

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 INTERNATIONAL EQUITY INDEX ETF**

December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>INTERNATIONAL EQUITIES</b>				
<b>Communication Services</b>				
935	1&1 Drillisch AG	\$ 87	\$ 65	
8 434	Altice Europe N.V.	45	22	
18 230	Auto Trader Group Plc.	111	144	
1 222	Axel Springer AG	102	94	
50 046	Bezeq Israeli Telecommunication Corporation Ltd.	95	67	
175 089	BT Group Plc.	802	725	
1 800	Capcom Co. Ltd.	28	49	
1 611	CD Projekt S.A.	109	85	
3 056	Cellnex Telecom S.A.	92	107	
968	Cheil Communications Inc.	23	27	
25 038	Cineworld Group Plc.	130	115	
2 200	CyberAgent Inc.	111	116	
6 568	Cyfrowy Polsat S.A.	53	54	
800	Daiichikoshio Co. Ltd.	47	52	
2 100	Dena Co. Ltd.	59	48	
4 900	Dentsu Inc.	276	299	
67 418	Deutsche Telekom AG	1 555	1 560	
4 456	Domain Holdings Australia Ltd.	12	10	
3 049	Elisa OYJ	163	172	
3 335	Eutelsat Communications S.A.	115	90	
900	Fuji Media Holdings Inc.	16	17	
3 524	Gestevisión Telecinco S.A.	50	30	
1 800	Gree Inc.	16	10	
7 200	GungHo Online Entertainment Inc.	24	18	
4 600	Hakuhodo DY Holdings Inc.	79	90	
24 000	Hutchison Telecommunications Hong Kong Holdings Ltd.	11	12	
463	Iliad S.A.	153	89	
26 262	Informa Plc.	326	288	
8 774	Inmarsat Plc.	91	58	
81 731	ITV Plc.	232	177	
1 403	JC Decaux S.A.	67	54	
2 600	Kakaku.com Inc.	45	63	
1 212	Kakao Corp.	196	153	
37 100	KDDI Corporation	1 221	1 212	
1 080	Koei Tecmo Holdings Co. Ltd.	23	24	
1 800	Konami Holdings Corp.	108	108	
66 194	Koninklijke KPN N.V.	286	265	
2 607	Lagardere S.C.A.	109	90	
4 249	LG Telecom Ltd.	73	92	
1 300	LINE Corp.	61	61	
18 600	M1 Ltd.	32	39	
6 675	Mediaset S.p.A.	32	29	
2 805	NAVER Corp.	552	419	
403	NCSOFT Corp.	207	230	
347	Netmarble Corp.	66	47	
7 800	Nexon Co. Ltd.	133	137	
220	NHN Entertainment Corp.	20	15	
2 300	Nintendo Co. Ltd.	1 110	838	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Communication Services (cont.)</b>				
13 700	Nippon Telegraph & Telephone Corp.	\$ 790	\$ 764	
1 000	Nippon Television Holdings Inc.	22	20	
26 400	NTT DoCoMo Inc.	765	813	
40 686	Orange S.A.	844	899	
104 000	PCCW Ltd.	71	82	
15 887	Pearson Plc.	162	259	
4 434	ProSiebenSat.1 Media SE	195	108	
2 707	Proximus	116	100	
4 282	Publicis Groupe	382	335	
972	REA Group Ltd.	65	69	
20 010	Rightmove Plc.	135	150	
897	RTL Group S.A.	86	65	
3 260	Schibsted ASA	102	142	
2 645	Scout24 AG	157	166	
8 000	SES S.A., Subscription Receipts	203	209	
200	Shochiku Co. Ltd.	36	26	
30 900	Singapore Press Holdings Ltd.	77	73	
156 400	Singapore Telecommunications Ltd.	532	459	
468	SK Telecom Co. Ltd.	138	154	
2 400	SKY Perfect JSAT Holdings Inc.	14	14	
33 900	Softbank Corp.	545	573	
18 100	SoftBank Group Corp.	1 917	1 646	
35 450	Spark New Zealand Ltd.	114	135	
1 500	Square Enix Holdings Co. Ltd.	72	56	
11 200	StarHub Ltd.	27	20	
541	Swisscom AG	348	352	
12 491	Tele2 AB	184	217	
358 063	Telecom Italia S.p.A.	383	256	
12 935	Telefonica Deutschland Holding AG	89	69	
94 927	Telefonica S.A.	1 286	1 088	
3 900	Telekom Austria AG	46	40	
933	Telenet Group Holding N.V.	81	59	
13 795	Telenor ASA	360	364	
6 700	Television Broadcasts Ltd.	29	17	
57 799	Telia Co. AB	352	374	
93 758	Telstra Corp. Ltd.	311	257	
2 200	Toho Co. Ltd.	97	109	
700	Tokyo Broadcasting System Holdings Inc.	17	15	
7 042	TPG Telecom Ltd.	34	44	
400	TV Asahi Holdings Corp.	10	10	
1 789	UBISOFT Entertainment	178	197	
2 256	United Internet AG	181	135	
19 733	Vivendi S.A.	632	656	
11 592	Vocus Communications Ltd.	27	36	
554 133	Vodafone Group Plc.	1 957	1 474	
25 142	WPP Plc.	571	370	
49 100	Yahoo! Japan Corp.	253	167	
		<b>24 347</b>	<b>22 209</b>	<b>5.6</b>

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</b>				
700	ABC-Mart Inc.	\$ 46	\$ 53	
4 164	Accor S.A.	267	241	
3 982	Adidas AG	1 144	1 134	
3 500	Aisin Seiki Co. Ltd.	234	166	
1 200	Aoyama Trading Co. Ltd.	54	39	
13 044	Aristocrat Leisure Ltd.	286	274	
3 400	Asics Corp.	65	59	
400	ASKUL Corp.	14	12	
2 000	Autobacs Seven Co. Ltd.	43	45	
17 433	B&M European Value Retail S.A.	122	85	
19 378	Barratt Developments Plc.	214	156	
6 785	Bayerische Motoren Werke (BMW) AG	886	749	
1 068	Bayerische Motoren Werke AG Preference	121	104	
2 380	Bellway Plc.	137	104	
1 400	Benesse Corporation	62	49	
2 475	Berkeley Group Holdings Plc.	157	150	
2 900	Bic Camera Inc.	42	50	
13 300	Bridgestone Corp.	770	701	
8 948	Burberry Group Plc.	274	270	
6 000	Cafe de Coral Holdings Ltd.	23	20	
900	Canon Sales Co. Inc.	26	22	
3 693	Carnival Plc.	308	242	
4 200	Casio Computer Co., Ltd.	76	68	
4 109	CECONOMY AG	64	20	
48 000	China Travel International Investment Hong Kong Limited	21	18	
34 200	Chow Tai Fook Jewellery Group Ltd.	49	39	
10 908	Cie Financiere Richemont S.A.	1 238	952	
3 689	Cie Generale des Etablissements Michelin	669	499	
293	CJ ENM Co. Ltd.	88	72	
33 062	Compass Group Plc.	885	949	
2 256	Continental AG	720	425	
1 371	Coway Co. Ltd.	149	124	
7 182	Crown Ltd.	82	82	
1 900	Cycle & Carriage Ltd.	70	67	
17 976	Daimler AG	1 807	1 289	
2 353	Delivery Hero AG	144	119	
9 800	Denso Corp.	623	597	
19 306	Dixons Carphone Plc.	62	40	
1 208	Domino's Pizza Enterprises Ltd.	55	47	
2 300	Don Quijote Holdings Co. Ltd.	112	195	
705	Dufry AG	140	91	
5 113	Electrolux AB	210	147	
4 633	EssilorLuxottica	725	799	
600	Exedy Corp.	23	20	
1 100	Fast Retailing Co. Ltd.	448	772	
1 783	Faurecia	163	92	
2 537	Ferrari N.V.	369	344	
23 225	Fiat Chrysler Automobiles N.V.	518	460	
456	Fielmann AG	49	38	
1 089	Flight Centre Travel Group Ltd.	48	45	
1 100	Fujitsu General Ltd.	28	19	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Discretionary (cont.)</b>				
43 000	Galaxy Entertainment Group Ltd.	\$ 366	\$ 374	
125 600	Genting Singapore Ltd.	137	123	
616	GrandVision N.V.	20	18	
13 241	GVC Holdings Plc.	216	155	
1 532	Hankook Tire Co. Ltd.	97	75	
1 700	Hankyu Department Stores Inc.	40	33	
2 767	Hanon Systems Corp.	40	37	
217	Hanssem Co. Ltd.	40	18	
10 852	Harvey Norman Holdings Ltd.	40	33	
5 400	Haseko Corp.	92	78	
1 000	Heiwa Corp.	25	28	
861	Hella KGaA Hueck & Co.	66	47	
18 987	Hennes & Mauritz AB, Series B	646	369	
630	Hermes International	404	477	
500	Hikari Tsushin Inc.	77	107	
600	HIS Co. Ltd.	24	30	
36 500	Honda Motor Co. Ltd.	1 377	1 315	
573	Hotel Shilla Co.	60	54	
1 460	Hugo Boss AG	164	123	
7 205	Husqvarna AB	92	73	
55	Hyosung TNC Co. Ltd.	17	12	
196	Hyundai Department Store Co., Ltd.	23	22	
1 325	Hyundai Mobis	395	308	
2 972	Hyundai Motor Co.	538	431	
669	Hyundai Motor Co. Ltd.	80	63	
467	Hyundai Motor Co., Preferred	53	40	
323	Hyundai Wia Corp.	16	14	
2 700	Iida Group Holdings Co. Ltd.	61	64	
9 444	Inchcape Plc.	132	91	
21 639	Inditex S.A.	998	755	
4 182	InterContinental Hotels Group Plc.	284	308	
6 900	Isetan Mitsukoshi Holdings Ltd.	94	104	
11 200	Isuzu Motors Ltd.	191	216	
800	Izumi Co. Ltd.	53	51	
4 800	J Front Retailing Co. Ltd.	84	75	
9 081	JD Sports Fashion Plc.	65	55	
13 936	Just Eat Plc.	165	142	
2 181	Kangwon Land Inc.	73	85	
1 532	Kering S.A.	816	985	
5 209	Kia Motors Corp.	207	215	
45 613	Kingfisher Plc.	231	165	
2 600	Koito Manufacturing CO., Ltd.	203	184	
600	Komeri Co. Ltd.	23	18	
4 000	K's Holdings Corp.	57	54	
900	Kyoritsu Maintenance Co. Ltd.	51	54	
2 292	LG Electronics Inc.	282	175	
112 000	Li & Fung Ltd.	72	24	
8 500	Lifestyle International Holdings Ltd.	15	18	
8 750	L'Occitane International S.A.	23	22	
196	Lotte Shopping Co. Ltd.	52	51	
17	LPP S.A.	52	49	
3 324	Luxottica Group S.p.A.	235	268	
5 164	LVMH Louis Vuitton			
	Moet-Hennessy	1 845	2 082	
27 000	Macau Legend Development Ltd.	5	6	
720	Mando Corp.	53	26	

