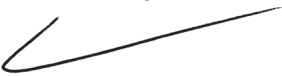


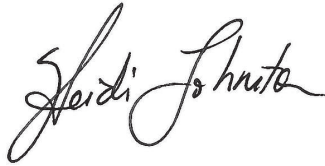
The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC ETFs (the "ETFs") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within the financial statements.

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 QUANT EMERGING MARKETS DIVIDEND LEADERS ETF

December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Communication Services				
55 100	Advanced Info Service PCL, Subscription Receipts	\$ 393	\$ 399	
154 700	Astro Malaysia Holdings Berhad	115	66	
49 599	Bharti Infratel Ltd.	353	251	
3 930	Cheil Communications Inc.	92	108	
112 246	Chunghwa Telecom Co. Ltd.	493	564	
231 700	DiGi.Com Berhad	372	345	
108 294	Far EasTone Telecommunications Co. Ltd.	335	368	
189 200	Maxis Berhad	360	335	
13 954	O2 Czech Republic A.S.	211	204	
595 700	PT Surya Citra Media Tbk	102	106	
1 482 312	PT Telekomunikasi Indonesia Persero Tbk	564	528	
486 700	PT Tower Bersama Infrastructure Tbk	242	166	
82 939	Taiwan Mobile Co. Ltd.	380	392	
31 933	Vodacom Group (Pty) Ltd.	455	400	
		4 467	4 232	7.5
Consumer Discretionary				
3 021	Bajaj Auto Ltd.	167	161	
1 630	Coway Co. Ltd.	177	148	
6 635	Ford Otomotif Sanayi A.S.	104	85	
29 200	Fuyao Glass Industry Group Co. Ltd.	128	128	
88 000	Geely Automobile Holdings Ltd.	222	212	
10 572	Greek Organization of Football Prognostics S.A.	140	125	
109 600	Guangzhou Automobile Group Co. Ltd.	193	149	
8 200	Hangzhou Robam Appliances Co. Ltd.	33	33	
9 990	Hanon Systems Corp.	129	132	
14 800	Heilan Home Co. Ltd.	29	25	
2 388	Hero Motocorp Ltd.	158	145	
4 200	Kangwon Land Inc.	166	165	
7 221	Mr. Price Group Ltd.	136	169	
11 000	Nien Made Enterprise Co. Ltd.	120	115	
16 400	Petrobras Distribuidora S.A.	108	149	
203 500	PT Matahari Department Store Tbk	203	108	
14 992	Tofas Turk Otomobil Fabrikasi A.S.	118	65	
17 787	Truworths International Ltd.	141	149	
22 400	Wanxiang Qianchao Co. Ltd.	26	23	
7 100	Weifu High-Technology Group Co. Ltd.	26	25	
		2 524	2 311	4.1
Consumer Staples				
8 000	British American Tobacco (Malaysia) Berhad	106	95	
113 000	Dali Foods Group Co. Ltd.	115	114	
3 127	Dongsuh Co. Inc.	103	69	

