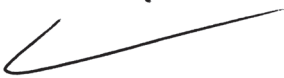


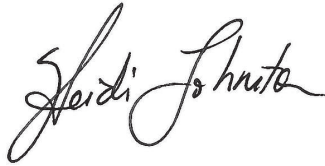
The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC ETFs (the "ETFs") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within the financial statements.

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

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



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



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

To the Unitholders and Trustee of

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

Our opinion

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

What we have audited

The financial statements of each of the ETFs comprise:

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

Basis for opinion

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

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

Independence

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 11, 2019



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)
RBC CANADIAN PREFERRED SHARE ETF

December 31, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
CORPORATE						
4 000 000	Canadian Imperial Bank of Commerce	2.350	24-Jun-2019	\$ 4 009	\$ 4 003	
TOTAL CANADIAN BONDS				4 009	4 003	0.5

Shares	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
PREFERRED EQUITIES				
Communication Services				
798 096	BCE Inc., Preferred Series AK, 4.150%	\$ 14 235	\$ 12 307	
200 073	BCE Inc., Preferred Series AM, 2.764%	3 566	3 209	
234 256	BCE Inc., Preferred Series AO, 4.550%	5 604	4 980	
502 019	BCE Inc., Preferred Series AQ, 4.250%	11 503	10 618	
170 912	Shaw Communications Inc., Preferred Series A, 4.500%	2 898	2 552	
		37 806	33 666	4.0

Shares	Security	Cost	Fair Value	% of Net Assets
Energy				
80 780	Enbridge Inc., Preferred Series 1, 4.000%	2 412	2 317	
350 853	Enbridge Inc., Preferred Series 3, 4.000%	6 748	5 519	
63 110	Enbridge Inc., Preferred Series 5, 4.400%	1 859	1 667	
214 876	Enbridge Inc., Preferred Series 7, 4.400%	4 442	3 653	
122 341	Enbridge Inc., Preferred Series 9, 4.400%	2 505	2 080	
160 169	Enbridge Inc., Preferred Series 11, 4.400%	3 241	2 667	
205 808	Enbridge Inc., Preferred Series 13, 4.400%	4 209	3 449	
136 620	Enbridge Inc., Preferred Series 17, 5.150%	3 394	3 379	
41 844	Enbridge Inc., Preferred Series B, 4.000%	775	642	
550 590	Enbridge Inc., Preferred Series D, 4.000%	10 416	9 195	
683 015	Enbridge Inc., Preferred Series F, 4.000%	13 328	12 021	
506 618	Enbridge Inc., Preferred Series H, 4.000%	9 117	8 050	
91 919	Enbridge Inc., Preferred Series J, 4.000%	2 737	2 398	
52 393	Enbridge Inc., Preferred Series L, 4.000%	1 557	1 371	

Shares	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
382 355	Enbridge Inc., Preferred Series P, 4.000%	\$ 7 540	\$ 6 217	
682 371	Enbridge Inc., Preferred Series N, 4.000%	13 871	12 651	
239 425	Enbridge Inc., Preferred Series R, 4.000%	4 625	3 881	
184 842	Husky Energy Inc., Preferred Series 1, 4.450%	2 995	2 492	
176 593	Husky Energy Inc., Preferred Series 3, 4.500%	4 114	3 532	
187 890	Husky Energy Inc., Preferred Series 5, 4.500%	4 512	3 839	
140 705	Husky Energy Inc., Preferred Series 7, 4.600%	3 389	2 872	
543 144	Pembina Pipeline Corp., Preferred Series 1, 4.250%	11 313	9 831	
133 749	Pembina Pipeline Corp., Preferred Series 3, 4.700%	2 898	2 441	
174 250	Pembina Pipeline Corp., Preferred Series 5, 5.000%	4 054	3 664	
181 513	Pembina Pipeline Corp., Preferred Series 7, 4.500%	4 073	3 516	
172 401	Pembina Pipeline Corp., Preferred Series 9, 4.750%	4 278	3 841	
171 909	Pembina Pipeline Corp., Preferred Series 13, 5.750%	4 510	4 344	
296 848	Pembina Pipeline Corp., Preferred Series 15, 4.464%	6 229	5 688	
119 097	Pembina Pipeline Corp., Preferred Series 17, 5.000%	2 701	2 471	
189 641	Pembina Pipeline Corp., Preferred Series 19, 5.000%	4 690	4 434	
134 080	Pembina Pipeline Corp., Preferred Series 21, 4.900%	3 345	3 056	
195 375	TransCanada Corp., Preferred Series 1, 4.600%	3 746	3 235	
191 671	TransCanada Corp., Preferred Series 3, 4.000%	2 946	2 599	
213 687	TransCanada Corp., Preferred Series 5, 4.400%	3 496	3 030	
537 433	TransCanada Corp., Preferred Series 7, 4.000%	11 636	9 889	