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>				
33 444	Marks & Spencer Group Plc.	\$ 185	\$ 144	
4 100	Marui Co. Ltd.	77	109	
12 900	Mazda Motor Corp.	239	182	
15 000	Melco International Development Ltd.	52	42	
15 548	Merlin Entertainments Plc.	119	86	
14 400	MGM China Holdings Ltd.	41	33	
14 000	Minth Group Ltd.	95	62	
13 600	Mitsubishi Motors Corp.	139	102	
4 036	Moncler S.p.A.	156	182	
4 500	NAMCO BANDAI Holdings Inc.	202	276	
2 713	Next Plc.	227	188	
16 000	Nexteer Automotive Group Ltd.	40	31	
4 200	NGK Spark Plug Co. Ltd.	115	115	
4 200	NHK SPRING CO., LTD.	58	50	
1 600	Nifco	61	52	
7 700	Nikon Corp.	169	157	
39 700	Nissan Motor Co. Ltd.	485	435	
3 200	Nissan Shatai Co. Ltd.	43	39	
1 500	Nitori Co. Ltd.	276	256	
2 200	NOK Corp.	64	42	
2 848	Nokian Renkaat OYJ	161	119	
10 520	Ocado Group Plc.	159	145	
3 900	Oriental Land Co. Ltd.	391	537	
1 700	Paddy Power Betfair Plc.	223	189	
600	Paltac Corporation	30	39	
45 500	Panasonic Corp.	835	561	
2 282	Pandora A/S	288	127	
1 529	Paradise Co. Ltd.	45	35	
6 401	Persimmon Plc.	294	215	
11 474	Peugeot S.A.	352	334	
9 686	Pirelli & C. S.p.A.	94	85	
1 513	Plastic Omnium S.A.	82	48	
3 416	Porsche AG	281	275	
9 900	Prada S.p.A.	48	45	
176	Puma SE	80	117	
15 500	Rakuten Inc.	215	142	
3 987	Renault S.A.	503	340	
1 300	Resorttrust Inc.	31	26	
900	Rinnai Corp.	99	81	
1 909	Rocket Internet SE	74	60	
500	Ryohin Keikaku Co. Ltd.	184	165	
21 028	Sa Sa International Holdings Ltd.	10	11	
836	Salvatore Ferragamo S.p.A.	28	23	
24 600	Samsonite International S.A.	137	95	
49 200	Sands China Ltd.	299	294	
900	Sankyo Co. Ltd.	37	47	
1 300	Sanrio Co. Ltd.	29	35	
523	SEB S.A.	127	92	
3 800	Sega Sammy Holdings Inc.	68	73	
7 000	Sekisui Chemical Co. Ltd.	175	142	
11 900	Sekisui House Ltd.	260	240	
30 000	Shangri-La Asia Ltd.	71	61	
2 800	Sharp Corp.	114	38	
1 200	Shimachu Co. Ltd.	39	44	
500	Shimamura Co. Ltd.	73	52	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Discretionary (cont.)</b>				
1 600	Shimano Inc.	\$ 267	\$ 309	
135	Shinsegae Department Store	55	42	
36 000	SJM Holdings Ltd.	40	46	
14 088	SKYCITY Entertainment Group Ltd.	47	46	
4 100	Skylark Holdings Co. Ltd.	77	89	
1 785	Sodexo	273	249	
26 500	Sony Corp.	1 245	1 757	
3 200	Stanley Electric Co. Ltd.	142	123	
13 200	Subaru Corp.	574	388	
15 300	Sumitomo Electric Industries Ltd.	315	278	
2 500	Sumitomo Forestry Co. Ltd.	50	45	
3 400	Sumitomo Rubber Industries Inc.	79	55	
9 300	Suzuki Motor Co. Ltd.	605	645	
619	Swatch Group AG	316	246	
39 536	TABCORP Holdings Ltd.	197	163	
3 000	Takashimaya Co. Ltd.	69	52	
62 874	Taylor Wimpey Plc.	208	149	
28 500	Techtronic Industries Co.	200	207	
18 930	The Star Entertainment Group Ltd.	97	83	
900	The Swatch Group AG	88	71	
2 600	The Yokohama Rubber Co. Ltd.	70	67	
1 600	Tokai Rika Company Ltd.	41	36	
1 900	Toyo Tire & Rubber Co. Ltd.	54	33	
1 900	Toyoda Gosei Co. Ltd.	60	51	
1 200	Toyota Boshoku Corp.	32	25	
3 600	Toyota Industries Corp.	259	228	
53 400	Toyota Motor Corp.	4 149	4 258	
1 000	TS Tech Co. Ltd.	43	38	
9 107	TUI AG	199	178	
4 700	USS Co. Ltd.	120	108	
4 900	Valeo S.A.	458	195	
769	Volkswagen AG	169	167	
3 842	Volkswagen AG Preference	814	833	
1 200	Wacoal Corp.	44	42	
24 196	Wesfarmers Ltd.	983	750	
4 079	Whitbread Plc.	272	325	
16 564	William Hill Plc.	70	45	
28 000	Wynn Macau Ltd.	88	83	
38 000	Xinyi Glass Holdings Ltd.	47	57	
16 800	Yamada Denki Co. Ltd.	113	110	
3 200	Yamaha Corp.	151	186	
6 100	Yamaha Motor Co. Ltd.	221	164	
14 000	Yue Yuen Industrial Holdings Ltd.	68	61	
2 912	Zalando SE	198	102	
1 800	Zensho Holdings Co. Ltd.	42	60	
3 400	ZOZO Inc.	125	85	
		49 110	44 798	<b>11.3</b>
<b>Consumer Staples</b>				
16 665	a2 Milk Co. Ltd.	176	170	
14 700	Aeon Co. Ltd.	280	393	
600	Ain Holdings Inc.	52	59	
10 500	Ajinomoto Co. Inc.	263	256	
671	Amorepacific Corp.	247	172	
218	Amorepacific Corp. Preference	41	27	
527	Amorepacific Group, Inc.	92	47	
16 422	Anheuser-Busch InBev S.A./N.V.	2 472	1 479	

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	Ariake Japan Co. Ltd.	\$ 27	\$ 27	
8 100	Asahi Group Holdings Ltd.	444	430	
7 385	Associated British Foods Plc.	405	262	
47	Barry Callebaut AG	90	100	
2 126	Beiersdorf AG	293	303	
107	BGF Retail Co. Ltd.	22	27	
47 870	British American Tobacco Plc.	3 879	2 082	
1 500	Calbee Inc.	67	64	
2 318	Carlsberg A/S	330	336	
12 469	Carrefour S.A.	315	290	
1 096	Casino Guichard Perrachon S.A.	82	62	
56 000	China Mengniu Dairy Co. Ltd.	199	238	
2	Chocoladefabriken Lindt & Spruengli AG	176	203	
500	Ciz Holdings Co. Ltd.	34	37	
162	CJ CheilJedang Corp.	68	66	
10 305	Coca-Cola Amatil Ltd.	80	81	
3 400	Coca-Cola Bottlers Japan Holdings Inc.	158	139	
3 774	Coca-Cola HBC AG	163	161	
24 196	Coles Group Ltd.	276	273	
1 350	Colruyt S.A.	100	131	
200	Cosmos Pharmaceutical Corp.	56	46	
6 400	Dairy Farm International Holdings Ltd.	64	79	
12 570	Davide Campari-Milano S.p.A.	118	145	
51 102	Diageo Plc.	2 183	2 485	
1 609	Dino Polska S.A.	55	56	
633	Dongsuh Co. Inc.	20	14	
361	E-Mart Co. Ltd.	113	81	
12 756	Essity AB	456	428	
1 000	Ezaki Glico Co. Ltd.	69	69	
1 300	FamilyMart UNY Holdings Co. Ltd.	116	225	
2 000	Fancl Corp.	63	70	
900	Fuji Oil Holdings Inc.	30	39	
4 244	Glanbia Plc.	104	109	
123 400	Golden Agri-Resources Ltd.	43	30	
12 380	Groupe Danone	1 260	1 189	
693	GS Retail Co. Ltd.	31	34	
2 176	Heineken Holding N.V.	262	251	
4 835	Heineken N.V.	617	583	
2 162	Henkel AG & Co. KGaA	337	289	
3 597	Henkel KGaA, Preferred Non-Voting	629	536	
1 400	House Foods Group Inc.	54	66	
1 777	ICA Gruppen AB	84	87	
20 556	Imperial Brands Plc.	1 063	850	
1 100	Ito En Ltd.	47	67	
4 900	Itoham Yonekyu Holdings Inc.	55	40	
31 184	J Sainsbury Plc.	124	144	
24 900	Japan Tobacco Inc.	1 023	811	
4 718	Jeronimo Martins SGPS S.A.	114	76	
1 500	Kagome Co. Ltd.	61	54	
10 000	KAO Corp.	742	1 015	
3 110	Kerry Group Plc.	379	420	
1 801	Kesko OYJ	122	132	
2 700	Kewpie Corp.	84	83	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Staples (cont.)</b>				
3 800	Kikkoman Corp.	\$ 163	\$ 280	
17 100	Kirin Brewery Co. Ltd.	521	489	
1 200	Kobayashi Pharmaceutical Co. Ltd.	84	112	
22 348	Koninklijke Ahold Delhaize N.V.	527	770	
600	Kose Corp.	90	129	
2 342	KT&G Corp.	299	291	
300	Kusuri no Aoki Holdings Co. Ltd.	21	26	
1 100	Lawson Inc.	93	95	
180	LG Household & Health Care Ltd.	267	243	
43	LG Household & Health Care Ltd. Preference	38	35	
23	Lindt & Spruengli AG	168	194	
4 900	Lion Corp.	114	138	
5 000	L'Oréal S.A.	1 391	1 571	
27	Lotte Chilsung Beverage Co. Ltd.	51	46	
8 412	Marine Harvest	209	242	
1 200	Maruha Nichiro Corp.	56	55	
1 600	Matsumotokiyoshi Holdings Co. Ltd.	70	67	
800	Megmilk Snow Brand Co. Ltd.	29	28	
2 700	MEIJI Holdings Co. Ltd.	272	301	
18 833	Metcash Ltd.Common Stock	45	44	
3 149	METRO AG	79	66	
1 000	Mitsubishi Shokuhin Co. Ltd.	38	35	
800	Morinaga & Co. Ltd.	56	47	
600	Morinaga Milk Industry Co. Ltd.	34	23	
47 805	Morrison WM Supermarkets	187	177	
63 322	Nestlé S.A.	6 794	7 001	
2 100	Nichirei Corp.	68	79	
2 000	Nippon Meat Packers Inc.	146	103	
5 700	Nisshin Flour Milling	124	161	
1 500	Nissin Foods Holdings Co. Ltd.	117	129	
400	Noevir Holdings Co. Ltd.	36	24	
121	Nong Shim Co. Ltd.	52	38	
444	Orion Corp.	60	65	
17 089	Orkla ASA	226	183	
26	Ottogi Corp.	26	23	
4 369	Pernod-Ricard S.A.	811	978	
2 100	Pigeon Corp.	90	123	
1 400	Pola Orbis Holdings Inc.	54	52	
13 168	Reckitt Benckiser Plc.	1 521	1 377	
571	Remy Cointreau S.A.	92	88	
1 200	Sapporo Holdings Ltd.	45	34	
16 500	Seven & I Holdings Co. Ltd.	829	982	
8 300	Shiseido Co. Ltd.	446	712	
4 409	Shufersal Ltd.	36	40	
681	Strauss Group Ltd.	20	21	
2 573	Suedzucker AG	64	45	
700	Sugi Holdings Co. Ltd.	46	38	
42 500	Sun Art Retail Group Ltd.	51	59	
1 300	Sundrug Co. Ltd.	70	53	
2 400	Suntory Beverage & Food Ltd.	137	148	
3 257	Swedish Match AB	148	175	
3 400	Takara Holdings Inc.	40	57	
8 990	Tate & Lyle Plc.	98	103	
202 002	Tesco Plc.	656	668	
36 000	Tingyi Cayman Islands Holding Corp.	71	66	