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Staples (cont.)				
8 400	Henan Shuanghui Investment Development Co	\$ 40	\$ 39	
42 983	ITC Ltd.	219	237	
59 500	Kimberly-Clark de Mexico S.A.	150	129	
1 627	KT&G Corp.	196	202	
12 000	President Chain Store Corp.	164	166	
17 218	PT Gudang Garam Tbk	115	137	
371 079	PT Hanjaya Mandala Sampoerna Tbk	140	131	
6 940	The SPAR Group Ltd.	121	137	
4 971	Tiger Brands Ltd.	176	129	
63 100	Wal-Mart de Mexico S.A.B. de C.V.	229	219	
142 389	Want Want China Holdings Ltd.	134	136	
		2 008	1 940	3.5
Energy				
73 924	Bharat Petroleum Corp Ltd.	546	525	
674 948	China Petroleum & Chemical Corp.	683	658	
49 906	Coal India Ltd.	263	235	
91 000	Formosa Petrochemical Corp.	430	441	
78 881	Hindustan Petroleum Corp. Ltd.	513	391	
10 335	Motor Oil Hellas Corinth Refineries S.A.	301	339	
161 684	Oil & Gas Development Co. Ltd.	241	204	
139 349	Oil & Natural Gas Corp Ltd.	424	409	
32 704	Petronet LNG Ltd.	130	143	
15 913	Polski Koncern Naftowy Orlen S.A.	596	626	
344 600	PTT PCL	579	665	
58 500	Shaanxi Coal Industry Co. Ltd.	82	87	
113 400	Thai Oil PCL	344	315	
13 117	Tupras Turkiye Petrol Rafine	427	393	
11 900	Ultrapar Participacoes S.A.	241	223	
		5 800	5 654	10.1
Financials				
29 814	Absa Group Ltd.	431	458	
127 443	Abu Dhabi Commercial Bank PJSC	368	387	
907 000	Agricultural Bank of China Ltd.	593	543	
183 663	Akbank Turk A.S.	402	323	
94 100	Anxin Trust Co. Ltd.	105	82	
1 810 458	Banco de Chile	303	353	
25 300	Banco Santander Brasil S.A.	337	381	
3 784 700	Banco Santander Chile	363	385	
174 510	Banco Santander Mexico S.A.	349	295	
1 289 454	Bank of China Ltd.	820	760	
84 700	Bank of Nanjing Co. Ltd.	114	109	
887 000	China Construction Bank Corp.	1 135	1 000	
108 000	China Merchants Bank Co. Ltd.	453	541	
566 000	Chinatrust Financial Holding Co.	500	508	
45 436	Coronation Fund Managers Ltd.	290	178	
1 852	Credicorp Ltd.	392	561	
156 000	Dubai Islamic Bank PJSC	299	290	
88 476	FirstRand Ltd.	459	551	
230 000	Fubon Financial Holding Co. Ltd.	487	481	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
519 727	Grupo Aval Acciones y Valores S.A. Preference	\$ 246	\$ 218	
77 900	Grupo Financiero Banorte S.A.B. de C.V.	540	517	
5 984	Hyundai Marine & Fire Insurance Co. Ltd.	303	301	
21 404	Indiabulls Housing Finance Ltd.	353	358	
66 826	Industrial Bank Co. Ltd.	200	199	
31 835	Investec Ltd.	291	239	
11 700	IRB Brasil Resseguros S.A.	284	344	
65 800	Itau Unibanco Holding S.A. Preference	673	823	
130 700	Itausa – Investimentos Itau S.A. Preference	455	556	
34 518	LIC Housing Finance Ltd.	273	330	
25 484	Masraf Al Rayan	351	398	
96 500	MCB Bank Ltd.	189	184	
59 256	Moneta Money Bank A.S.	260	261	
17 923	Nedcor Limited	407	467	
316 000	PICC Property & Casualty Co. Ltd.	495	442	
64 500	Ping An Insurance Group Company of China Ltd.	826	778	
13 300	Porto Seguro S.A.	221	244	
29 029	Powszechny Zakład Ubezpieczeń S.A.	423	463	
499 700	PT Bank Negara Indonesia Persero Tbk	356	418	
1 746 500	PT Bank Rakyat Indonesia Tbk	441	607	
6 858	Qatar Islamic Bank SAQ	276	391	
75 313	Rand Merchant Investment Holdings Ltd.	280	261	
109 999	REC Ltd.	315	263	
48 472	RMB Holdings Ltd.	308	363	
67 375	Sanlam Ltd.	437	510	
34 752	Standard Bank Group Ltd.	540	590	
508 895	Taiwan Cooperative Financial Holding Co. Ltd.	351	399	
		18 294	19 110	34.0
Health Care				
34 000	China Medical System Holdings Ltd.	67	43	
6 300	Hypermarcas S.A.	62	67	
25 906	Netcare Ltd.	60	65	
		189	175	0.3
Industrials				
96 120	Aboitiz Equity Ventures Inc.	166	137	
119 900	AirAsia Berhad	128	118	
94 100	Alfa S.A.	140	153	
54 115	Ashok Leyland Ltd.	125	109	
90 000	Beijing Capital International Airport Co. Ltd.	152	130	
43 910	CCR S.A.	213	173	
72 500	China State Construction Engineering Corp. Ltd.	74	82	
34 300	Daqin Railway Co. Ltd.	58	56	