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



December 31, 2018

Shares	Security	Cost	Fair Value	% of Net Assets
Energy (cont.)				
440 382	TransCanada Corp., Preferred Series 9, 4.250%	\$ 9 704	\$ 8 244	
290 235	TransCanada Corp., Preferred Series 11, 3.800%	6 769	5 900	
219 052	TransCanada Corp., Preferred Series 13, 5.500%	5 799	5 566	
379 892	TransCanada Corp., Preferred Series 15, 4.900%	9 857	9 391	
		209 830	185 032	21.9
Financials				
114 029	Bank of Montreal, Preferred Series 25, 1.805%	2 511	2 623	
493 347	Bank of Montreal, Preferred Series 27, 4.000%	11 078	9 729	
288 773	Bank of Montreal, Preferred Series 29, 3.900%	6 339	5 518	
154 216	Bank of Montreal, Preferred Series 31, 3.800%	3 158	2 972	
329 913	Bank of Montreal, Preferred Series 33, 3.800%	7 801	7 093	
421 519	Bank of Montreal, Preferred Series 38, 4.850%	11 001	10 711	
353 788	Bank of Montreal, Preferred Series 40, 4.500%	8 966	7 953	
105 194	Bank of Montreal, Preferred Series 42, 4.400%	2 622	2 314	
74 942	Bank of Montreal, Preferred Series 44, 4.850%	1 864	1 692	
242 078	Bank of Nova Scotia, Preferred Series 34, 5.500%	6 461	6 188	
288 132	Bank of Nova Scotia, Preferred Series 36, 5.500%	7 713	7 353	
347 695	Bank of Nova Scotia, Preferred Series 38, 4.850%	9 081	8 765	
175 053	Brookfield Asset Management Inc., Preferred Series 24, 3.014%	3 411	3 125	
297 615	Brookfield Asset Management Inc., Preferred Series 26, 4.500%	5 892	5 342	
304 376	Brookfield Asset Management Inc., Preferred Series 28-A, 4.600%	5 199	4 897	
313 458	Brookfield Asset Management Inc., Preferred Series 30, 4.800%	7 193	6 896	
372 020	Brookfield Asset Management Inc., Preferred Series 32, 4.500%	8 798	8 162	
255 586	Brookfield Asset Management Inc., Preferred Series 34, 4.200%	5 748	5 319	
205 857	Brookfield Asset Management Inc., Preferred Series 38, 4.400%	4 566	4 027	
183 495	Brookfield Asset Management Inc., Preferred Series 40, 4.500%	4 347	3 835	
354 569	Brookfield Asset Management Inc., Preferred Series 42, 4.500%	8 191	7 449	
152 700	Brookfield Asset Management Inc., Preferred Series 46, 4.800%	3 930	3 894	
204 637	Brookfield Office Properties Inc., Preferred Series AA, 4.750%	4 564	3 653	