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



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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Staples (cont.)</b>				
2 200	Toyo Suisan Kaisha Ltd.	\$ 105	\$ 105	
14 304	Treasury Wine Estates Ltd.	196	204	
700	Tsuruha Holdings Inc.	107	82	
8 700	Uni-Charm Corporation	275	385	
31 497	Unilever N.V.	2 350	2 332	
22 700	Unilever Plc.	1 661	1 622	
22 000	Uni-President China Holdings Ltd.	27	26	
107 000	Want Want China Holdings Ltd.	98	102	
1 000	Welcia Holdings Co. Ltd.	47	62	
162 000	WH Group Ltd.	213	170	
45 200	Wilmar International Ltd.	139	141	
26 984	Woolworths Group Ltd.	656	763	
2 700	Yakult Honsha Co. Ltd.	257	259	
2 500	Yamazaki Baking Co. Ltd.	59	72	
700	Yaoko Co. Ltd.	54	52	
		45 529	44 024	11.1

<b>Energy</b>				
1 963	Aker BP ASA	48	67	
407 322	BP Plc.	3 333	3 514	
5 048	Caltex Australia Ltd.	160	124	
1 300	Cosmo Energy Holdings Co. Ltd.	37	37	
110	Delek Group Ltd.	25	22	
4 389	Enagas	158	162	
52 550	ENI S.p.A.	1 090	1 128	
21 139	Equinor ASA	533	613	
10 863	Galp Energia SGPS S.A.	246	234	
2 024	Grupa Lotos S.A.	52	65	
845	GS Holdings Corp.	66	53	
3 300	Idemitsu Kosan Co. Ltd.	131	148	
19 200	Inpex Corp.	250	235	
600	Japan Petroleum Exploration Co.	16	15	
15 773	John Wood Group Plc.	184	139	
66 400	JXTG Holdings Inc.	425	477	
1 281	Koninklijke Vopak N.V.	70	79	
3 375	Lundin Petroleum AB	93	115	
3 070	Neste OYJ	206	323	
57 936	Oil Refineries Ltd.	39	38	
29 318	Oil Search Ltd.	206	202	
3 011	OMV AG	218	180	
36 150	Origin Energy Ltd.	255	225	
272	Paz Oil Co. Ltd.	58	56	
7 089	Polski Koncern Naftowy Orlen S.A.	246	279	
45 354	Polskie Gornictwo Naftowe i Gazownictwo S.A.	99	114	
24 913	Repsol SA, Rights	—	16	
24 913	Repsol YPF S.A.	570	548	
94 690	Royal Dutch Shell Plc., A Shares	3 664	3 801	
78 135	Royal Dutch Shell Plc., B Shares	3 042	3 180	
11 044	Saipem S.p.A.	58	56	
39 997	Santos Ltd.	173	211	
3 700	Showa Shell Sekiyu K.K.	52	71	
1 240	SK Innovation Co. Ltd.	302	272	
48 204	Snam Rete Gas S.p.A.	300	287	
841	S-Oil Corp.	119	101	
5 420	Subsea 7 S.A.	95	72	
10 147	TechnipFMC Plc.	341	280	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Energy (cont.)</b>				
10 407	Tenaris S.A.	\$ 184	\$ 153	
52 416	Total S.A.	3 663	3 779	
13 222	Whitehaven Coal Ltd.	50	55	
19 494	Woodside Petroleum Ltd.	557	587	
7 221	WorleyParsons Ltd.	100	79	
		21 514	22 192	5.6

<b>Financials</b>				
19 996	3i Group Plc.	314	269	
8 287	ABN AMRO Group N.V.	317	266	
498	Ackermans & van Haaren N.V.	110	102	
7 300	Acom Co. Ltd.	37	33	
3 898	Admiral Group Plc.	122	139	
35 560	Aegon N.V.	256	226	
2 200	AEON Financial Service Co. Ltd.	59	54	
3 727	Ageas	222	229	
251 800	AIA Group Ltd.	2 429	2 855	
15 125	AIB Group Plc.	124	87	
5 600	Aiful Corporation	24	18	
625	Aker ASA	73	46	
8 901	Allianz SE	2 551	2 434	
56 754	AMP Ltd.	279	134	
1 169	Amundi S.A.	118	84	
3 000	Aozora Bank Ltd.	144	122	
7 420	Ashmore Group Plc.	42	47	
2 802	ASR Nederland N.V.	138	151	
27 147	Assicurazioni Generali S.p.A.	625	619	
4 037	ASX Ltd.	210	233	
60 504	Australia & New Zealand Banking Group Ltd.	1 762	1 423	
81 726	Aviva Plc.	670	534	
40 833	AXA S.A.	1 548	1 202	
999	Baloise Holding Ltd.	199	187	
4 833	Banca Mediolanum S.p.A.	52	38	
39 880	Banco BPM S.p.A.	156	123	
115 670	Banco de Sabadell S.A.	287	181	
21 983	Bank Hapoalim Ltd.	188	190	
30 649	Bank Leumi Le-Israel	216	253	
27 670	Bank of East Asia	154	120	
19 399	Bank of Ireland Group Plc.	200	147	
9 475	Bank of Queensland Ltd.	117	88	
3 665	Bank Pekao S.A.	140	145	
22 261	Bankia S.A.	134	89	
13 260	Bankinter S.A.	156	145	
74	Banque Cantonale Vaudoise	68	76	
356 580	Barclays Plc.	1 130	934	
138 900	BBVA S.A.	1 515	1 005	
334 469	BCO Santander Central Hispano S.A.	2 755	2 075	
9 227	Bendigo and Adelaide Bank Ltd.	104	96	
5 980	BNK Financial Group Inc.	74	54	
22 425	BNP Paribas S.A.	2 208	1 382	
74 000	BOC Hong Kong Holdings Ltd.	458	376	
74 457	CaixaBank S.A.	449	368	
11 047	Challenger Ltd.	133	101	
3 074	CNP Assurances	91	89	
23 439	Commerzbank AG	379	212	
37 342	Commonwealth Bank of Australia	2 772	2 599	

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>				
23 000	Concordia Financial Group Ltd.	\$ 149	\$ 121	
393	Corp Financiera Alba S.A.	29	26	
25 013	Credit Agricole S.A.	547	368	
3 700	Credit Saison Co. Ltd.	95	59	
53 190	Credit Suisse Group	1 056	796	
29 769	CYBG Plc.	148	94	
2 800	Dah Sing Banking Group Ltd.	8	7	
2 800	Dah Sing Financial Group	24	19	
800	Daishi Hokuetsu Financial Group Inc.	48	30	
35 500	Daiwa Securities Group Inc.	256	246	
14 258	Danske Bank A/S	709	385	
964	DB Insurance Co. Ltd.	77	83	
37 700	DBS Group Holdings Ltd.	752	895	
44 429	Deutsche Bank AG	885	483	
3 923	Deutsche Boerse AG	557	643	
2 723	DGB Financial Group Inc.	41	28	
26 645	Direct Line Insurance Group Plc.	164	148	
21 725	DnB ASA	546	473	
1 310	DWS Group GmbH & Co. KGaA	46	48	
5 826	Erste Bank Der Oesterreichischen Sparkassen AG	311	264	
1 136	Eurazeo S.A.	120	110	
2 067	EXOR N.V.	171	153	
7 584	FinecoBank Banca Fineco S.p.A.	82	104	
1 897	First International Bank of Israel Ltd.	49	54	
46 000	First Pacific Co.	46	24	
3 200	Fukuoka Financial Group Inc.	96	89	
700	Fuyo General Lease Co. Ltd.	54	49	
3 955	Gjensidige Forsikring ASA	90	84	
709	GRENKE AG	102	82	
1 556	Groupe Bruxelles Lambert S.A.	210	185	
855	Grupo Catalana Occidente S.A.	43	44	
45 000	Guotai Junan International Holdings Ltd.	18	10	
6 081	Hana Financial Group Inc.	340	270	
15 300	Hang Seng Bank Ltd.	469	469	
1 162	Hannover Rueckversicherung SE	182	214	
5 643	Hanwha Life Insurance Co. Ltd.	40	29	
1 923	Harel Insurance Investments & Financial Services Ltd.	20	17	
5 692	Hargreaves Lansdown Plc.	152	183	
117	Helvetia Holding AG	79	93	
5 460	Hiscox Ltd.	145	154	
800	Hitachi Credit Corp.	25	23	
3 200	Hokuhoku Financial Group Inc.	64	49	
25 683	Hong Kong Exchanges and Clearing Ltd.	907	1 015	
419 457	HSBC Holdings Plc. (U.K. Reg.)	5 239	4 720	
1 240	Hyundai Marine & Fire Insurance Co. Ltd.	60	62	
5 426	Industrial Bank of Korea	105	93	
8 765	Industrivarden AB	274	245	
81 214	ING Groep N.V.	1 884	1 193	
47 189	Insurance Australia Group Ltd.	300	318	
320 868	Intesa Sanpaolo S.p.A.	1 356	972	
12 307	Investec Plc.	113	94	
3 048	Investor AB	183	177	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
9 367	Investor AB, Series B	\$ 599	\$ 542	
5 693	IOOF Holdings Ltd.	62	28	
30 118	Israel Discount Bank Ltd.	108	127	
600	Jafco Co. Ltd.	37	26	
11 000	Japan Exchange Group Inc.	252	244	
8 300	Japan Post Bank Co. Ltd.	129	125	
28 800	Japan Post Holdings Co. Ltd.	422	454	
1 300	Japan Post Insurance Co. Ltd.	35	41	
4 602	Julius Baer Group Ltd.	339	223	
1 610	Jyske Bank A/S	113	79	
4 900	Kansai Mirai Financial Group Inc.	58	48	
8 098	KB Financial Group Inc.	607	461	
5 595	KBC Groep N.V.	594	495	
4 964	Kinnevik AB	206	163	
746	Korea Investment Holdings Co. Ltd.	76	54	
7 500	Kyushu Financial Group Inc.	58	39	
1 878	L E Lundbergforetagen AB	84	76	
127 904	Legal & General Group Plc.	558	514	
2 289	LG Investment & Securities Co.	42	37	
1 472 781	Lloyds TSB Group Plc.	1 618	1 328	
6 552	London Stock Exchange Group Plc.	426	463	
6 345	Macquarie Group Ltd.	579	663	
2 501	Magellan Financial Group Ltd.	60	57	
19 108	Mapfre S.A.	77	69	
3 500	Matsui Securities Co. Ltd.	35	50	
399	mBank S.A.	62	62	
22 700	Mebuki Financial Group Inc.	112	83	
53 368	Medibank Pvt Ltd.	155	132	
11 219	Mediobanca S.p.A.	152	129	
7 757	Mirae Asset Daewoo Co. Ltd.	90	62	
268 900	Mitsubishi UFJ Financial Group Inc.	2 171	1 801	
8 400	Mitsubishi UFJ Lease & Finance Co. Ltd.	57	55	
3 428	Mizrahi Tefahot Bank Ltd.	80	79	
545 400	Mizuho Financial Group Inc.	1 200	1 156	
10 200	MS&AD Insurance Group Holdings Inc.	411	398	
3 193	Muenchener Rueckversicherungs – Gesellschaft AG	873	950	
57 442	National Australia Bank Ltd.	1 740	1 329	
16 168	Natixis	163	104	
4 100	Nishi-Nippon Financial Holdings Inc.	58	49	
7 150	NN Group N.V.	382	388	
69 400	Nomura Holdings Inc.	488	364	
66 585	Nordea Bank Abp	1 125	765	
5 400	North Pacific Bank Ltd.	21	20	
23 200	Orient Corp.	48	39	
26 600	Orix Corp.	543	532	
69 747	Oversea-Chinese Banking Corp.	729	787	
1 056	Pargesa Holding S.A.	111	104	
338	Partners Group Holding AG	288	279	
842	Perpetual Ltd.	43	26	
9 790	Phoenix Group Holdings Plc.	95	96	
4 505	Platinum Asset Management Ltd.	31	21	
8 936	Poste Italiane S.p.A.	82	97	

