.A. E.S.P.	12	11	
1 240	Manila Electric Co.	10	12	
42 500	Mosenergo PJSC	3	2	
44 900	Perusahaan Gas Negara PT	7	9	
4 100	Petronas Gas Berhad	23	26	
279	Qatar Electricity & Water Co. Q.S.C.	19	19	
3 800	Ratchaburi Electricity Generating Holding Public Co. Ltd. (Foreign)	8	8	
157 700	ROSSETI PJSC	3	2	
496 500	RusHydro PJSC	9	5	
10 000	Shandong International Power Development Co. Ltd.	5	6	
19 600	Tenaga Nasional Berhad	84	86	
900	Transmissora Alianca de Energia Eletrica S.A.	7	7	
53 700	Unipro PJSC	3	3	
21 892	YTL Corp. Berhad	9	7	
13 398	YTL Power International Berhad	5	4	
		758	789	2.8
<b>TOTAL INTERNATIONAL EQUITIES</b>		28 344	27 420	99.0
<b>Less: Transaction costs</b>		(29)	—	—
<b>TOTAL INVESTMENTS</b>		<u>\$ 28 315</u>	27 420	99.0
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			266	1.0
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>\$</u>	<u>27 686</u>	<u>100.0</u>



## Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
<b>ASSETS</b>		
Investments at fair value	\$ 27 420	\$ 26 884
Cash	300	225
Due from investment dealers	125	1 761
Futures contract margin receivable	8	–
Dividends receivable, interest accrued and other assets	30	14
<b>TOTAL ASSETS</b>	<b>27 883</b>	<b>28 884</b>
<b>LIABILITIES</b>		
Distributions payable	191	1 873
Accounts payable and accrued expenses	6	7
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>197</b>	<b>1 880</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 27 686</b>	<b>\$ 27 004</b>
Investments at cost	\$ 28 315	\$ 25 347
<b>NAV PER UNIT</b>	<b>\$ 18.46</b>	<b>\$ 20.00</b>

## 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
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 794	\$ 224
Income from investment trusts	55	–
Derivative income	(3)	–
Net realized gain (loss) on investments	167	207
Change in unrealized gain (loss) on investments	(2 432)	1 537
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(1 419)</b>	<b>1 968</b>
Other income (loss)	14	–
Securities lending revenue (see note 8 in the generic notes)	9	3
Net gain (loss) on foreign cash balances	(68)	(33)
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>(45)</b>	<b>(30)</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(1 464)</b>	<b>1 938</b>
<b>EXPENSES (see notes – ETF Specific Information)</b>		
Management fees	68	20
GST/HST	10	4
Transaction costs	23	31
Withholding tax	90	31
Expenses reimbursed by manager	(18)	–
<b>TOTAL EXPENSES</b>	<b>173</b>	<b>86</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (1 637)</b>	<b>\$ 1 852</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>	<b>\$ (1.17)</b>	<b>\$ 1.41</b>



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

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ (1 637)	\$ 1 852
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	—	—
Net unrealized foreign exchange (gain) loss on cash	1	3
Net realized loss (gain) on investments	(167)	(207)
Change in unrealized loss (gain) on investments	2 432	(1 537)
Non-cash distributions from underlying funds	—	—
(Increase) decrease in accrued receivables	(16)	(14)
Increase (decrease) in accrued payables	(1)	7
Increase (decrease) in margin accounts	(8)	—
Cost of investments purchased*	(15 793)	(31 048)
Proceeds from sale and maturity of investments*	14 628	4 147
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(561)</b>	<b>(26 797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	9 808	27 025
Cash paid on redemption of redeemable units*	(6 836)	—
Distributions paid to holders of redeemable units	(2 335)	—
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 637</b>	<b>\$ 27 025</b>
Net unrealized foreign exchange gain (loss) on cash	(1)	(3)
Net increase (decrease) in cash for the period	76	228
Cash (bank overdraft), beginning of period	225	—
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 300</b>	<b>\$ 225</b>
Interest received (paid)	\$ —	\$ 1
Income received from investment trusts	\$ 55	\$ —
Dividends received, net of withholding taxes	\$ 688	\$ 176

\* 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
<b>NAV AT BEGINNING OF PERIOD</b>	<b>\$ 27 004</b>	<b>\$ —</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>(1 637)</b>	<b>1 852</b>
Early redemption fees	—	—
Proceeds from redeemable units issued	9 808	27 025
Reinvestments of distributions to holders of redeemable units	253	—
Redemption of redeemable units	(6 836)	—
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>3 225</b>	<b>27 025</b>
Distributions from net income	(631)	(158)
Distributions from net gains	(253)	(72)
Distributions from capital	(22)	(1 643)
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(906)</b>	<b>(1 873)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>682</b>	<b>27 004</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 27 686</b>	<b>\$ 27 004</b>



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 emerging markets equity index. Currently, the ETF seeks to track the FTSE Emerging 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)**

**Concentration risk (%)**

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

	December 31 2018	December 31 2017
Investment mix		
International Equities		
Financials	23.4	18.6
Communication Services	14.6	4.4
Consumer Discretionary	8.6	7.0
Information Technology	8.2	10.1
Energy	7.3	5.8
Materials	6.8	4.3
Consumer Staples	5.0	4.1
Industrials	4.8	4.2
Real Estate	3.3	3.6
Utilities	2.8	2.2
Health Care	1.9	1.4
Underlying Funds	12.3	33.9
Other Net Assets	1.0	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Currency risk (% of NAV)**

The table below summarizes the ETF's net exposure (after hedging, if any) to currency risk as at:

	December 31 2018	December 31 2017
Currency		
Hong Kong dollar	24.7	28.1
United States dollar	24.6	46.2
New Taiwan dollar	12.8	—
Brazilian real	9.1	—
South African rand	7.6	9.7
Thailand baht	3.6	3.8
Mexican peso	3.4	4.0
Malaysian ringgit	3.3	3.3
Indonesian rupiah	2.6	2.6
Philippine peso	1.4	1.7
Chilean peso	1.3	1.6
Qatari rial	1.3	—
UAE dirham	0.9	0.9
Turkish new lira	0.8	1.4

Please see the generic notes at the back of the financial statements.

