

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 Canadian generally accepted auditing standards. Their report is set out on the next page.



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
December 10, 2020



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 2020 Corporate Bond Index ETF	RBC Vision Women's Leadership MSCI Canada Index ETF	RBC Quant EAFE Equity Leaders (CAD Hedged) ETF
RBC Target 2021 Corporate Bond Index ETF	RBC Canadian Bank Yield Index ETF	RBC Quant Emerging Markets Dividend Leaders ETF
RBC Target 2022 Corporate Bond Index ETF	RBC Quant U.S. Dividend Leaders ETF	RBC Quant Emerging Markets Equity Leaders ETF
RBC Target 2023 Corporate Bond Index ETF	RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RBC Strategic Global Dividend Leaders ETF
RBC Target 2024 Corporate Bond Index ETF	RBC Quant U.S. Equity Leaders ETF	RBC Strategic Global Equity Leaders ETF
RBC Target 2025 Corporate Bond Index ETF	RBC Quant U.S. Equity Leaders (CAD Hedged) ETF	RBC Quant Global Infrastructure Leaders ETF
RBC Target 2026 Corporate Bond Index ETF	RBC U.S. Banks Yield Index ETF	RBC Quant Global Real Estate Leaders ETF
RBC Target 2027 Corporate Bond Index ETF	RBC U.S. Banks Yield (CAD Hedged) Index ETF	
RBC Canadian Discount Bond ETF	RBC Quant European Dividend Leaders ETF	(individually, an ETF)
RBC PH&N Short Term Canadian Bond ETF	RBC Quant European Dividend Leaders (CAD Hedged) ETF	
RBC Short Term U.S. Corporate Bond ETF		
RBC BlueBay Global Diversified Income (CAD Hedged) ETF		

Our opinion

In our opinion, the accompanying September 30, 2020 financial statements of each ETF 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 ETF 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 ETF 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 ETF. The other information comprises the 2020 Annual Management Report of Fund Performance of each ETF.

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 ETF, 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 ETF 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 ETF 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 ETF 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 ETF 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 ETF.

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 ETF.

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 ETF, 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 ETF.
- 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 ETF 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 ETF 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 ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each ETF, 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
December 10, 2020



SCHEDULE OF INVESTMENT PORTFOLIO (in \$000s)
RBC QUANT U.S. EQUITY LEADERS ETF

September 30, 2020

Holdings	Security	Cost	Fair Value	% of Net Assets
UNITED STATES EQUITIES				
Communication Services				
622	Activision Blizzard Inc.	\$ 57	\$ 67	
394	Alphabet Inc., Class C	617	774	
5 164	AT&T Inc.	221	197	
156	Charter Communications Inc.	103	130	
2 654	Comcast Corp., Class A	150	164	
1 514	Discovery Inc., Class A	48	44	
442	Electronic Arts Inc.	58	77	
1 516	Facebook Inc., Class A	354	530	
902	Fox Corp., Class A	33	34	
2 093	Lumen Technologies Inc.	27	28	
306	Netflix Inc.	162	204	
1 099	News Corp., Class A	19	21	
211	Take-Two Interactive Software Inc.	33	47	
1 139	The Walt Disney Company	179	189	
3 706	Verizon Communications Inc.	275	294	
		2 336	2 800	11.3
Consumer Discretionary				
292	Amazon.com, Inc.	731	1 228	
256	Best Buy Co. Inc.	28	38	
14	Booking Holdings Inc.	35	32	
332	Borg-Warner Automotive Inc.	15	17	
327	Dollar General Corp.	81	92	
60	Domino's Pizza Inc.	31	34	
1 378	eBay Inc.	69	96	
3 714	Ford Motor Company	43	33	
349	Genuine Parts Co.	44	44	
623	Hanesbrands Inc.	7	13	
414	Hilton Worldwide Holdings Inc.	47	47	
941	Home Depot Inc.	258	349	
342	Lennar Corp.	27	37	
464	LKQ Corp.	21	17	
1 048	Lowe's Cos Inc.	182	232	
443	Marriott International Inc., Class A	57	55	
895	Newell Brands Inc.	16	21	
1	NVR Inc.	5	5	
134	O'Reilly Automotive Inc.	80	83	
320	Pulte Corp.	12	20	
788	Target Corporation	112	166	
305	Tractor Supply Co.	61	58	
23	Whirlpool Corp.	3	6	
		1 965	2 723	11.0
Consumer Staples				
5 159	Altria Group Inc.	283	266	
822	Campbell Soup Company	54	53	
214	Clorox Company	52	60	
415	Colgate-Palmolive Company	42	43	
376	Costco Wholesale Corp.	148	178	