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>				
19 043	Powszechna Kasa Oszczednosci Bank Polski S.A.	\$ 279	\$ 273	
13 173	Powszechny Zaklad Ubezpieczen S.A.	185	210	
54 155	Prudential Corporation Plc.	1 636	1 321	
28 528	QBE Insurance Group Ltd.	285	277	
32 190	Quilter Plc.	77	66	
2 501	Raiffeisen International Bank Holding AG	104	87	
46 600	Resona Holdings Inc.	297	307	
21 927	RSA Insurance Group Plc.	225	196	
10 263	Sampo OYJ	694	615	
626	Samsung Card Co. Ltd.	29	26	
673	Samsung Fire & Marine Insurance Co. Ltd.	216	222	
1 289	Samsung Life Insurance Co. Ltd.	188	129	
987	Samsung Securities Co. Ltd.	48	38	
717	Santander Bank Polska S.A.	93	93	
4 900	SBI Holdings Inc.	108	132	
2 521	Schroders Plc.	144	107	
3 608	SCOR SE	194	222	
12 700	Seven Bank Ltd.	57	50	
9 354	Shinhan Financial Group Co. Ltd.	533	453	
3 200	Shinsei Bank Ltd.	65	52	
15 900	Singapore Exchange Ltd.	112	114	
31 286	Skandinaviska Enskilda Banken	505	415	
15 383	Société Générale	1 102	668	
354	Sofina S.A.	74	92	
7 100	Sompo Japan Nipponkoa Holdings Inc.	345	330	
3 400	Sony Financial Holdings Inc.	69	87	
10 087	St. James's Place Plc.	189	166	
55 699	Standard Chartered Plc.	705	590	
56 553	Standard Life Aberdeen Plc.	445	253	
27 700	Sumitomo Mitsui Financial Group Inc.	1 338	1 257	
8 000	Sumitomo Mitsui Trust Holdings Inc.	369	401	
26 188	Suncorp-Metway Limited	340	318	
3 400	Suruga Bank Ltd.	95	17	
32 280	Svenska Handelsbanken AB	612	490	
20 742	Swedbank AB	698	632	
732	Swiss Life Holding	324	384	
6 422	Swiss Re AG	750	802	
11 600	T&D Holdings Inc.	213	185	
46 100	TaiFook Securities Group Ltd.	34	20	
735	Talanx AG	37	34	
1 400	The 77 Bank Ltd.	44	33	
800	The Awa Bank Ltd.	32	29	
1 600	The Bank of Kyoto Ltd.	105	91	
13 000	The Chiba Bank Ltd.	119	99	
3 300	The Chugoku Bank Ltd.	58	38	
23 200	The Dai-ichi Life Insurance Co. Ltd.	535	496	
8 300	The Gunma Bank Ltd.	65	47	
8 000	The Hachijuni Bank Ltd.	63	45	
5 700	The Hiroshima Bank Ltd.	58	41	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
7 000	The Iyo Bank Ltd.	\$ 71	\$ 51	
3 500	The Keiyo Bank Ltd.	42	31	
93 058	The Royal Bank of Scotland Group Plc.	427	351	
2 900	The San-In Godo Bank Ltd.	32	28	
1 399	The Shiga Bank Ltd.	49	45	
12 000	The Shizuoka Bank Ltd.	138	129	
4 400	Tokai Tokyo Financial Holdings Inc.	33	26	
14 300	Tokio Marine Holdings, Inc.	734	932	
900	Tokyo Century Corp.	50	54	
2 647	Tryg A/S	76	91	
72 880	UBS Group AG	1 559	1 235	
48 958	UniCredit S.p.A.	1 211	756	
19 013	Unione di Banche Italiane S.p.A.	120	75	
18 137	UnipolSai S.p.A.	53	56	
26 900	United Overseas Bank Ltd.	601	662	
845	Vienna Insurance Group AG Wiener Versicherung Gruppe	31	27	
549	Wendel	113	90	
72 588	Westpac Banking Corporation	2 284	1 748	
10 410	Woori Bank	201	199	
5 200	Yamaguchi Financial Group Inc.	74	68	
1 000	Zenkoku Hosho Co. Ltd.	51	43	
3 137	Zurich Insurance Group AG	1 188	1 274	
		<b>88 289</b>	<b>76 308</b>	<b>19.2</b>
<b>Health Care</b>				
4 200	Alfresa Holdings Corp.	112	147	
2 527	Ambu A/S	97	83	
2 858	Ansell Ltd.	65	61	
2 000	Asahi Intecc Co. Ltd.	68	116	
41 000	Astellas Pharma Inc.	685	715	
26 402	AstraZeneca Plc.	2 262	2 697	
20 026	Bayer AG	3 325	1 894	
801	BioMerieux	84	72	
754	Carl Zeiss Meditec AG	68	80	
1 337	Celltrion Healthcare Co. Ltd.	134	123	
1 676	Celltrion Inc.	575	456	
4 500	Chugai Pharmaceutical Co. Ltd.	239	357	
1 156	Cochlear Limited	188	193	
2 726	Coloplast A/S	294	345	
25 960	ConvaTec Group Plc.	119	63	
9 422	CSL Ltd.	1 265	1 677	
13 300	Daiichi Sankyo Co. Ltd.	379	581	
349	DiaSorin S.p.A.	50	39	
5 600	Eisai Co. Ltd.	377	593	
6 260	Elektro AB	114	102	
231	Eurofins Scientific SE	180	118	
12 707	Fisher & Paykel Healthcare Corp Ltd.	147	151	
4 443	Fresenius Medical Care AG & Co. KGaA	536	393	
8 497	Fresenius SE	875	562	
1 162	Genmab A/S	326	260	
101 516	GlaxoSmithKline Plc.	2 554	2 633	
2 457	GN Store Nord A/S	160	125	
6 589	Grifols S.A.	237	236	
5 000	Grifols S.A. Preference	134	126	

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



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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Health Care (cont.)</b>				
1 147	H. Lundbeck A/S	\$ 89	\$ 68	
136	Hanmi Pharm Co. Ltd.	88	77	
268	Hanmi Science Co. Ltd.	30	26	
33 579	Healthscope Ltd.	58	72	
3 562	Hikma Pharmaceuticals Plc.	93	106	
1 400	Hisamitsu Pharmaceutical Co. Inc.	87	106	
8 000	Hoya Corp.	554	659	
662	Ipsen S.A.	112	117	
700	Kaken Pharmaceutical Co. Ltd.	44	42	
600	Kissei Pharmaceutical Co. Ltd.	20	21	
19 162	Koninklijke Philips N.V.	985	925	
1 500	Kyorin Co. Ltd.	38	45	
4 900	Kyowa Hakko Kogyo Co. Ltd.	108	127	
1 576	Lonza Group AG	536	556	
9 000	M3 Inc.	171	165	
3 700	Mediceo Paltac Holdings Co. Ltd.	84	108	
7 572	Mediclinic International Plc.	86	42	
2 707	Merck KGaA	380	380	
1 400	Miraca Holdings Inc.	81	43	
4 300	Mitsubishi Tanabe Pharma Corp.	123	85	
500	Mochida Pharmaceutical Co. Ltd.	50	56	
1 400	Nihon Kohden Corp.	41	62	
1 000	Nippon Shinyaku Co. Ltd.	87	87	
2 300	Nipro Corp.	42	39	
1 552	NMC Health Plc.	75	74	
45 819	Novartis AG	4 933	5 335	
36 034	Novo Nordisk A/S	2 210	2 246	
5 800	Olympus Optical Co. Ltd.	254	244	
9 000	Ono Pharmaceutical Co. Ltd.	259	252	
1 958	Orion OYJ	113	93	
852	Orpea	131	119	
8 600	Otsuka Holdings Co. Ltd.	437	481	
2 000	PeptiDream Inc.	84	108	
4 273	QIAGEN N.V.	187	198	
2 852	Ramsay Health Care Ltd.	177	158	
2 529	Recordati S.p.A.	149	120	
515	Roche Holding AG	164	171	
14 593	Roche Holdings AG Genusscheine	4 607	4 921	
1 900	Rohto Pharmaceutical Co. Ltd.	55	71	
9 572	Ryman Healthcare Ltd.	82	94	
259	Samsung Biologics Co. Ltd.	135	123	
22 586	Sanofi	2 812	2 668	
7 500	Santen Pharmaceutical Co. Ltd.	154	148	
662	Sartorius AG Preference	82	113	
464	Sartorius Stedim Biotech	40	63	
1 000	Sawai Pharmaceutical Co. Ltd.	67	65	
6 000	Shionogi & Co. Ltd.	423	468	
18 864	Shire Plc.	1 205	1 500	
2 643	Siemens Healthineers AG	133	151	
956	SillaJen Inc.	140	86	
18 023	Smith & Nephew Plc.	420	459	
9 946	Sonic Healthcare Ltd.	208	211	
1 082	Sonova Holding AG	243	241	
213	Straumann Holding AG	181	182	
3 200	Sumitomo Dainippon Pharma Co. Ltd.	55	139	
1 800	Suzuken Co. Ltd.	79	125	
2 780	Swedish Orphan Biovitrum AB	105	83	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Health Care (cont.)</b>				
4 000	Symex Corp.	\$ 368	\$ 263	
900	Taisho Pharmaceutical Holdings Co. Ltd.	87	124	
1 600	Takara Bio Inc.	56	51	
16 400	Takeda Pharmaceutical Co. Ltd.	1 108	756	
6 700	Terumo Corp.	354	519	
20 982	Teva Pharmaceutical Industries Ltd. ADR	422	442	
1 300	Tsumura & Co.	61	49	
2 500	UCB S.A.	225	278	
932	Vifor Pharma AG	145	138	
2 611	William Demant Holding A/S	92	101	
179	Yuhan Corp.	44	45	
		42 997	43 288	<b>10.9</b>
<b>Industrials</b>				
1 741	Aalberts Industries N.V.	114	79	
36 679	ABB Ltd.	1 151	950	
4 856	ACS Actividades de Construccion y Servicios S.A.	225	256	
3 215	Adecco S.A.	313	205	
1 314	Aena S.A.	304	279	
548	Aeroports de Paris	113	142	
3 700	AGC Inc.	175	158	
1 000	Aica Kogyo Co. Ltd.	41	46	
4 990	Air France-KLM	71	74	
14 695	Air New Zealand Ltd.	45	42	
11 403	Airbus SE	1 336	1 495	
1 357	ALD S.A.	30	22	
6 552	Alfa Laval AB	204	191	
2 300	All Nippon Airways Co. Ltd.	109	113	
9 718	ALS Ltd.	78	63	
3 349	Alstom RGPT	177	184	
6 300	Amada Co. Ltd.	89	77	
1 384	Andritz AG	99	87	
236	AP Moller – Maersk A/S	539	394	
10 110	Ashtead Group Plc.	310	288	
18 987	Assa Abloy AB	525	463	
10 931	Atlantia S.p.A.	447	308	
15 138	Atlas Arteria Stapled Security	82	91	
21 279	Atlas Copco AB	1 085	669	
18 675	Auckland International Airport Ltd.	103	123	
38 120	Aurizon Holdings Ltd.	181	157	
4 898	Babcock International Group	67	42	
70 045	BAE Systems Plc.	702	560	
1 100	Benefit One Inc.	44	46	
4 000	BOC Aviation Ltd.	27	40	
19 164	Bolloré S.A.	117	105	
4 204	Bouygues S.A.	248	206	
1 938	bpost S.A.	69	24	
32 810	Brambles Ltd.	293	320	
3 378	Brenntag AG	238	199	
7 325	Bunzl Plc.	280	302	
6 487	Bureau Veritas S.A.	206	180	
32 017	Capita Plc.	140	63	
13 000	Cathay Pacific Airways Ltd.	27	25	
3 800	Central Japan Railway Co.	848	1 096	
1 884	Cheil Industries Inc.	290	243	