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
293 600	DMCI Holdings Inc.	\$ 97	\$ 97	
8 600	Fangda Carbon New Material Co. Ltd.	39	29	
15 117	Grupo Aeroportuario del Pacifico S.A.B. de C.V.	174	168	
38 000	Haitian International Holdings Ltd.	123	100	
34 000	HAP Seng Consolidated Berhad	97	111	
3 505	Industries Qatar Q.S.C.	155	176	
73 018	Jiangsu Expressway Co. Ltd.	126	139	
2 533	KEPCO Plant Service & Engineering Co. Ltd.	110	103	
54 800	MISC Berhad	116	121	
528 100	PT Waskita Karya Persero Tbk	72	84	
958	S1 Corp.	98	118	
47 000	Sinotruk Hong Kong Ltd.	84	97	
86 000	Weichai Power Co. Ltd.	133	134	
88 400	Westports Holdings Berhad	101	106	
9 300	Zhejiang Chint Electric Co. Ltd.	41	45	
15 200	Zhengzhou Yutong Bus Co. Ltd.	34	36	
		2 656	2 622	4.7
Information Technology				
81 000	AAC Technologies Holdings Inc.	684	642	
240 000	BYD Electronic International Co. Ltd.	492	412	
115 412	Infosys Ltd.	1 259	1 488	
382 000	Kingboard Laminates Holdings Ltd.	467	430	
162 000	Micro-Star International Co. Ltd.	509	550	
230 000	Nanya Technology Corp.	603	562	
103 291	Novatek Microelectronics Corp.	548	652	
48 710	Phison Electronics Corp.	557	493	
50 533	Samsung Electronics Co. Ltd.	2 601	2 394	
347 000	Synnex Technology International Corp.	504	561	
36 158	Tata Consultancy Services Ltd.	1 052	1 339	
56 456	Tech Mahindra Ltd.	727	799	
203 712	Vanguard International Semiconductor Corp.	510	539	
		10 513	10 861	19.3
Materials				
57 022	Ambuja Cements Ltd.	239	251	
12 700	Braskem S.A. Preference	222	212	
192 000	China Resources Cement Holdings Ltd.	289	236	
48 000	Conch Cement Co. Ltd.	239	318	
107 493	Eregli Demir ve Celik Fabrikalari T.A.S.	255	199	
12 380	Industrias Penoles S.A.	309	206	
6 849	Jastrzebska Spolka Weglowa S.A.	185	167	
41 600	Klabin S.A.	292	233	
246	Korea Zinc Co., Ltd.	126	130	
7 301	Kumba Iron Ore Ltd.	239	196	
176 000	Lee & Man Paper Manufacturing Ltd.	226	204	
8 128	Mondi Ltd.	242	239	
144 139	Petkim Petrokimya Holding A.S.	235	187	

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



December 31, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
146 740	PT Indocement Tunggal Prakarsa Tbk	\$ 245	\$ 257	
345 359	Sinopec Shanghai Petrochemical Co.	250	207	
5 272	Sociedad Quimica y Minera de Chile S.A. Preference	352	283	
5 245	Southern Copper Corp.	292	220	
17 700	The Siam Cement PCL	335	324	
		<u>4 572</u>	<u>4 069</u>	<u>7.2</u>
Real Estate				
60 000	China Evergrande Group	191	245	
12 100	China Fortune Land Development Co. Ltd.	54	61	
19 600	China Merchants Shekou Industrial Zone Holdings Co. Ltd.	62	68	
48 014	China Resources Land Ltd.	188	252	
39 846	China Vanke Co. Ltd.	159	185	
214 000	CIFI Holdings Group Co. Ltd.	202	155	
136 294	DAMAC Properties Dubai Co. PJSC	102	77	
205 354	Emlak Konut Gayrimenkul Yatirim Ortakligi A.S. Real Estate Investment Trust	84	79	
90 070	Fortress REIT Ltd. Real Estate Investment Trust	128	124	
142 000	Future Land Development Holdings Ltd.	132	133	
10 100	Future Land Holdings Co. Ltd.	45	48	
24 400	Gemdale Corp.	44	47	
100 500	KWG Group Holdings Ltd.	138	121	
236 400	Land & Houses PCL NVDR	100	98	
86 000	Logan Property Holdings Co. Ltd.	113	147	
47 000	Longfor Group Holdings Ltd.	143	192	
31 700	Poly Real Estate Group Co. Ltd.	66	74	
168 915	Redefine Properties Ltd. Real Estate Investment Trust	183	155	
18 193	Resilient Ltd. Real Estate Investment Trust	108	98	
26 900	RiseSun Real Estate Development Co. Ltd.	41	43	
53 000	Sunac China Holdings Ltd.	198	236	
188 000	Yuzhou Properties Co. Ltd.	116	106	
		<u>2 597</u>	<u>2 744</u>	<u>4.9</u>
Underlying Funds				
18 322	iShares MSCI Emerging Markets Index Fund	977	977	
		<u>977</u>	<u>977</u>	<u>1.7</u>
Utilities				
129 500	Aboitiz Power Corp.	130	118	
170 309	Aguas Andinas S.A.	130	128	
220 000	Beijing Enterprises Water Group Ltd.	188	153	
11 322	Engie Brasil Energia S.A.	138	132	
78 368	Guangdong Investments Ltd.	159	207	