Shares	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
152 045	Brookfield Office Properties Inc., Preferred Series N, 3.782%	\$ 3 045	\$ 2 633	
208 874	Brookfield Office Properties Inc., Preferred Series P, 5.150%	4 238	3 614	
66 812	Brookfield Office Properties Inc., Preferred Series R, 4.155%	1 448	1 244	
331 050	Brookfield Office Properties Inc., Preferred Series T, 4.600%	7 277	6 621	
10 575	Brookfield Office Properties Inc., Preferred Series II, 4.850%	191	197	
356 944	Canadian Imperial Bank of Commerce, Preferred Series 39, 3.900%	7 929	6 764	
292 040	Canadian Imperial Bank of Commerce, Preferred Series 41, 3.750%	6 368	5 379	
255 430	Canadian Imperial Bank of Commerce, Preferred Series 43, 3.600%	5 996	5 226	
415 667	Canadian Imperial Bank of Commerce, Preferred Series 45, 4.400%	10 422	9 232	
189 447	Canadian Imperial Bank of Commerce, Preferred Series 47, 4.500%	4 452	3 978	
159 106	Canadian Western Bank, Preferred Series 5, 4.400%	3 579	3 465	
146 721	Canadian Western Bank, Preferred Series 7, 6.250%	3 932	3 719	
334 242	Element Fleet Management Corp., Preferred Series A, 6.600%	7 730	6 919	
172 467	Element Fleet Management Corp., Preferred Series C, 6.500%	4 087	3 429	
85 399	Element Fleet Management Corp., Preferred Series E, 6.400%	1 969	1 652	
146 989	Element Fleet Management Corp., Preferred Series G, 6.500%	3 465	3 175	
305 627	Element Fleet Management Corp., Preferred Series I, 5.750%	6 997	5 675	
72 908	Empire Life Insurance, Preferred Series 1, 5.750%	1 926	1 913	
167 779	Fairfax Financial Holdings Ltd., Preferred Series C, 4.578%	3 843	3 334	
232 721	Fairfax Financial Holdings Ltd., Preferred Series G, 3.318%	4 535	3 910	
411 636	Fairfax Financial Holdings Ltd., Preferred Series I, 3.708%	8 393	7 249	
278 590	Fairfax Financial Holdings Ltd., Preferred Series K, 5.000%	6 232	5 697	
248 893	Fairfax Financial Holdings Ltd., Preferred Series M, 4.750%	6 066	5 814	
150 948	Great-West Lifeco Inc., Preferred Series N, 3.650%	2 581	2 258	
41 054	Industrial Alliance Insurance & Financial Services Inc., Preferred Series B, 4.600%	841	854	

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



December 31, 2018

Shares	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
136 779	Industrial Alliance Insurance & Financial Services Inc., Preferred Series G, 4.300%	\$ 2 912	\$ 2 804	
95 935	Industrial Alliance Insurance & Financial Services Inc., Preferred Series I, 4.800%	2 172	2 105	
79 112	Intact Financial Corp., Preferred Series 1, 4.200%	1 392	1 335	
147 349	Intact Financial Corp., Preferred Series 3, 3.332%	3 263	2 863	
79 865	Intact Financial Corp., Preferred Series 7, 4.900%	1 861	1 738	
17 501	Laurentian Bank of Canada, Class A, Preferred Series 13, 4.300%	369	332	
28 474	Laurentian Bank of Canada, Class A, Preferred Series 15, 5.850%	750	719	
227 515	Manulife Financial Corporation, Preferred Series 1-7, 4.600%	5 479	4 976	
106 156	Manulife Financial Corporation, Preferred Series 3, 2.178%	1 791	1 584	
91 038	Manulife Financial Corporation, Preferred Series 5, 4.400%	2 134	1 839	
122 495	Manulife Financial Corporation, Preferred Series 9, 4.400%	2 779	2 539	
363 237	Manulife Financial Corporation, Preferred Series 11, 4.000%	8 367	7 621	
416 821	Manulife Financial Corporation, Preferred Series 13, 3.800%	8 885	8 099	
343 439	Manulife Financial Corporation, Preferred Series 15, 3.900%	7 376	6 354	
249 663	Manulife Financial Corporation, Preferred Series 17, 3.900%	5 519	4 581	
237 765	Manulife Financial Corporation, Preferred Series 19, 3.800%	5 237	4 320	
121 176	Manulife Financial Corporation, Preferred Series 21, 5.600%	3 231	3 108	
402 618	Manulife Financial Corporation, Preferred Series 23, 4.850%	10 377	9 828	
134 221	National Bank of Canada, Preferred Series 30, 4.100%	2 757	2 652	
422 419	National Bank of Canada, Preferred Series 32, 3.900%	9 116	7 840	
250 504	National Bank of Canada, Preferred Series 34, 5.600%	6 652	6 448	
282 002	National Bank of Canada, Preferred Series 36, 5.400%	7 432	7 194	
319 964	National Bank of Canada, Preferred Series 38, 4.450%	8 033	7 087	
77 722	National Bank of Canada, Preferred Series 40, 4.600%	1 907	1 642	
154 902	Power Financial Corp., Preferred Series P, 2.306%	2 655	2 325	
125 559	Power Financial Corp., Preferred Series T, 4.200%	2 889	2 404	
285 172	Royal Bank of Canada, Preferred Series AZ, 4.000%*	5 960	5 644	