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>				
3 000	Chiyoda Corp.	\$ 21	\$ 12	
10 330	Cie de Saint-Gobain	751	470	
2 367	CIMIC Group Ltd.	107	99	
224	CJ Corp.	45	33	
33	CJ Corp. Preference	—	1	
185	CJ Logistics Corp.	36	38	
55 000	CK Hutchison Holdings Ltd.	881	722	
22 348	CNH Industrial N.V.	332	274	
46 310	Cobham Plc.	113	79	
39 600	ComfortDelGro Corporation Ltd.	75	85	
2 700	COMSYS Holdings Corp.	86	90	
472	Daelim Industrial Co. Ltd.	42	59	
3 414	Daewoo Engineering & Construction Co. Ltd.	24	23	
6 500	Dai Nippon Printing Co. Ltd.	192	186	
2 500	Daifuku Co. Ltd.	157	156	
5 500	Daikin Industries Ltd.	738	801	
53	Dassault Aviation S.A.	105	100	
2 170	DCC Plc.	258	226	
5 072	Deutsche Lufthansa AG	186	156	
20 357	Deutsche Post AG	1 134	760	
507	DKSH Holding AG	55	48	
258	Doosan Corp.	35	35	
1 107	Doosan Heavy Industries & Construction Co. Ltd.	21	13	
4 496	Doosan Infracore Co. Ltd.	47	42	
11 509	Downer EDI Ltd.	77	75	
3 928	DSV A/S	366	353	
7 700	East Japan Railway Company	895	931	
4 233	easyJet Plc.	90	81	
1 900	Ebara Corp.	79	58	
4 726	Edenred	177	237	
1 594	Eiffage S.A.	211	182	
587	Elbit Systems Ltd.	111	91	
4 219	Elis S.A.	132	96	
22 645	Epiroc AB	295	286	
18 849	Experian Group Ltd.	487	625	
4 200	FANUC Corp.	1 126	872	
4 998	Ferguson Plc.	450	436	
9 936	Ferrovial S.A.	268	275	
367	Flughafen Zurich AG	105	83	
845	Fomento de Construcciones Y Contratas S.A.	16	15	
689	Fraport AG Frankfurt Airport Services Worldwide	83	67	
2 400	Fuji Electric Holdings Co. Ltd.	87	97	
5 300	Fujikura Ltd.	54	29	
600	Fukuyama Transporting Co. Ltd.	24	32	
1 700	Furukawa Electric Co. Ltd.	118	58	
29 970	G4S Plc.	139	103	
3 421	GEA Group AG	202	120	
728	Geberit AG	435	386	
97	Georg Fischer AG	167	106	
8 741	Getlink SE	137	160	
1 100	Glory Ltd.	50	34	
1 535	GS Engineering & Construction Corp.	73	82	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
1 400	GS Yuasa Corp.	\$ 45	\$ 39	
5 100	Hankyu Hanshin Holdings Inc.	242	232	
589	Hanwha Aerospace Co. Ltd.	21	23	
732	Hanwha Chemical Corp.	39	28	
947	Hanwha Corp. Preference	20	17	
626	Hapag-Lloyd AG	31	22	
514	HDC Holdings Co. Ltd.	61	11	
719	HDC Hyundai Development Co-Engineering & Construction	46	42	
5 500	Hino Motors Ltd.	82	71	
2 000	Hitachi Construction Machinery Co. Ltd.	76	64	
1 300	Hitachi Transport System Ltd.	41	50	
375	Hochtief AG	78	69	
13 500	Hopewell Holdings	67	81	
1 000	Hoshizaki Corporation	113	83	
13 807	Howden Joinery Group Plc.	98	105	
97 800	Hutchison Port Holdings Trust	53	33	
350	Hyundai Construction Equipment Co. Ltd.	40	18	
1 338	Hyundai Engineering & Construction Co., Ltd.	66	89	
418	Hyundai Glovis Co. Ltd.	75	66	
1 027	Hyundai Heavy Industries	161	162	
201	Hyundai Heavy Industries Holdings Co. Ltd.	104	85	
670	Hyundai Mipo Dockyard Co. Ltd.	43	49	
2 500	IHI Corp. Co. Ltd.	109	94	
5 919	IMI Plc.	122	97	
20 147	International Consolidated Airlines Group S.A.	207	217	
3 436	Intertek Group Plc.	298	287	
3 594	Investment AB Latour	63	62	
3 569	ISS A/S	183	136	
29 900	Itochu Corp.	623	695	
2 300	Japan Airlines Co. Ltd.	97	111	
900	Japan Airport Terminal Co. Ltd.	41	43	
1 200	Japan Steel Works Ltd.	35	26	
4 300	Jardine Matheson Holdings Ltd.	353	409	
3 500	Jardine Strategic Holdings Ltd.	191	175	
4 200	JGC Corp.	86	81	
9 500	Johnson Electric Holdings Ltd.	47	26	
5 000	JS Group Corp.	172	85	
9 000	Kajima Corp.	229	166	
2 000	Kamigumi Co. Ltd.	57	56	
2 000	Kandenko Co. Ltd.	26	27	
3 100	Kawasaki Heavy Industries Ltd.	131	91	
1 600	Kawasaki Kisen Kaisha Ltd.	53	27	
100	KCC Corp.	43	38	
1 900	Keihan Holdings Co. Ltd.	70	106	
4 800	Keihin Electric Express Railway Co. Ltd.	122	107	
2 500	Keio Dentsu Electric Railway	134	199	
2 700	Keisei Electric Railway Co. Ltd.	95	116	
426	KEPCO Plant Service & Engineering Co. Ltd.	22	17	
30 100	Keppel Corp. Ltd.	187	178	

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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
10 500	Kerry Logistics Network Ltd.	\$ 18	\$ 21	
2 500	Kinden Corp.	50	55	
3 403	Kingspan Group Plc.	182	199	
4 200	Kintetsu Group Holdings Co. Ltd.	202	249	
1 364	KION Group AG	162	94	
898	Knorr-Bremse AG	112	110	
1 300	Kokuyo Co. Ltd.	34	26	
19 800	Komatsu Ltd.	730	583	
8 208	Kone OYJ	555	534	
1 313	Koninklijke Boskalis Westminster N.V.	59	45	
1 130	Korea Aerospace Industries Ltd.	71	44	
647	Korean Air Co. Ltd.	26	26	
4 700	Koyo Seiko Co., Ltd.	88	72	
23 400	Kubota Corp.	527	455	
1 061	Kuehne + Nagel International AG	240	186	
2 100	Kurita Water Industries Ltd.	75	70	
1 800	Kyowa Exeo Corporation	59	58	
800	Kyudenko Corp.	39	42	
3 700	Kyushu Railway Co.	139	171	
5 479	Legrand S.A.	501	422	
8 155	Leonardo S.p.A.	185	98	
1 847	LG Corp.	196	158	
1 307	Lotte Confectionery Co. Ltd.	95	84	
603	LS Corp.	48	36	
1 000	Mabuchi Motor Co. Ltd.	62	42	
2 600	Maeda Corp.	39	33	
2 000	Maeda Road Construction Co. Ltd.	54	57	
5 000	Makita Corp.	253	243	
389	MAN SE	54	55	
32 100	Marubeni Corp.	262	309	
16 951	Meggitt Plc.	146	139	
98 631	Melrose Industries Plc.	361	281	
2 028	Metso OYJ	92	73	
8 200	Minebea Co. Ltd.	170	162	
6 300	MISUMI Group Inc.	204	182	
26 900	Mitsubishi Corp.	774	1 011	
41 500	Mitsubishi Electric Corp.	825	628	
6 100	Mitsubishi Heavy Industries Ltd.	303	300	
1 300	Mitsubishi Logistics Corp.	42	40	
35 000	Mitsui & Co.	635	737	
2 100	Mitsui O.S.K. Lines Ltd.	78	63	
1 900	Miura Co. Ltd.	54	59	
2 200	MonotaRO Co. Ltd.	38	74	
2 000	MORI SEIKI Co. Ltd.	46	31	
28 199	MTR Corp.	202	203	
1 156	MTU Aero Engines AG	245	286	
2 300	Nabtesco Corp.	107	69	
2 800	Nagase & Co. Ltd.	59	53	
3 800	Nagoya Railroad Co. Ltd.	107	137	
2 100	Nankai Electric Railway Co. Ltd.	66	76	
5 100	NGK Insulators Ltd.	123	95	
4 834	Nibe Industrier AB	77	68	
5 000	Nidec Corp.	788	776	
2 400	Nihon M&A Center Inc.	74	66	
1 000	Nippo Corp.	25	26	
1 400	Nippon Express Co. Ltd.	111	107	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
3 100	Nippon Yusen Kabushiki Kaisha	\$ 81	\$ 65	
1 500	Nishi-Nippon Railroad Co. Ltd.	46	52	
2 700	Nisshinbo Holdings Inc.	40	28	
8 800	NSK Ltd.	149	104	
8 200	NTN Corp.	45	32	
27 000	NWS Holdings Ltd.	65	76	
15 700	Obayashi Corp.	238	194	
6 700	Odakyu Electric Railway Co. Ltd.	164	202	
600	Okuma Corp.	43	39	
1 400	OSG Corp.	37	37	
2 065	Osram Licht AG	196	122	
2 000	Park24 Co. Ltd.	60	60	
4 700	Penta-Ocean Construction Co. Ltd.	43	36	
3 300	Persol Holdings Co. Ltd.	98	67	
500	Pilot Corp.	30	33	
872	Posco Daewoo Corp.	23	19	
5 043	Prysmian S.p.A.	202	133	
17 170	Qantas Airways Ltd.	104	96	
2 131	Randstad N.V.	169	133	
82	Rational AG	69	64	
25 200	Recruit Holdings Co. Ltd.	776	835	
40 257	RELX Plc.	1 110	1 131	
40 575	Rentokil Initial Plc.	204	238	
5 850	Rexel S.A.	123	85	
904	Rheinmetall AG	159	109	
156	Rockwool International A/S	71	55	
1 642 556	Rolls-Royce Holdings PLC	535	508	
17 742	Royal Mail Plc.	113	84	
321	S1 Corp.	39	39	
2 333	Saab AB	123	111	
6 958	Safran S.A.	915	1 145	
2 200	Sagami Railway Co. Ltd.	70	90	
3 634	Samsung Engineering Co. Ltd.	54	78	
10 037	Samsung Heavy Industries	97	91	
22 920	Sandvik AB	505	446	
1 000	Sankyu Inc.	51	62	
3 800	Sanwa Shutter Corp.	55	59	
1 323	Schindler Holding AG	372	354	
10 568	Schneider Electric SE	1 157	985	
4 100	Secom Co. Ltd.	387	465	
6 215	Securitas AB	130	136	
6 653	SEEK Ltd.	112	108	
4 200	Seibu Holdings Inc.	89	100	
3 800	Seino Holdings Corp.	69	68	
17 600	SembCorp Industries Ltd.	50	45	
15 700	SembCorp Marine Ltd.	27	24	
3 149	Seven Group Holdings Ltd.	58	43	
4 500	SG Holdings Co. Ltd.	143	160	
112	SGS S.A.	341	343	
700	Shima Seiki Manufacturing Ltd.	61	28	
10 900	Shimizu Corp.	155	121	
36 000	Shun Tak Holdings Ltd.	20	15	
10 800	SIA Engineering Co. Ltd.	33	25	
16 406	Siemens AG	2 885	2 494	
4 331	Siemens Gamesa Renewable Energy	81	72	