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Staples (cont.)				
355	General Mills Inc.	\$ 29	\$ 29	
237	Kellogg Co.	22	20	
847	Kimberly-Clark Corp.	164	167	
400	Monster Beverage Corp.	32	43	
324	PepsiCo Inc.	53	60	
1 617	Philip Morris International Inc.	175	162	
1 018	The Coca-Cola Co.	69	67	
2 406	The Kroger Co.	102	109	
1 587	The Procter & Gamble Co.	223	295	
163	Walgreens Boots Alliance Inc.	9	8	
1 264	Walmart Inc.	201	236	
		1 658	1 796	7.2
Energy				
615	Apache Corp.	12	8	
1 734	Chevron Corp.	267	167	
992	Concho Resources Inc.	69	58	
422	ConocoPhillips	35	19	
663	EOG Resources Inc.	66	32	
1 858	Exxon Mobil Corp.	148	85	
298	HollyFrontier Corp.	18	8	
2 096	Kinder Morgan Inc.	53	35	
1 211	National Oilwell Varco Inc.	21	15	
60	Pioneer Natural Resources Co.	8	7	
1 505	Schlumberger NV	40	31	
1 297	TechnipFMC Plc.	16	11	
1 521	The Williams Companies Inc.	46	40	
31	Valero Energy Corp.	3	2	
		802	518	2.1
Financials				
618	Aflac Inc.	30	30	
743	Allstate Corp.	122	93	
237	American Express Company	30	32	
793	Ameriprise Financial Inc.	149	163	
176	Aon Plc.	47	48	
6 553	Bank of America Corp.	245	211	
1 830	Bank of New York Mellon Corp.	89	84	
1 147	Berkshire Hathaway Inc., Class B	305	326	
41	BlackRock Inc.	32	31	
531	Charles Schwab Corp.	25	26	
2 846	Citigroup Inc.	252	164	
505	Citizens Financial Group Inc.	17	17	
121	CME Group Inc., Class A	30	27	
360	Fifth Third Bancorp	7	10	
159	Hartford Financial Services Group Inc.	9	8	
2 236	JPMorgan Chase & Co.	312	288	
272	Lincoln National Corp.	14	11	
1	Loews Corp.	—	—	
61	M&T Bank Corp.	9	8	
35	MarketAxess Holdings Inc.	17	23	