Shares	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
404 251	Royal Bank of Canada, Preferred Series BB, 3.900%*	\$ 8 957	\$ 7 952	
566 810	Royal Bank of Canada, Preferred Series BD, 3.600%*	13 255	12 045	
303 101	Royal Bank of Canada, Preferred Series BF, 3.600%*	7 037	6 401	
575 606	Royal Bank of Canada, Preferred Series BK, 5.500%*	15 354	14 822	
515 486	Royal Bank of Canada, Preferred Series BM, 5.500%*	13 808	13 325	
86 075	Sun Life Financial Inc., Preferred Series 10R, 2.842%	1 752	1 579	
213 336	Sun Life Financial Inc., Preferred Series 12R, 4.250%	4 938	4 337	
478 869	Toronto-Dominion Bank, Preferred Series 1, 3.900%	10 564	9 218	
448 016	Toronto-Dominion Bank, Preferred Series 3, 3.800%	9 801	8 759	
577 546	Toronto-Dominion Bank, Preferred Series 5, 3.750%	12 619	11 118	
389 075	Toronto-Dominion Bank, Preferred Series 7, 3.600%	9 160	8 272	
201 807	Toronto-Dominion Bank, Preferred Series 9, 3.700%	4 822	4 391	
535 667	Toronto-Dominion Bank, Preferred Series 12, 5.500%	14 297	13 772	
647 083	Toronto-Dominion Bank, Preferred Series 14, 4.850%	16 828	16 475	
49 076	Toronto-Dominion Bank, Preferred Series 16, 4.500%	1 221	1 088	
168 907	Toronto-Dominion Bank, Preferred Series 18, 4.700%	4 205	3 758	
15 000	Toronto-Dominion Bank, Preferred Series 20, 4.750%	300	331	
		528 189	481 085	56.8
Utilities				
220 756	Algonquin Power & Utilities Corp., Preferred Series A, 4.500%	5 015	4 501	
217 380	AltaGas Ltd., Preferred Series A, 3.380%	4 358	3 189	
314 644	AltaGas Ltd., Preferred Series E, 5.000%	7 508	5 698	
171 193	AltaGas Ltd., Preferred Series G, 4.750%	3 955	2 955	
222 959	AltaGas Ltd., Preferred Series I, 5.250%	5 684	4 611	
107 583	AltaGas Ltd., Preferred Series K, 5.000%	2 562	2 023	
64 265	Brookfield Infrastructure Partners LP, Preferred Series 1, 4.500%	1 561	1 329	
48 848	Brookfield Infrastructure Partners LP, Preferred Series 3, 5.500%	1 260	1 238	
206 657	Brookfield Infrastructure Partners LP, Preferred Series 5, 5.350%	5 319	5 166	