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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
2 203	Signify N.V.	\$ 108	\$ 70	
9 800	Singapore Airlines Ltd.	92	93	
16 300	Singapore Airport Terminal Services Limited	72	76	
29 300	Singapore Post Ltd.	34	27	
29 500	Singapore Tech Engineering Ltd.	91	103	
681	SK Holdings Co. Ltd.	246	217	
2 975	SK Networks Co. Ltd.	21	19	
6 886	Skanska AB	198	150	
7 345	SKF AB	198	152	
1 200	SMC Corp.	537	497	
9 229	Smiths Group Plc.	240	219	
507	Société BIC S.A.	70	71	
1 300	Sohgo Security Services Co. Ltd.	75	83	
24 200	Sojitz Corp.	83	115	
1 420	Spirax-Sarco Engineering Plc.	136	154	
245	Sulzer AG	39	26	
24 200	Sumitomo Corp.	431	470	
2 200	Sumitomo Heavy Industries Ltd.	109	90	
21 363	Sydney Airport Holdings Ltd.	149	138	
2 200	Tadano Ltd.	33	27	
4 400	Taisei Corp.	303	258	
900	TechnoPro Holdings Inc.	66	51	
1 206	Teleperformance	231	263	
2 174	Thales S.A.	309	346	
5 246	The Weir Group Plc.	175	118	
2 200	THK Co. Ltd.	96	56	
4 600	Tobu Railway Co. Ltd.	160	170	
4 000	Toda Corp.	39	34	
10 700	Tokyu Corp.	196	239	
800	Toppan Forms Co. Ltd.	11	9	
5 000	Toppan Printing Co. Ltd.	124	101	
12 300	Toshiba Corp.	453	475	
1 100	Toshiba Plant Systems & Services Corp.	28	28	
3 100	TOTO Ltd.	168	147	
4 700	Toyota Tsusho Corp.	198	190	
55 090	Transurban Group	633	617	
5 491	Travis Perkins Plc.	132	102	
4 701	Trelleborg AB	147	101	
4 027	Unaxis Holding AG	90	62	
2 300	Ushio Inc.	39	33	
4 267	Vestas Wind Systems A/S	469	439	
9 610	Vinci S.A.	1 148	1 081	
30 852	Volvo AB	734	551	
9 834	Wartsila Corp. OYJ	288	213	
4 100	West Japan Railway Co.	357	396	
5 423	Wolters Kluwer N.V.	327	437	
7 300	Yamato Transport Co. Ltd.	188	275	
3 436	Zardoya Otis S.A.	46	33	
		62 893	58 281	<b>14.7</b>
<b>Information Technology</b>				
14 500	AAC Technologies Holdings Inc.	317	115	
3 400	Advantest Corp.	87	95	
127	Adyen N.V.	84	94	
3 600	Alps Electric Co. Ltd.	122	96	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Information Technology (cont.)</b>				
8 514	Amadeus IT Group S.A.	\$ 740	\$ 809	
1 662	ams AG	169	54	
6 300	ASM Pacific Technology Limited	115	83	
8 443	ASML Holding N.V.	1 932	1 808	
1 864	Atos SE	367	208	
1 771	Aveva Group Plc.	84	75	
5 600	Brother Industries Ltd.	164	114	
22 100	Canon Inc.	970	826	
3 288	Capgemini S.A.	494	446	
5 200	Citizen Watch Co. Ltd.	45	35	
9 417	Computershare Ltd.	133	156	
800	Dainippon Screen MFG	70	46	
2 683	Dassault Systèmes S.A.	360	434	
600	DISCO Corp.	156	96	
63 350	Ericsson (LM) Tel., Series B	474	760	
56 000	FIH Mobile Ltd.	22	8	
29 000	FIT Hon Teng Ltd.	21	17	
8 100	Fuji Photo Film Co.	407	431	
4 100	Fujitsu Ltd.	392	349	
1 591	Gemalto N.V.	81	126	
2 300	GMO internet Inc.	44	42	
600	GMO Payment Gateway Inc.	25	35	
8 308	Halma Plc.	161	197	
2 500	Hamamatsu Photonics K.K.	99	115	
5 075	Hexagon AB	318	319	
630	Hirose Electric Co. Ltd.	112	84	
1 200	Hitachi High-Technologies Corp.	57	52	
19 400	Hitachi Ltd.	883	709	
1 200	Horiba Ltd.	97	67	
11 236	Hynix Semiconductor Inc.	1 099	832	
2 100	Ibiden Co. Ltd.	43	40	
23 305	Infineon Technologies AG	750	632	
1 284	Ingenico Group S.A.	151	99	
1 600	IT Holdings Corp.	58	86	
1 800	Itochu Techno-Science Corp.	41	48	
1 000	Japan Aviation Electronics Industry Ltd.	20	16	
1 900	Keyence Corp.	1 295	1 317	
11 500	Konica Minolta Holdings Inc.	121	142	
6 700	Kyocera Corporation	541	459	
4 140	LG Display Co. Ltd.	149	91	
3 446	Logitech International S.A.	156	148	
9 851	Micro Focus International Plc.	371	237	
4 000	Murata Manufacturing Co. Ltd.	739	745	
5 600	NEC Corp.	193	228	
1 327	Nice Ltd. ADR	144	196	
1 800	Nihon Unisys Ltd.	60	55	
1 600	Nippon Electric Glass Co. Ltd.	78	54	
117 162	Nokia OYJ	869	920	
2 100	Nomura Research Institute Ltd.	114	107	
600	NS Solutions Corp.	16	20	
14 200	NTT Data Corp.	199	213	
800	OBIC Business Consultants Co. Ltd.	26	43	
1 300	Obic Co. Ltd.	100	137	
4 200	Omron Corp.	276	209	
600	Oracle Corp. Japan	59	52	
2 000	Otsuka Corp.	82	75	