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



September 30, 2020

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
2 267	MetLife Inc.	\$ 129	\$ 113	
46	Moody's Corp.	14	18	
1 712	Morgan Stanley	93	111	
208	PNC Financial Services Group Inc.	30	31	
128	Principal Financial Group Inc.	8	7	
447	Prudential Financial Inc.	55	38	
221	S&P Global Inc.	77	106	
1 642	State Street Corp.	136	130	
1 264	Synchrony Financial	57	44	
215	T. Rowe Price Group Inc.	39	37	
300	The Goldman Sachs Group Inc.	88	81	
1 069	U.S. Bancorp	51	51	
1 265	Unum Group	27	28	
439	Zions Bancorporation	22	17	
		2 567	2 412	9.7
Health Care				
1 060	Abbott Laboratories	126	154	
133	AbbVie Inc.	15	16	
121	Alexion Pharmaceuticals Inc.	16	18	
342	AmerisourceBergen Corp.	41	44	
564	Amgen Inc.	144	191	
360	Anthem Inc.	133	129	
79	Becton Dickinson & Co.	25	25	
176	Biogen Inc.	69	67	
554	Cerner Corp.	50	53	
303	Cigna Corp.	84	69	
1 057	CVS Health Corp.	91	82	
541	DaVita Inc.	51	62	
1 464	Edwards Lifesciences Corp.	147	156	
1 179	Eli Lilly & Co.	183	233	
1 325	Gilead Sciences Inc.	116	112	
83	Hologic Inc.	5	7	
273	Humana Inc.	131	151	
149	Illumina Inc.	70	62	
54	Intuitive Surgical Inc.	43	51	
2 157	Johnson & Johnson	378	430	
299	McKesson Corp.	54	59	
630	Medtronic Plc.	83	87	
2 065	Merck & Co. Inc.	212	229	
97	Perrigo Co Plc.	7	6	
2 474	Pfizer Inc.	119	121	
136	Regeneron Pharmaceutical	109	102	
217	ResMed Inc.	52	50	
103	Thermo Fisher Scientific Inc.	51	61	
720	UnitedHealth Group Incorporated	242	300	
388	Universal Health Services Inc., Class B	62	55	
678	Vertex Pharmaceuticals Inc.	213	246	
93	Zoetis Inc.	17	21	
		3 139	3 449	13.9
Industrials				
176	3M Co.	37	38	
322	Allegion Plc.	43	43	
187	Caterpillar Inc.	30	37	
553	CSX Corp.	52	57	

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
82	Cummins Engine Inc.	\$ 18	\$ 23	
213	Emerson Electric Co.	14	19	
61	Expeditors International of Washington, Inc.	6	7	
281	Fastenal Co.	18	17	
8 316	General Electric Company	105	69	
552	Honeywell International Inc.	114	121	
76	Huntington Ingalls Industries Inc.	17	14	
1 026	Illinois Tool Works Inc.	239	265	
430	J.B. Hunt Transport Services Inc.	61	73	
76	L3Harris Technologies Inc.	18	17	
353	Lockheed Martin Corporation	180	181	
1 559	Masco Corp.	98	115	
90	Norfolk Southern Corp.	22	26	
69	Northrop Grumman Corp.	32	29	
255	Old Dominion Freight Line Inc.	65	62	
1 138	Otis Worldwide Corp.	84	95	
1 561	Quanta Services Inc.	72	110	
1 409	Robert Half International Inc.	109	100	
289	Rockwell Automation Inc.	69	85	
293	Rollins Inc.	21	21	
312	Smith (A.O.) Corp.	19	22	
282	Trane Technologies Plc.	33	46	
501	Union Pacific Corp.	107	132	
590	United Parcel Service Inc.	81	131	
104	United Rentals Inc.	25	24	
		1 789	1 979	8.0
Information Technology				
420	Accenture Plc., Class A	95	127	
282	Adobe Inc.	140	185	
11 624	Apple Inc.	845	1 799	
554	Applied Materials Inc.	38	44	
113	Arista Networks Inc.	29	31	
444	Automatic Data Processing Inc.	83	83	
29	Broadcom Inc.	13	14	
1 116	Cadence Design Systems Inc.	103	159	
3 211	Cisco Systems Inc.	207	169	
470	Citrix Systems Inc.	86	86	
92	Cognizant Technology Solutions Corp., Class A	7	9	
644	Fortinet Inc.	77	101	
1 276	HP Inc.	31	32	
3 279	Intel Corp.	209	227	
136	International Business Machines	22	22	
598	Intuit Inc.	187	261	
174	KLA Corp.	44	45	
50	Lam Research Corp.	16	22	
716	Mastercard Inc.	229	323	
1 229	Maxim Integrated Products	96	111	
5 517	Microsoft Corp.	970	1 550	
1 447	NetApp Inc.	107	85	
541	Nvidia Corp.	203	391	
1 347	Oracle Corporation	97	107	
286	Paychex Inc.	28	30	
571	PayPal Holdings Inc.	122	150	
840	QUALCOMM Inc.	89	132	