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



December 31, 2018

Shares	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
125 139	Brookfield Infrastructure Partners LP, Preferred Series 7, 5.000%	\$ 3 140	\$ 2 856	
26 611	Brookfield Infrastructure Partners LP, Preferred Series 9, 5.000%	560	603	
112 705	Brookfield Renewable Partners LP, Preferred Series 7, 5.500%	2 885	2 812	
123 000	Brookfield Renewable Partners LP, Preferred Series 9, 5.750%	3 187	3 070	
89 816	Brookfield Renewable Partners LP, Preferred Series 11, 5.000%	2 239	1 946	
232 803	Brookfield Renewable Power Preferred Equity Inc., Preferred, 4.400%	5 222	4 190	
234 931	Canadian Utilities Ltd., Preferred Series FF, 4.500%	6 152	6 108	
100 431	Canadian Utilities Ltd., Preferred Series Y, 4.000%	2 100	1 851	
175 943	Capital Power Corp., Preferred Series 3, 4.600%	3 752	3 783	
261 799	Capital Power Corp., Preferred Series 5, 4.500%	5 588	5 555	
515 089	Emera Inc., Preferred Series C, 4.100%	11 772	10 915	
234 670	Emera Inc., Preferred Series F, 4.250%	5 386	4 543	
449 036	Fortis Inc., Preferred Series G, 5.250%	9 295	8 496	
88 379	Fortis Inc., Preferred Series H, 4.900%	1 482	1 332	
328 899	Fortis Inc., Preferred Series K, 4.000%	6 828	5 933	
510 891	Fortis Inc., Preferred Series M, 4.100%	11 556	9 962	
97 316	Northland Power Inc., Preferred Series 3, 5.000%	2 264	1 938	
124 338	TransAlta Corp., Preferred Series A, 2.709%	1 700	1 475	
450 478	TransAlta Corp., Preferred Series C, 4.600%	7 763	6 446	
206 061	TransAlta Corp., Preferred Series E, 5.000%	4 084	3 435	
55 977	TransAlta Corp., Preferred Series G, 5.300%	1 167	1 013	
76 971	Westcoast Energy Inc., Preferred Series 10, 5.250%	2 003	1 938	
193 632	Westcoast Energy Inc., Preferred Series 12, 5.200%	5 048	4 861	
		142 395	125 771	14.9
TOTAL PREFERRED EQUITIES		918 220	825 554	97.6

Shares	Security	Cost	Fair Value	% of Net Assets
COMMON EQUITIES				
Utilities				
126 430	Capital Power Corp.	\$ 3 158	\$ 3 362	
197 042	TransAlta Renewables Inc.	2 486	2 043	
TOTAL COMMON EQUITIES		5 644	5 405	0.6
TOTAL EQUITIES		923 864	830 959	98.2
Less: Transaction costs		(108)	—	—
TOTAL INVESTMENTS		\$ 927 765	834 962	98.7
OTHER NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				
			11 274	1.3
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				
		\$ 846 236	100.0	

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



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 834 962	\$ 696 992
Cash	13 134	4 511
Due from investment dealers	610	2 013
Subscriptions receivable	–	3 636
Dividends receivable, interest accrued and other assets	1 121	1 434
TOTAL ASSETS	849 827	708 586
LIABILITIES		
Due to investment dealers	554	3 602
Distributions payable	2 623	2 131
Accounts payable and accrued expenses	414	347
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	3 591	6 080
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 846 236	\$ 702 506
Investments at cost	\$ 927 765	\$ 660 284
NAV PER UNIT	\$ 20.97	\$ 24.27

Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended December 31 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 41 953	\$ 20 245
Interest for distribution purposes	63	–
Income from investment trusts	108	49
Net realized gain (loss) on investments	(7 919)	3 729
Change in unrealized gain (loss) on investments	(129 511)	30 689
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(95 306)	54 712
Other income (loss)	34	–
Securities lending revenue (see note 8 in the generic notes)	17	6
Net gain (loss) on foreign cash balances	4	(1)
TOTAL OTHER INCOME (LOSS)	55	5
TOTAL INCOME (LOSS)	(95 251)	54 717
EXPENSES (see notes – ETF Specific Information)		
Management fees	4 731	2 303
Independent Review Committee costs	3	2
GST/HST	466	248
Transaction costs	117	161
TOTAL EXPENSES	5 317	2 714
INCREASE (DECREASE) IN NAV	\$ (100 568)	\$ 52 003
INCREASE (DECREASE) IN NAV PER UNIT	\$ (2.66)	\$ 2.85



Statements of Cash Flow (in \$000s)