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Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Information Technology (cont.)</b>				
14 000	Renesas Electronics Corp.	\$ 187	\$ 87	
871	Renishaw Plc.	64	64	
15 100	Ricoh Co. Ltd.	194	202	
2 000	Rohm Co. Ltd.	219	175	
1 096	Samsung Electro-Mechanics	135	139	
98 912	Samsung Electronics Co. Ltd.	5 973	4 686	
17 650	Samsung Electronics Co. Ltd. Preference	927	686	
1 079	Samsung SDI Co. Ltd.	275	289	
756	Samsung SDS Co. Ltd.	219	189	
20 521	SAP SE	2 907	2 785	
800	SCSK Corp.	43	39	
6 300	Seiko Epson Corp.	189	121	
53 000	Semiconductor Manufacturing International Corp.	72	63	
6 000	Shimadzu Corp.	159	162	
12 812	STMicroelectronics N.V.	322	250	
5 300	Sumco Corp.	122	81	
2 100	Taiyo Yuden Co., Ltd.	42	43	
2 500	TDK Corp.	225	240	
2 284	Telefonaktiebolaget LM Ericsson	16	27	
1 254	Temenos AG	197	205	
23 743	The Sage Group Plc.	275	248	
3 400	Tokyo Electron Ltd.	661	530	
2 000	Topcon Corp.	50	36	
2 609	Tower Semiconductor Ltd.	102	53	
2 600	Trend Micro Inc.	174	193	
900	Ulvac Inc.	73	36	
4 900	Venture Manufacturing (Singapore) Ltd.	84	68	
3 100	Vtech Holdings Ltd.	57	35	
2 378	Wirecard AG	296	493	
891	Worldline S.A.	59	59	
2 389	Xero Ltd.	84	97	
62 352	Xinyi Solar Holdings Ltd.	28	30	
2 400	Yamatake Corp.	64	65	
5 400	Yaskawa Electric Corp.	232	181	
4 700	Yokogawa Electric Corp.	107	111	
		32 185	28 870	<b>7.3</b>
<b>Materials</b>				
2 724	Acerinox S.A.	45	37	
11 785	Adelaide Brighton Ltd.	68	48	
8 713	Air Liquide S.A.	1 354	1 475	
2 900	Air Water Inc.	67	60	
5 179	Akzo Nobel N.V.	601	569	
48 483	Alumina Ltd.	105	107	
23 781	Amcor Ltd.	359	303	
20 972	Anglo American Plc.	500	638	
6 701	Antofagasta Plc.	111	91	
12 666	ArcelorMittal	429	359	
1 522	Arkema	236	178	
25 400	Asahi Kasei Corp.	397	357	
19 075	BASF AG	2 514	1 799	
68 189	BHP Group Ltd.	1 786	2 244	
43 663	BHP Group Plc.	1 003	1 254	
10 957	BlueScope Steel Ltd.	123	115	
5 632	Boliden AB	253	167	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials (cont.)</b>				
22 613	Boral Limited	\$ 148	\$ 107	
2 154	Buzzi Unicem S.p.A.	62	44	
2 183	Christian Hansen Holding A/S	243	263	
4 853	Clariant AG	146	122	
3 776	Covestro AG	426	255	
17 828	CRH Plc.	813	642	
2 773	Croda International Plc.	179	226	
10 043	CSR Limited	45	27	
5 800	Daicel Chemical Industries Ltd.	87	82	
700	Daido Steel Co. Ltd.	53	38	
1 600	Dainippon Ink and Chemicals Inc.	73	67	
369	DC Chemical Co. Ltd.	69	48	
1 700	Denka Co. Ltd.	71	66	
900	Dowa Mining Co. Ltd.	44	37	
26 062	DS Smith Plc.	200	136	
9 768	DuluxGroup Ltd.	66	62	
137	EMS-Chemie Holding AG	112	89	
29 141	Evolution Mining Ltd.	81	103	
3 596	Evonik Industries AG	162	122	
11 002	Evrast Plc.	90	92	
16 454	Fletcher Building Ltd.	106	74	
31 148	Fortescue Metals Group Ltd.	151	125	
400	FP Corp.	26	33	
3 570	Fresnillo Plc.	86	53	
2 200	Fuchs Petrolub SE Preference	156	123	
70 000	Fushan International Energy Group Ltd.	20	19	
189	Givaudan AG	521	596	
236 416	Glencore Plc.	1 422	1 198	
1 540	Hanwha Chemical Corporation	62	38	
3 164	HeidelbergCement AG	397	264	
1 900	Hitachi Chemical Co. Ltd.	64	39	
3 800	Hitachi Metals Ltd.	66	54	
272	Honam Petrochemical Corp.	131	92	
16 000	Huabao International Holdings Ltd.	12	9	
2 016	Huhtamaki OYJ	110	85	
1 867	Hyundai Steel Co.	129	103	
8 231	Iluka Resources Ltd.	77	60	
749	Imerys S.A.	83	49	
32 639	Incitec Pivot Ltd.	116	103	
12 160	Israel Chemicals Ltd.	62	94	
9 970	James Hardie Industries Plc., Subscription Receipts	181	145	
10 600	JFE Holdings Inc.	261	232	
4 173	Johnson Matthey Plc.	229	203	
3 600	JSR Corp.	83	74	
3 709	K+S AG	115	91	
1 200	Kaneka Corp.	58	59	
3 700	Kansai Paint Co. Ltd.	110	97	
5 107	Kazakhmys Plc.	89	47	
3 500	KGHM Polska Miedz S.A.	110	113	
5 700	Kobe Steel Ltd.	57	54	
3 658	Koninklijke DSM N.V.	383	408	
251	Korea Zinc Co., Ltd.	135	133	
372	Kumho Petro Chemical Co. Ltd.	41	40	
6 800	Kuraray Co. Ltd.	161	131	
9 913	LafargeHolcim Ltd.	721	556	
1 774	Lanxess AG	174	111	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials (cont.)</b>				
937	LG Chem Ltd.	\$ 457	\$ 398	
158	LG Chem Ltd. Preference	42	38	
1 000	Lintec Corp.	33	29	
509	LOTTE Fine Chemical Co. Ltd.	40	26	
1 600	Maruichi Steel Tube Ltd.	58	69	
26 600	Mitsubishi Chemical Holdings Corp.	327	276	
3 600	Mitsubishi Gas Chemical Co. Inc.	103	74	
2 400	Mitsubishi Materials Corp.	107	86	
3 500	Mitsui Chemicals Inc.	130	108	
1 100	Mitsui Mining & Smelting Co. Ltd.	74	31	
28 000	MMG Ltd.	15	16	
7 743	Mondi Plc.	252	220	
16 518	Newcrest Mining Ltd.	355	346	
3 200	Nippon Kayaku	61	56	
3 000	Nippon Paint Co. Ltd.	123	140	
2 500	Nippon Paper Industries Co. Ltd.	59	61	
600	Nippon Shokubai Co. Ltd.	56	52	
16 000	Nippon Steel & Sumitomo Metal Corp.	457	377	
3 000	Nissan Chemical Corp.	140	215	
900	Nisshin Steel Co. Ltd.	15	14	
3 200	Nitto Denko Corp.	339	221	
1 400	NOF Corp.	51	65	
28 078	Norsk Hydro ASA	266	174	
4 207	Novozymes A/S	277	256	
4 849	Nufarm Ltd.	37	28	
1 863	OCI N.V.	56	52	
17 000	OJI Paper Co. Ltd.	113	120	
8 393	Orica Ltd.	162	139	
28 170	Orora Ltd.	88	83	
5 785	OZ Minerals Ltd.	44	49	
6 021	Polymetal International Plc.	87	86	
1 418	POSCO	601	422	
4 000	Rengo Co. Ltd.	29	43	
7 835	Rio Tinto Limited	524	591	
23 446	Rio Tinto Plc.	1 394	1 521	
8 834	RPC Group Plc.	142	100	
8 500	Shin-Etsu Chemical Co. Ltd.	966	903	
3 000	Showa Denko K.K.	134	122	
2 982	Sika AG	473	515	
3 141	Sims Metal Management Ltd.	41	30	
783	SKC Co. Ltd.	41	34	
4 898	Smurfit Kappa Group Plc.	181	177	
1 480	Solvay S.A.	272	202	
112 334	South32 Ltd.	356	362	
10 893	Stora Enso OYJ, R Shares	200	172	
1 000	Sumitomo Bakelite Co. Ltd.	58	47	
32 000	Sumitomo Chemical Co. Ltd.	248	212	
5 300	Sumitomo Metal Mining Co. Ltd.	235	194	
700	Sumitomo Osaka Cement Co. Ltd.	39	39	
14 330	Svenska Cellulosa AB	154	152	
2 553	Symrise AG	246	257	
2 500	Taiheiyo Cement Corp.	120	106	
2 800	Taiyo Nippon Sanso Corp.	42	63	
4 600	Teijin Ltd.	116	101	
78	The Israel Corporation Ltd.	21	28	
9 926	Thyssen Krupp AG	345	232	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Materials (cont.)</b>				
4 000	Tokai Carbon Co. Ltd.	\$ 83	\$ 62	
1 600	Tokuyama Corp.	67	48	
30 900	Toray Industries Inc.	373	297	
5 500	Tosoh Corp.	150	98	
3 100	Toyo Seikan Group Holdings Ltd.	66	97	
1 700	Toyobo Co. Ltd.	41	32	
2 000	Ube Industries Ltd.	73	56	
4 383	Umicore S.A.	252	239	
11 155	UPM-Kymmene OYJ	393	386	
2 634	Voestalpine AG	172	107	
291	Wacker Chemie AG	51	36	
700	Yamato Kogyo Co. Ltd.	23	22	
3 676	Yara International ASA	208	193	
2 800	Zeon Corp.	45	35	
		33 225	30 372	<b>7.6</b>
<b>Real Estate</b>				
2 300	Aeon Mall Co. Ltd.	51	50	
1 288	Airport City Ltd.	20	22	
3 504	Alony Hetz Properties & Investments Ltd.	44	45	
15 190	Aroundtown S.A.	177	171	
52 300	Ascendas Real Estate Investment Trust	129	135	
1 032	Azrieli Group	66	67	
22 358	British Land Company Plc. Real Estate Investment Trust	225	207	
14 201	Capital & Counties Properties Plc.	61	57	
45 332	CapitaLand Commercial Trust Real Estate Investment Trust	68	79	
48 600	CapitaLand Limited	165	151	
44 600	CapitaLand Mall Trust	84	101	
38 000	Champion Real Estate Investment Trust	33	36	
9 100	City Developments Ltd.	100	74	
55 000	CK Asset Holdings Ltd.	563	550	
906	Covivio Real Estate Investment Trust	115	119	
1 600	Daito Trust Construction Co. Ltd.	361	299	
13 400	Daiwa House Industry Co. Ltd.	601	584	
1 937	Derwent London Plc. Real Estate Investment Trust	90	96	
7 452	Deutsche Wohnen SE	409	465	
21 483	Dexus Real Estate Investment Trust	196	219	
1 876	Fastighets AB Balder	63	73	
6 800	Fraser's Property Ltd.	13	11	
3 346	Gazit-Globe Ltd.	40	32	
1 119	Gecina S.A. Real Estate Investment Trust	230	197	
34 913	General Property Trust	169	179	
36 205	Goodman Group	294	370	
5 064	Great Eagle Holdings Ltd.	33	30	
17 214	Hammerson Plc. Real Estate Investment Trust	153	99	
17 000	Hang Lung Group Ltd.	78	59	
39 000	Hang Lung Properties Ltd.	118	102	
23 100	Henderson Land Development	177	157	