	December 31 2018	December 31 2017
Currency		
Colombian peso	0.4	0.6
Hungarian forint	0.4	0.4
Euro	0.3	0.4
Czech koruna	0.2	0.2
Egyptian pound	0.2	—
Singapore dollar	0.1	0.1
Pakistani rupee	0.1	—
Polish zloty	—	1.8
<b>Total</b>	<b>99.1</b>	<b>106.8</b>

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the ETF's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

**Other price risk (% impact on NAV)**

The table below shows the impact of a 1% change in the broad-based index (noted below) on the ETF's NAV, using a 15-month historical correlation of data of the ETF's return and the index, with all other factors kept constant, as at:

	December 31 2018
MSCI Emerging Markets Total Return	
Net Index (CAD)	+ or - 0.9

Due to the fact that the ETF was in existence for less than six months prior to December 31, 2017, no comparative disclosure is provided because there is insufficient data, and any resulting calculation of the impact on the NAV of the ETF using historical correlation between the ETF's return and a broad-based index could be materially misleading.

Since historical correlation may not be representative of future correlation, 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
<b>Equities</b>	<b>22 853</b>	<b>1 151</b>	<b>—</b>	<b>24 004</b>
<b>Underlying funds</b>	<b>3 416</b>	<b>—</b>	<b>—</b>	<b>3 416</b>
<b>Fixed-income</b>				
and debt securities	—	—	—	—
<b>Short-term investments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Derivatives – assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Derivatives – liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total financial instruments</b>	<b>26 269</b>	<b>1 151</b>	<b>—</b>	<b>27 420</b>
<b>% of total portfolio</b>	<b>95.8</b>	<b>4.2</b>	<b>—</b>	<b>100.0</b>



December 31, 2018

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	16 647	1 078	—	17 725
Underlying funds	9 159	—	—	9 159
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
<b>Total financial instruments</b>	<b>25 806</b>	<b>1 078</b>	<b>—</b>	<b>26 884</b>
<b>% of total portfolio</b>	<b>96.0</b>	<b>4.0</b>	<b>—</b>	<b>100.0</b>

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 0.25% annually, before GST/HST, of the daily NAV of the ETF.

### 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
<b>Units held</b>		
RBC Emerging Markets Equity Index ETF	1 000 000	1 200 000
<b>Value of all units</b>	<b>18 457</b>	<b>24 004</b>

### Unconsolidated structured entities (%) (see note 3 in the generic notes)

The table below summarizes the ETF's interest in the unsponsored funds as a percentage of NAV, and the ETF's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	December 31 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
Global X MSCI Pakistan Fund	—	—	0.1	—
iShares MSCI Brazil Fund	—	—	8.3	—
iShares MSCI India Fund	12.3	0.1	11.6	—
iShares MSCI Qatar Fund	—	—	0.7	0.3
iShares MSCI Taiwan Fund	—	—	13.0	0.1
VanEck Vectors Egypt Index Fund	—	—	0.2	0.1

Please see the generic notes at the back of the financial statements.

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

The ETF had no capital or non-capital losses as at December 31, 2018.

### 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	1 350	—
Issued number of units	500	1 350
Reinvested number of units	14	—
Units consolidated*	(14)	—
Redeemed number of units	(350)	—
<b>Ending number of units</b>	<b>1 500</b>	<b>1 350</b>

\* The units of the ETF are consolidated immediately after a distribution is reinvested so that the total number of units outstanding of the ETF after consolidation is the same as before the distribution.

### Transaction costs (\$000s except %)

Transaction costs, including brokerage commissions, in consideration of portfolio transactions for the periods ended:

	December 31 2018		December 31 2017	
	\$	%	\$	%
Total transaction costs	23	100	31	100
Related-party brokerage commissions*	—	—	—	—
Commission arrangements <sup>†</sup>	—	—	—	—

\* See note 9 in the generic notes.

<sup>†</sup> Commission arrangements are part of commission amounts paid to dealers. The ETF uses commission arrangements (formerly known as "soft dollars") for research and/or order execution goods and services.

### 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	4 925	5 794
Fair value of collateral received	5 024	5 910



December 31, 2018

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	12	100	4	100
RBC IS (paid)	(2)	(25)	(1)	(25)
Tax withheld	(1)	(5)	–	(1)
ETF revenue	9	70	3	74

### **Subsequent event**

Effective on or about April 5, 2019, the ETF will be terminated. In advance of termination, the ETF will voluntarily delist from the Aequitas NEO Exchange Inc., with its last day of trading expected to be on or about April 4, 2019.

The ETF has applied IFRS on a non-going concern basis for the year ended December 31, 2018. In this case, the non-going concern basis of preparation in accordance with IFRS does not result in any material adjustments to the carrying amounts of assets and liabilities of the ETF prepared on a going concern basis in accordance with IFRS.

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)

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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



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*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.



**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

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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

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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.