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (100 568)	\$ 52 003
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	–	–
Net unrealized foreign exchange (gain) loss on cash	(3)	–
Net realized loss (gain) on investments	7 919	(3 729)
Change in unrealized loss (gain) on investments	129 511	(30 689)
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	313	(1 037)
Increase (decrease) in accrued payables	67	284
Cost of investments purchased*	(56 127)	(66 288)
Proceeds from sale and maturity of investments*	59 620	62 454
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	40 732	12 998
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	4 391	7 111
Cash paid on redemption of redeemable units*	(970)	(351)
Distributions paid to holders of redeemable units	(35 533)	(16 224)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (32 112)	\$ (9 464)
Net unrealized foreign exchange gain (loss) on cash	3	–
Net increase (decrease) in cash for the period	8 620	3 534
Cash (bank overdraft), beginning of period	4 511	977
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 13 134	\$ 4 511
Interest received (paid)	\$ 63	\$ –
Income received from investment trusts	\$ 108	\$ 49
Dividends received, net of withholding taxes	\$ 42 266	\$ 19 208

* Excludes in-kind transactions.



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

For the periods ended December 31 (see note 2 in the generic notes)	Total	
	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 702 506	\$ 147 358
INCREASE (DECREASE) IN NAV	(100 568)	52 003
Early redemption fees	–	–
Proceeds from redeemable units issued	361 878	535 966
Reinvestments of distributions to holders of redeemable units	–	–
Redemption of redeemable units	(81 555)	(14 979)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	280 323	520 987
Distributions from net income	(32 619)	(13 993)
Distributions from net gains	–	(2 905)
Distributions from capital	(3 406)	(944)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(36 025)	(17 842)
NET INCREASE (DECREASE) IN NAV	143 730	555 148
NAV AT END OF PERIOD	\$ 846 236	\$ 702 506



December 31, 2018

General information (see note 1 in the generic notes)

The investment objective of the ETF is to provide unitholders with exposure to the performance of a diversified portfolio of primarily Canadian preferred share securities that will provide regular income and that have the potential for long-term capital growth.

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

Credit risk (%)

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

Rating	December 31 2018	December 31 2017
P2	37.0	33.2
P2 High	2.8	3.3
P2 Low	22.3	17.1
P3	12.1	16.8
P3 High	19.6	19.7
P3 Low	5.7	4.0
Unrated	0.5	5.9
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	December 31 2018	December 31 2017
Canadian Equities		
Financials	57.3	50.8
Energy	21.9	27.4
Utilities	15.5	14.3
Communication Services	4.0	3.8
Real Estate	–	2.6
Consumer Discretionary	–	0.3
Other Net Assets	1.3	0.8
Total	100.0	100.0

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 27-month (December 31, 2017 – 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	December 31 2017
S&P/TSX Capped Composite Total Return Index	+ or - 0.4	+ or - 0.4

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
Equities	830 959	–	–	830 959
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	4 003	–	4 003
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	830 959	4 003	–	834 962
% of total portfolio	99.5	0.5	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	696 992	–	–	696 992
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	696 992	–	–	696 992
% of total portfolio	100.0	–	–	100.0

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

Management fees (see note 9 in the generic notes)

RBC GAM is paid a management fee per annum of the NAV by the ETF as compensation for its services. The management fee of the ETF is calculated at 0.53% annually, before GST/HST, of the daily NAV of the ETF.



December 31, 2018

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

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

Capital losses	232
Non-capital losses	–

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

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

For the periods ended December 31 (see note 2 in the generic notes)	2018	2017
Opening units	28 944	6 764
Issued number of units	15 207	22 830
Reinvested number of units	–	–
Redeemed number of units	(3 800)	(650)
Ending number of units	40 351	28 944

Transaction costs (\$000s except %)

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

	December 31		December 31	
	2018		2017	
	\$	%	\$	%
Total transaction costs	117	100	161	100
Related-party brokerage commissions*	26	22	22	14
Commission arrangements [†]	–	–	1	1

* See note 9 in the generic notes.

[†] 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	December 31
	2018	2017
Fair value of securities loaned	8 855	6 406
Fair value of collateral received	9 032	6 535

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		December 31	
	2018		2017	
	\$	%	\$	%
Gross revenue	22	100	8	100
RBC IS (paid)	(5)	(25)	(2)	(28)
Tax withheld	–	–	–	–
ETF revenue	17	75	6	72

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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 Aequitas 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)

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.

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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 Licensor 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 Licensor 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.