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



September 30, 2020

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology (cont.)				
930	Seagate Technology	\$ 70	\$ 61	
308	ServiceNow Inc.	149	200	
97	Skyworks Solutions Inc.	19	19	
392	SynOpsys Inc.	73	112	
1 002	Texas Instruments Inc.	142	191	
832	Visa Inc., Class A	205	222	
1	Xerox Holdings Corp.	—	—	
276	Xilinx Inc.	34	38	
		<u>4 865</u>	<u>7 138</u>	<u>28.7</u>
Materials				
60	Avery Dennison Corp.	10	10	
1	Celanese Corp.	—	—	
981	Corteva Inc.	33	38	
1 156	Dow Inc.	70	73	
148	Ecolab Inc.	39	40	
250	FMC Corp.	35	35	
2 710	International Paper Co.	159	147	
446	Linde Plc.	115	142	
112	LyondellBasell Industries N.V.	8	11	
726	Newmont Corp.	53	62	
352	PPG Industries Inc.	53	57	
		<u>575</u>	<u>615</u>	<u>2.5</u>
Real Estate				
624	American Tower Corp. Real Estate Investment Trust	176	201	
122	AvalonBay Communities Inc. Real Estate Investment Trust	25	24	
225	Crown Castle International Corp. Real Estate Investment Trust	47	50	
37	Equinix Inc. Real Estate Investment Trust	32	38	
332	Equity Residential Properties Trust	26	23	
44	Essex Property Trust Inc.	14	12	
956	Iron Mountain Inc. Real Estate Investment Trust	32	34	
940	Kimco Realty Corp.	14	14	
179	Mid-America Apartment Communities Inc. Real Estate Investment Trust	28	28	
112	Public Storage Inc. Real Estate Investment Trust	33	33	
916	Simon Property Group Inc.	198	79	
1 038	SL Green Realty Corp. Real Estate Investment Trust	60	64	
1 280	Vornado Realty Trust	62	58	
94	Welltower Inc. Real Estate Investment Trust	7	7	
1 055	Weyerhaeuser Company Ltd.	40	40	
		<u>794</u>	<u>705</u>	<u>2.8</u>

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
61	American Electric Power Co. Inc.	\$ 7	\$ 7	
592	CenterPoint Energy Inc.	16	15	
119	Consolidated Edison Inc.	12	12	
666	Dominion Energy Inc.	71	70	
600	Duke Energy Corp.	68	71	
266	Energy Corp.	36	35	
727	Evergy Inc.	62	49	
887	Exelon Corp.	50	42	
370	NextEra Energy Inc.	123	137	
1 010	NRG Energy Inc.	50	41	
387	Public Service Enterprise Group	30	28	
1 023	Southern Co.	84	74	
442	WEC Energy Group Inc.	59	57	
		<u>668</u>	<u>638</u>	<u>2.6</u>
TOTAL UNITED STATES EQUITIES		<u>21 158</u>	<u>24 773</u>	<u>99.8</u>
Less: Transaction costs		(1)	—	—
TOTAL INVESTMENTS		<u>\$ 21 157</u>	<u>24 773</u>	<u>99.8</u>
OTHER NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				
			<u>58</u>	<u>0.2</u>
NET ASSETS ATTRIBUTABLE TO				
HOLDERS OF REDEEMABLE UNITS				
		<u>\$ 24 831</u>	<u>100.0</u>	



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	September 30 2020	December 31 2019
ASSETS		
Investments at fair value	\$ 24 773	\$ 27 986
Cash	47	106
Dividends receivable, interest accrued and other assets	20	13
TOTAL ASSETS	24 840	28 105
LIABILITIES		
Distributions payable	–	105
Accounts payable and accrued expenses	9	11
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
	9	116
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")		
	\$ 24 831	\$ 27 989
Investments at cost	\$ 21 157	\$ 25 324
NAV		
CAD UNITS	\$ 19 865	\$ 23 324
USD UNITS	\$ 4 966	\$ 4 665
NAV PER UNIT		
CAD UNITS	\$ 33.11	\$ 31.10
USD UNITS*	\$ 24.79	\$ 23.98

* Stated in U.S. dollars.