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
13 440	Manila Electric Co.	\$ 109	\$ 133	
26 600	Petronas Gas Berhad	155	168	
50 199	Power Grid Corp of India Ltd.	177	194	
2 195	Qatar Electricity & Water Co. Q.S.C.	147	151	
28 100	Sichuan Chuantou Energy Co. Ltd.	43	48	
		<u>1 376</u>	<u>1 432</u>	<u>2.5</u>
TOTAL INTERNATIONAL EQUITIES				
		<u>55 973</u>	<u>56 127</u>	<u>99.8</u>
Less: Transaction costs				
		(84)	—	—
TOTAL INVESTMENTS				
		<u>\$ 55 889</u>	<u>56 127</u>	<u>99.8</u>
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			<u>96</u>	<u>0.2</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
		<u>\$ 56 223</u>	<u>100.0</u>	



Statements of Financial Position

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	December 31 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 56 127	\$ 46 448
Cash	249	153
Due from investment dealers	159	18
Dividends receivable, interest accrued and other assets	99	100
TOTAL ASSETS	56 634	46 719
LIABILITIES		
Due to investment dealers	–	18
Distributions payable	378	103
Accounts payable and accrued expenses	33	29
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	411	150
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 56 223	\$ 46 569
Investments at cost	\$ 55 889	\$ 43 260
NAV		
CAD UNITS	\$ 51 203	\$ 39 161
USD UNITS	\$ 5 020	\$ 7 408
NAV PER UNIT		
CAD UNITS	\$ 20.08	\$ 21.17
USD UNITS*	\$ 14.70	\$ 16.89

* Stated in U.S. dollars.

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	\$ 2 132	\$ 1 499
Interest for distribution purposes	8	–
Income from investment trusts	120	–
Net realized gain (loss) on investments	412	1 648
Change in unrealized gain (loss) on investments	(2 950)	3 124
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(278)	6 271
Other income (loss)	(16)	–
Securities lending revenue (see note 8 in the generic notes)	4	2
Net gain (loss) on foreign cash balances	(107)	(131)
TOTAL OTHER INCOME (LOSS)	(119)	(129)
TOTAL INCOME (LOSS)	(397)	6 142
EXPENSES (see notes – ETF Specific Information)		
Management fees	320	232
GST/HST	31	22
Transaction costs	148	113
Withholding tax	246	180
TOTAL EXPENSES	745	547
INCREASE (DECREASE) IN NAV	\$ (1 142)	\$ 5 595
INCREASE (DECREASE) IN NAV		
CAD UNITS	\$ (954)	\$ 4 804
USD UNITS	\$ (188)	\$ 791
INCREASE (DECREASE) IN NAV PER UNIT		
CAD UNITS	\$ (0.46)	\$ 3.14
USD UNITS*	\$ (0.45)	\$ 2.37

* Stated in U.S. dollars.



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	\$ (1 142)	\$ 5 595
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	(412)	(1 648)
Change in unrealized loss (gain) on investments	2 950	(3 124)
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	1	(53)
Increase (decrease) in accrued payables	4	13
Cost of investments purchased*	(49 837)	(43 443)
Proceeds from sale and maturity of investments*	49 643	43 753
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1 204	1 093
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	468	110
Cash paid on redemption of redeemable units*	(243)	(100)
Distributions paid to holders of redeemable units	(1 336)	(1 075)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (1 111)	\$ (1 065)
Net unrealized foreign exchange gain (loss) on cash	3	–
Net increase (decrease) in cash for the period	93	28
Cash (bank overdraft), beginning of period	153	125
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 249	\$ 153
Interest received (paid)	\$ 8	\$ –
Income received from investment trusts	\$ 120	\$ –
Dividends received, net of withholding taxes	\$ 1 887	\$ 1 274

* Excludes in-kind transactions.