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>				
24 300	Hongkong Land Holdings Ltd.	\$ 226	\$ 209	
6 900	Hulic Co. Ltd.	88	85	
15 000	Hysan Development Co. Ltd.	90	97	
683	ICADE Real Estate Investment Trust	76	71	
4 000	Ichigo Inc.	18	16	
5 411	Inmobiliaria Colonial Socimi S.A.			
	Real Estate Investment Trust	74	69	
17 153	Intu Properties Plc. Real Estate			
	Investment Trust	66	34	
11 500	Kerry Properties Ltd.	61	54	
28 407	Kiwi Property Group Ltd.	34	36	
3 980	Klepierre Real Estate			
	Investment Trust	195	168	
14 795	Land Securities Group Plc.			
	Real Estate Investment Trust	245	207	
1 224	LEG Immobilien AG	157	174	
12 071	LendLease Group	217	135	
4 700	Leopalace21 Corp.	43	26	
43 500	Link Real Estate Investment Trust	445	602	
6 489	Merlin Properties Socimi S.A.			
	Real Estate Investment Trust	108	109	
71 729	Mirvac Group Real Estate			
	Investment Trust	164	154	
24 300	Mitsubishi Estate Co. Ltd.	544	523	
19 900	Mitsui Fudosan Co. Ltd.	565	606	
112 723	New World Development Co.	210	204	
2 300	Nomura Real Estate Holdings Inc.	62	58	
500	Open House Co. Ltd.	40	23	
759	PSP Swiss Property AG	87	102	
2 000	Relo Group Inc.	57	64	
112 650	Scentre Group Real Estate			
	Investment Trust	431	422	
22 804	Segro Plc. Real Estate			
	Investment Trust	217	233	
22 789	Shopping Centres Australasia			
	Property Group Real Estate			
	Investment Trust	51	56	
66 500	Shui On Land Ltd.	22	20	
61 652	Sino Land Co.	137	144	
50 390	Stockland Real Estate			
	Investment Trust	212	171	
9 000	Sumitomo Realty &			
	Development Co. Ltd.	357	451	
29 000	Sun Hung Kai Properties Ltd.	604	565	
45 300	Suntec Real Estate Investment Trust	80	81	
17 500	Swire Pacific Ltd.	38	40	
10 000	Swire Pacific Ltd. 'A'	123	144	
20 400	Swire Properties Ltd.	89	98	
1 711	Swiss Prime Site AG	190	189	
24 000	The Wharf Holdings Ltd.	272	85	
4 000	Tokyo Tatemono Co. Ltd.	67	57	
15 000	Tokyu Fudosan Holdings Corp.	115	101	
16 614	Unibail-Rodamco-Westfield	852	592	
9 200	UOL Group Ltd.	73	57	
63 479	Vicinity Centres Real Estate			
	Investment Trust	164	159	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Real Estate (cont.)</b>				
10 790	Vonovia SE	\$ 592	\$ 667	
24 000	Wharf Real Estate			
	Investment Co. Ltd.		196	
16 000	Wheelock & Co. Ltd.	145	125	
7 200	Wing Tai Holdings Ltd.	15	14	
		13 644	13 329	3.4
<b>Utilities</b>				
336	Acciona S.A.	34	39	
29 896	AEM S.p.A.	64	73	
14 164	AGL Energy Ltd.	318	281	
26 846	APA Group	219	219	
35 285	AusNet Services	58	53	
124 680	Centrica Plc.	354	293	
14 400	Chubu Electric Power Co. Inc.	230	280	
14 500	CK Infrastructure Holdings Ltd.	158	150	
35 000	CLP Holdings Ltd.	447	540	
17 026	Contact Energy Limited	83	92	
45 298	E.ON SE	660	610	
2 941	EDP Renovaveis S.A.	31	36	
3 200	Electric Power Development Co. Ltd.	103	104	
11 324	Electricite de France S.A.	192	244	
6 263	Endesa S.A.	179	197	
162 535	Enel S.p.A.	1 250	1 280	
48 388	Energias de Portugal S.A.	226	230	
34 430	Engie	736	673	
8 929	Fortum OYJ	232	266	
6 122	Gas Natural SDG S.A.	174	213	
3 400	Hokkaido Electric Power Co. Inc.	31	32	
3 300	Hokuriku Electric Power Co.	35	39	
183 800	Hong Kong & China Gas Co. Ltd.	400	519	
124 242	Iberdrola S.A.	1 238	1 361	
3 161	Innogy SE	179	183	
9 479	Italgas S.p.A.	67	74	
15 000	Kansai Electric Power Co. Inc.	255	308	
5 234	Korea Electric Power Corp.	221	212	
353	Korea Gas Corp.	20	21	
9 000	Kyushu Electric Power Co. Inc.	123	147	
18 182	Mercury NZ Ltd.	55	61	
23 840	Meridian Energy Ltd.	61	74	
68 774	National Grid Plc.	1 075	914	
1 000	Nippon Gas Co. Ltd.	65	50	
1 628	Oesterreichische			
	Elektrizitaetswirtschafts AG	100	95	
3 273	Orsted A/S	252	298	
8 900	Osaka Gas Co. Ltd.	217	223	
8 045	Pennon Group Plc.	106	97	
17 561	PGE Polska Grupa			
	Energetyczna S.A.	59	64	
26 000	Power Assets Holdings Ltd.	284	247	
8 884	Red Electrica Corp. S.A.	241	270	
1 760	Rubis SCA	142	129	
11 402	RWE AG	350	338	
635	RWE AG Preference	15	19	
4 571	Severn Trent Plc.	163	144	
3 000	Shikoku Electric Power Co. Inc.	46	50	
21 575	SSE Plc.	489	406	

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>				
7 030	Suez	\$ 163	\$ 128	
33 803	Terna Rete Elettrica Nazionale S.p.A.	250	262	
5 600	The Chugoku Electric Power Co. Inc.	76	100	
1 700	Toho Gas Co. Ltd.	63	99	
9 100	Tohoku Electric Power Co. Inc.	150	165	
35 200	Tokyo Electric Power Co. Holdings Inc.	185	287	
9 000	Tokyo Gas Co. Ltd.	290	313	
37 746	Towngas China Co. Ltd.	34	38	
3 783	Uniper SE	134	134	
13 209	United Utilities Group Plc.	189	170	
10 255	Veolia Environnement	302	288	
		13 873	14 232	<b>3.6</b>
<b>TOTAL INTERNATIONAL EQUITIES</b>		427 606	397 903	<b>100.3</b>
<b>Less: Transaction costs</b>		(571)	—	—
<b>TOTAL INVESTMENTS</b>		<u>\$ 427 035</u>	397 903	<b>100.3</b>
<b>OTHER NET ASSETS (LIABILITIES)</b>				
<b>ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			(127)	<b>(0.3)</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			<u>\$ 397 776</u>	<b>100.0</b>



## 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	\$ 397 903	\$ 420 598
Cash	535	990
Due from investment dealers	2 652	869
Dividends receivable, interest accrued and other assets	673	411
<b>TOTAL ASSETS</b>	<b>401 763</b>	<b>422 868</b>
<b>LIABILITIES</b>		
Due to investment dealers	–	45
Distributions payable	3 898	1 385
Accounts payable and accrued expenses	77	84
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>3 975</b>	<b>1 514</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 397 788</b>	<b>\$ 421 354</b>
Investments at cost	\$ 427 035	\$ 406 831
<b>NAV PER UNIT</b>	<b>\$ 19.60</b>	<b>\$ 21.61</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	\$ 14 490	\$ 1 899
Income from investment trusts	375	–
Derivative income	(23)	–
Net realized gain (loss) on investments	2 425	603
Change in unrealized gain (loss) on investments	(42 899)	13 767
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>(25 632)</b>	<b>16 269</b>
Other income (loss)	32	586
Securities lending revenue (see note 8 in the generic notes)	157	12
Net gain (loss) on foreign cash balances	(5)	(64)
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>184</b>	<b>534</b>
<b>TOTAL INCOME (LOSS)</b>	<b>(25 448)</b>	<b>16 803</b>
<b>EXPENSES (see notes – ETF Specific Information)</b>		
Management fees	846	191
GST/HST	127	24
Transaction costs	60	574
Withholding tax	2 055	263
<b>TOTAL EXPENSES</b>	<b>3 088</b>	<b>1 052</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ (28 536)</b>	<b>\$ 15 751</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>	<b>\$ (1.44)</b>	<b>\$ 1.08</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	\$ (28 536)	\$ 15 751
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	—	—
Net unrealized foreign exchange (gain) loss on cash	(6)	10
Net realized loss (gain) on investments	(2 425)	(603)
Change in unrealized loss (gain) on investments	42 899	(13 767)
Non-cash distributions from underlying funds	—	—
(Increase) decrease in accrued receivables	(262)	(411)
Increase (decrease) in accrued payables	(7)	84
Cost of investments purchased*	(55 246)	(414 643)
Proceeds from sale and maturity of investments*	35 639	7 591
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(7 944)</b>	<b>(405 988)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	20 313	406 988
Cash paid on redemption of redeemable units*	(3 293)	—
Distributions paid to holders of redeemable units	(9 537)	—
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 7 483</b>	<b>\$ 406 988</b>
Net unrealized foreign exchange gain (loss) on cash	6	(10)
Net increase (decrease) in cash for the period	(461)	1 000
Cash (bank overdraft), beginning of period	990	—
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 535</b>	<b>\$ 990</b>
Interest received (paid)	\$ —	\$ —
Income received from investment trusts	\$ 375	\$ —
Dividends received, net of withholding taxes	\$ 12 173	\$ 1 223

\* 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>\$ 421 354</b>	<b>\$ —</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>(28 536)</b>	<b>15 751</b>
Early redemption fees	—	—
Proceeds from redeemable units issued	20 313	406 988
Reinvestments of distributions to holders of redeemable units	2 789	—
Redemption of redeemable units	(3 293)	—
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>19 809</b>	<b>406 988</b>
Distributions from net income	(12 050)	(989)
Distributions from net gains	(2 789)	(139)
Distributions from capital	—	(257)
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(14 839)</b>	<b>(1 385)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(23 566)</b>	<b>421 354</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 397 788</b>	<b>\$ 421 354</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 international index. Currently, the ETF seeks to track the FTSE Developed ex North America 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:

Investment mix	December 31 2018	December 31 2017
International Equities		
Financials	19.2	20.2
Industrials	14.7	14.2
Consumer Discretionary	11.3	12.2
Consumer Staples	11.1	10.7
Health Care	10.9	9.6
Materials	7.6	8.1
Information Technology	7.3	6.9
Energy	5.6	5.0
Communication Services	5.6	3.6
Utilities	3.6	3.0
Real Estate	3.4	3.3
Underlying Funds	–	3.2
Other Net Assets	(0.3)	–
<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:

Currency	December 31 2018	December 31 2017
Euro	28.8	29.5
Japanese yen	24.8	24.0
Pound sterling	16.6	17.2
Swiss franc	8.0	7.6
Australian dollar	6.7	6.7
South Korean won	4.7	1.5
Hong Kong dollar	3.5	3.6
Swedish krona	2.7	2.5
Danish krone	1.6	1.7
Singapore dollar	1.2	1.2

Currency	December 31 2018	December 31 2017
Norwegian krone	0.7	0.6
United States dollar	0.5	3.7
Polish zloty	0.4	–
New Zealand dollar	0.3	0.3
Israeli new shekel	0.3	0.3
<b>Total</b>	<b>100.8</b>	<b>100.4</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 – 5.0%). 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 EAFE Total Return Net Index (CAD)	+ or - 1.0

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>397 316</b>	<b>587</b>	<b>–</b>	<b>397 903</b>
<b>Underlying funds</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Fixed-income and debt securities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<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>397 316</b>	<b>587</b>	<b>–</b>	<b>397 903</b>
<b>% of total portfolio</b>	<b>99.9</b>	<b>0.1</b>	<b>–</b>	<b>100.0</b>



December 31, 2018

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	407 283	—	—	407 283
Underlying funds	13 315	—	—	13 315
Fixed-income and debt securities	—	—	—	—
Short-term investments	—	—	—	—
Derivatives – assets	—	—	—	—
Derivatives – liabilities	—	—	—	—
<b>Total financial instruments</b>	<b>420 598</b>	<b>—</b>	<b>—</b>	<b>420 598</b>
<b>% of total portfolio</b>	<b>100.0</b>	<b>—</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 0.20% annually, before GST/HST, of the daily NAV of the ETF.

### 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
iShares MSCI South Korea Fund	—	—	3.2	0.3

### 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	<b>19 500</b>	—
Issued number of units	<b>950</b>	19 500
Reinvested number of units	<b>142</b>	—
Units consolidated*	<b>(142)</b>	—
Redeemed number of units	<b>(150)</b>	—
<b>Ending number of units</b>	<b>20 300</b>	<b>19 500</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	<b>60</b>	<b>100</b>	574	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	<b>46 098</b>	39 237
Fair value of collateral received	<b>47 020</b>	40 022

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	<b>211</b>	<b>100</b>	16	100
RBC IS (paid)	<b>(53)</b>	<b>(25)</b>	(4)	(25)
Tax withheld	<b>(1)</b>	—	—	—
<b>ETF revenue</b>	<b>157</b>	<b>75</b>	12	75



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**Investments by other related investment funds (%)**  
**(see note 9 in the generic notes)**

The table below summarizes, as a percentage, the NAV of the ETF owned by other related investment funds as at:

	December 31 2018	December 31 2017
RBC International Index Currency		
Neutral Fund	98.0	98.0

**Subsequent event**

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

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## 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.