Statements of Comprehensive Income

(in \$000s except per unit amounts)

For the periods ended (see note 2 in the generic notes)	September 30 2020	December 31 2019
INCOME (see note 3 in the generic notes)		
Dividends	\$ 370	\$ 613
Income from investment trusts	12	43
Net realized gain (loss) on investments	628	1 374
Change in unrealized gain (loss) on investments	954	3 478
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES		
	1 964	5 508
Other income (loss)	–	1
Securities lending revenue		
(see note 8 in the generic notes)	1	2
Net gain (loss) on foreign cash balances	3	(3)
TOTAL OTHER INCOME (LOSS)	4	–
TOTAL INCOME (LOSS)	1 968	5 508
EXPENSES (see notes – ETF Specific Information)		
Management fees	71	117
GST/HST	7	12
Transaction costs	3	7
Withholding tax	53	93
TOTAL EXPENSES	134	229
INCREASE (DECREASE) IN NAV	\$ 1 834	\$ 5 279
INCREASE (DECREASE) IN NAV		
CAD UNITS	\$ 1 482	\$ 4 663
USD UNITS	\$ 352	\$ 616
INCREASE (DECREASE) IN NAV PER UNIT		
CAD UNITS	\$ 2.32	\$ 5.13
USD UNITS*	\$ 1.73	\$ 3.81

* Stated in U.S. dollars.



Statements of Cash Flow (in \$000s)

For the periods ended (see note 2 in the generic notes)	September 30 2020	December 31 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 1 834	\$ 5 279
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	–	–
Net unrealized foreign exchange (gain) loss on cash	–	2
Net realized loss (gain) on investments	(628)	(1 374)
Change in unrealized loss (gain) on investments	(954)	(3 478)
Non-cash dividends	–	–
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	(7)	16
Increase (decrease) in accrued payables	(2)	(1)
Cost of investments purchased*	(13 439)	(23 582)
Proceeds from sale and maturity of investments*	13 510	23 589
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	314	451
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	2	21
Cash paid on redemption of redeemable units*	(10)	(31)
Distributions paid to holders of redeemable units	(365)	(529)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (373)	\$ (539)
Net unrealized foreign exchange gain (loss) on cash	–	(2)
Net increase (decrease) in cash for the period	(59)	(88)
Cash (bank overdraft), beginning of period	106	196
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 47	\$ 106
Interest received (paid) [†]	\$ –	\$ –
Income from investment trusts received (paid) ^{††}	\$ 12	\$ 43
Dividends received (paid) ^{††}	\$ 310	\$ 536

* Excludes in-kind transactions.

[†] Classified as part of operating activities.

[‡] Net of withholding taxes, if applicable.



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

For the periods ended (see note 2 in the generic notes)	CAD Units		USD Units		Total	
	September 30 2020	December 31 2019	September 30 2020	December 31 2019	September 30 2020	December 31 2019
NAV AT BEGINNING OF PERIOD	\$ 23 324	\$ 26 252	\$ 4 665	\$ 2 625	\$ 27 989	\$ 28 877
INCREASE (DECREASE) IN NAV	1 482	4 663	352	616	1 834	5 279
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	1 582	11 473	–	1 482	1 582	12 955
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–
Redemption of redeemable units	(6 314)	(18 667)	–	(1)	(6 314)	(18 668)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 732)	(7 194)	–	1 481	(4 732)	(5 713)
Distributions from net income	(205)	(389)	(50)	(56)	(255)	(445)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	(4)	(8)	(1)	(1)	(5)	(9)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(209)	(397)	(51)	(57)	(260)	(454)
NET INCREASE (DECREASE) IN NAV	(3 459)	(2 928)	301	2 040	(3 158)	(888)
NAV AT END OF PERIOD	\$ 19 865	\$ 23 324	\$ 4 966	\$ 4 665	\$ 24 831	\$ 27 989



September 30, 2020

General information (see note 1 in the generic notes)

The investment objective of the ETF is to provide unitholders with broad exposure to the performance of a diversified portfolio of high-quality U.S. equity securities that have the potential for long-term capital growth.

The closing market price as of September 30, 2020 of CAD Units was 33.03 (December 31, 2019 – 31.60) and of USD Units was 24.99 USD (December 31, 2019 – 23.89 USD).