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

For the periods ended December 31 (see note 2 in the generic notes)	CAD Units		USD Units		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 39 161	\$ 22 087	\$ 7 408	\$ 3 682	\$ 46 569	\$ 25 769
INCREASE (DECREASE) IN NAV	(954)	4 804	(188)	791	(1 142)	5 595
Early redemption fees	—	—	—	—	—	—
Proceeds from redeemable units issued	29 597	23 246	2 086	3 085	31 683	26 331
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—
Redemption of redeemable units	(15 188)	(10 086)	(4 088)	(1)	(19 276)	(10 087)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	14 409	13 160	(2 002)	3 084	12 407	16 244
Distributions from net income	(1 405)	(847)	(197)	(144)	(1 602)	(991)
Distributions from net gains	—	—	—	—	—	—
Distributions from capital	(8)	(43)	(1)	(5)	(9)	(48)
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 413)	(890)	(198)	(149)	(1 611)	(1 039)
NET INCREASE (DECREASE) IN NAV	12 042	17 074	(2 388)	3 726	9 654	20 800
NAV AT END OF PERIOD	\$ 51 203	\$ 39 161	\$ 5 020	\$ 7 408	\$ 56 223	\$ 46 569



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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 high-quality emerging market dividend-paying equity 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)

Concentration risk (%)

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

	December 31 2018	December 31 2017
Investment mix		
International Equities		
Financials	34.0	35.5
Information Technology	19.3	14.4
Energy	10.1	10.0
Communication Services	7.5	8.6
Materials	7.2	7.0
Real Estate	4.9	3.3
Industrials	4.7	5.0
Consumer Discretionary	4.1	6.0
Consumer Staples	3.5	4.8
Utilities	2.5	2.9
Health Care	0.3	0.2
Underlying Funds	1.7	2.0
Other Net Assets	0.2	0.3
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	December 31 2018	December 31 2017
Hong Kong dollar	19.0	13.3
Indian rupee	13.6	14.0
New Taiwan dollar	12.1	12.2
South African rand	9.7	12.4
South Korean won	6.9	9.4
Brazilian real	6.3	4.7
Indonesian rupiah	4.5	5.8
Thailand baht	3.2	4.8
United States dollar	3.1	3.0
Mexican peso	3.0	2.8
Malaysian ringgit	2.6	3.0
Turkish new lira	2.4	3.0
Polish zloty	2.2	1.7
Chinese renminbi	2.2	–

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

Currency	December 31 2018	December 31 2017
Chilean peso	2.0	2.3
Qatari rial	2.0	0.9
UAE dirham	1.3	1.8
Philippine peso	0.9	1.4
Czech koruna	0.8	–
Euro	0.8	0.6
Pakistani rupee	0.7	0.7
Colombian peso	0.4	1.3
Hungarian forint	–	0.8
Total	99.7	99.9

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

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the ETF's NAV, using a 36-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
MSCI Emerging Markets Total Return		
Net Index (CAD)	+ or - 0.9	+ or - 0.9

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	55 150	–	–	55 150
Underlying funds	977	–	–	977
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	56 127	–	–	56 127
% of total portfolio	100.0	–	–	100.0



December 31, 2018

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	45 506	–	–	45 506
Underlying funds	942	–	–	942
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	46 448	–	–	46 448
% 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 the following annual percentages, before GST/HST, of the daily NAV of the ETF.

	Management fees
CAD Units	0.64%
USD Units	0.64%

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

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

	December 31 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
iShares MSCI Emerging Markets Index Fund	1.7	–	2.0	–

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	874
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
CAD Units		
Opening units	1 850	1 200
Issued number of units	1 400	1 150
Reinvested number of units	–	–
Redeemed number of units	(700)	(500)
Ending number of units	2 550	1 850

	2018	2017
USD Units		
Opening units	350	200
Issued number of units	100	150
Reinvested number of units	–	–
Redeemed number of units	(200)	–
Ending number of units	250	350

Transaction costs (\$000s except %)

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

	December 31 2018		December 31 2017	
	\$	%	\$	%
Total transaction costs	148	100	113	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:

	December 31 2018	December 31 2017
Fair value of securities loaned	3 154	2 180
Fair value of collateral received	3 217	2 224



December 31, 2018

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

	December 31 2018		December 31 2017	
	\$	%	\$	%
Gross revenue	6	100	3	100
RBC IS (paid)	(2)	(25)	(1)	(27)
Tax withheld	–	(3)	–	(1)
ETF revenue	4	72	2	72

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

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

	December 31 2018	December 31 2017
RBC Strategic Global Dividend Leaders ETF	1.6	1.5

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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.