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	September 30 2020	December 31 2019
United States Equities		
Information Technology	28.7	23.8
Health Care	13.9	14.0
Communication Services	11.3	8.7
Consumer Discretionary	11.0	11.3
Financials	9.7	13.6
Industrials	8.0	8.3
Consumer Staples	7.2	7.3
Real Estate	2.8	3.0
Utilities	2.6	3.6
Materials	2.5	2.4
Energy	2.1	4.0
Other Net Assets	0.2	–
Total	100.0	100.0

Currency risk (% of NAV)

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

Currency	September 30 2020	December 31 2019
United States dollar	100.0	100.0
Total	100.0	100.0

As at September 30, 2020, 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, 2019 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

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

Other price risk (% impact on NAV)

In light of current market volatility related to COVID-19, management has applied 10% for other price risk sensitivity.

The table below shows the impact of a 10% (December 31, 2019 – 1%) change in the broad-based index (noted below) on the ETF's NAV, using a 36-month historical correlation of data of the ETF's return and the index, with all other factors kept constant, as at:

	September 30 2020	December 31 2019
S&P 500 Total Return Index (CAD)	+ or - 9.4	+ or - 1.0

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 September 30, 2020 and December 31, 2019.

September 30, 2020	Level 1	Level 2	Level 3	Total
Equities	24 773	–	–	24 773
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	24 773	–	–	24 773
% of total portfolio	100.0	–	–	100.0

December 31, 2019	Level 1	Level 2	Level 3	Total
Equities	27 986	–	–	27 986
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	27 986	–	–	27 986
% of total portfolio	100.0	–	–	100.0

For the periods ended September 30, 2020 and December 31, 2019, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.



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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 the following annual percentages, before GST/HST, of the daily NAV of the class of the ETF.

	Management fees
CAD Units	0.39%
USD Units	0.39%

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

The ETF had no capital or non-capital losses as at the tax-year ended December 2019.

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

The NAV per unit of each class is derived by dividing the NAV of that class of ETF by the outstanding units of that class at the end of each trading day of the ETF.

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

	September 30 2020	December 31 2019
CAD Units		
Opening units	750	1 000
Issued number of units	50	400
Reinvested number of units	–	–
Units consolidated*	–	–
Redeemed number of units	(200)	(650)
Ending number of units	600	750
USD Units		
Opening units	150	100
Issued number of units	–	50
Reinvested number of units	–	–
Units consolidated*	–	–
Redeemed number of units	–	–
Ending number of units	150	150

* 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:

	September 30 2020		December 31 2019	
	\$	%	\$	%
Total transaction costs	3	100	7	100
Related-party brokerage commissions*	–	–	–	–
Commission arrangements [†]	–	–	–	–

* 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:

	September 30 2020	December 31 2019
Fair value of securities loaned	1 289	655
Fair value of collateral received	1 315	668

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.

	September 30 2020		December 31 2019	
	\$	%	\$	%
Gross revenue	1	100	3	100
RBC IS (paid)	–	(25)	(1)	(25)
Tax withheld	–	(3)	–	(4)
ETF revenue	1	72	2	71

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:

	September 30 2020	December 31 2019
RBC Quant U.S. Equity Leaders (CAD Hedged) ETF	22.6	28.7
RBC Strategic Global Equity Leaders ETF	4.1	3.4
Total	26.7	32.1

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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 December 10, 2020.

The units of the ETFs are listed either on the Toronto Stock Exchange (the “TSX”) or on the 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 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 Target 2026 Corporate Bond Index ETF	RQO	FTSE Canada 2026 Maturity Corporate Bond Index
RBC Target 2027 Corporate Bond Index ETF	RQP	FTSE Canada 2027 Maturity Corporate Bond Index
RBC Canadian Discount Bond ETF	RCDB	Not applicable
RBC PH&N Short Term Canadian Bond ETF	RPSB	Not applicable
RBC Short Term U.S. Corporate Bond ETF	RUSB RUSB.U	Not applicable
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

ETF	Exchange Ticker Symbol	Index*
RBC Quant Canadian Equity Leaders ETF	RCE	Not applicable
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. Banks Yield Index ETF	RUBY RUBY.U	Solactive U.S. Bank Yield NTR Index
RBC U.S. Banks Yield (CAD Hedged) Index ETF	RUBH	Solactive U.S. Bank Yield NTR (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 Quant Emerging Markets Dividend Leaders ETF	RXD RXD.U	Not applicable
RBC Quant Emerging Markets Equity Leaders ETF	RXE RXE.U	Not applicable
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 financial year-end of the ETFs has been changed from December 31 to September 30. In accordance with regulatory requirements, notice of the change was filed with the authorities concerned. Consequently, this annual report of the ETFs is as at September 30, 2020.

The information provided in these financial statements and notes thereto is as at September 30, 2020 and December 31, 2019, as applicable, and for the nine-month period ended September 30, 2020 and the 12-month period ended December 31, 2019, 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 accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies of the ETFs are as follows:

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the ETFs classifies its 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 fair value through profit and loss (“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 qualify as puttable instruments as required by IAS 32 Financial Instruments: Presentation, are held by different types of unitholders that are entitled to different redemption rights. See Note 6 for details. Unitholders may redeem their units for cash at a reduced redemption price on trading day or they may sell units at full market price on the applicable exchange. As a result, the ETFs’ outstanding redeemable units are classified as financial liabilities.

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,

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- (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

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, mortgage-backed securities and other debt securities are valued at the mid price quoted by major dealers or independent pricing vendors in such securities.

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

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.

Futures Contracts – Futures contracts entered into by the ETFs are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the ETFs do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as “Derivative income” in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

Underlying Funds – Underlying funds that are not exchange-traded funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates

and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

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.

Margin Margin accounts represent margin deposits held with brokers in respect of futures contracts.

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

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.

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.

Valuation of Series A different NAV is calculated for each series of Units of an ETF. The NAV of a particular series of Units is computed by calculating the value of the series’ proportionate share of the assets and liabilities of the ETF common to all series less the liabilities of the ETF attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative NAV of each series. Expenses are accrued daily.

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	HKD – Hong Kong dollar
CAD – Canadian dollar	JPY – Japanese yen
CHF – Swiss franc	SEK – Swedish krona
DKK – Danish krone	SGD – Singapore dollar
EUR – Euro	USD – United States dollar
GBP – Pound sterling	

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. There were no critical accounting judgments and estimates made to prepare these financial statements.

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.

The financial markets experienced significant volatility as a result of the developing COVID-19 global pandemic. The effects of the pandemic and its impact on individual companies, nations and the market in general can not necessarily be foreseen at the present time and may have an adverse impact on the financial performance of the ETFs. The impact of the pandemic may be short-term or may last for an extended period of time.

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 Schedule 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 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. The currency risk as disclosed in the ETF Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of an ETF.

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 each class referred to as outstanding units. Each ETF is authorized to issue an unlimited number of redeemable and transferable units in each class, each of which represents an equal, undivided interest in the net asset value of that class 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 that class 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 that class of the ETF.

A trading day is each day on which the TSX and/or the NEO Exchange 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 that class of the ETF's units at the next valuation following receipt of the cash redemption request. Unitholders will generally be able to sell (rather than redeem) units at the full market price on the TSX or the NEO Exchange, as the case may be, through a registered broker or dealer subject only to customary brokerage commissions. 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 NAV per unit of each class is derived by dividing the NAV of that class of ETF by the outstanding units of that class 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.

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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 class of the ETF. 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). Effective January 1, 2020, RBC GAM, not the ETFs, will be responsible for the costs related to annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee. The ETFs will continue to be responsible for paying any Independent Review Committee costs that are not related to annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee.

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 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 class of the ETF. 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

Comparative figures on the Statements of Cash Flow have been revised for the RBC Quant EAFE Equity Leaders ETF. Amounts previously recorded in "Cost of investments purchased" are now recorded in "Non-cash dividends." The impact on the "Net cash provided by (used in) operating activities" is nil.