

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.



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

May 10, 2021



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

**Unaudited Interim Financial Statements**

The accompanying interim financial statements have not been reviewed by the external auditors of the ETFs. The external auditors will be auditing the annual financial statements of the ETFs in accordance with Canadian generally accepted auditing standards.



SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)  
**RBC QUANT EAFE DIVIDEND LEADERS ETF**

March 31, 2021

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>INTERNATIONAL EQUITIES</b>				
<b>Communication Services</b>				
258 356	BT Group PLC	\$ 494	\$ 694	
40 300	CyberAgent Inc.	793	914	
6 200	Kakaku.com Inc.	266	213	
33 800	KDDI Corporation	1 260	1 305	
7 300	Nexon Co. Ltd.	260	298	
3 100	Nintendo Co. Ltd.	1 789	2 179	
15 654	Proximus	417	429	
6 243	REA Group Ltd.	702	847	
33 600	Singapore Telecommunications Ltd.	84	77	
28 800	Softbank Corp.	504	471	
523 815	Telefonica Deutschland Holding AG	1 906	1 934	
252 320	Telefonica S.A.	1 639	1 423	
55 890	Telenor ASA	1 188	1 238	
144 022	Telstra Corp. Ltd.	470	469	
14 505	Vivendi S.A.	622	600	
18 817	WPP Plc.	186	300	
10 300	Z Holdings Corp.	83	65	
		12 663	13 456	<b>8.7</b>
<b>Consumer Discretionary</b>				
14 604	Bayerische Motoren Werke (BMW) AG	1 420	1 909	
4 833	Cie Generale des Etablissements Michelin SCA	732	911	
2 831	Continental AG	339	471	
20 875	Daimler AG	1 731	2 344	
12 059	Electrolux AB	388	421	
2 393	Evolution Gaming Group AB	229	444	
500	Fast Retailing Co. Ltd.	614	501	
1 433	Ferrari N.V.	318	378	
43 000	Galaxy Entertainment Group Ltd.	427	487	
147	Hermes International	154	205	
11 000	Honda Motor Co. Ltd.	409	415	
53 700	Iida Group Holdings Co. Ltd.	1 557	1 634	
53 230	Inditex S.A.	1 887	2 209	
7 939	La Francaise des Jeux SAEM	462	455	
1 602	LVMH Louis Vuitton Moet-Hennessy	1 331	1 344	
1 200	Nitori Co. Ltd.	306	292	
25 300	Rakuten Inc.	346	380	
59 600	Sekisui House Ltd.	1 502	1 609	
7 300	Sony Corp.	838	963	
16 243	Wesfarmers Ltd.	761	819	
19 300	ZOZO Inc.	469	718	
		16 220	18 909	<b>12.2</b>

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Consumer Staples</b>				
15 700	Aeon Co. Ltd.	\$ 528	\$ 589	
34 640	British American Tobacco Plc.	1 683	1 666	
29 382	Coca-Cola Amatil Ltd.	300	378	
4 308	Colruyt S.A.	331	324	
4 500	Cosmos Pharmaceutical Corp.	1 022	884	
39 098	Imperial Brands Plc.	985	1 012	
129 900	Japan Tobacco Inc.	3 486	3 140	
8 249	Koninklijke Ahold Delhaize N.V.	283	289	
9 300	Lawson Inc.	675	574	
995	L'Oréal S.A.	477	480	
15 177	Nestlé S.A.	2 222	2 135	
10 926	Reckitt Benckiser Plc.	1 225	1 231	
20 434	Swedish Match AB	1 782	2 009	
3 500	Toyo Suisan Kaisha Ltd.	196	185	
12 400	Uni-Charm Corporation	726	655	
6 896	Unilever Plc.	491	485	
11 100	Welcia Holdings Co. Ltd.	565	480	
331 000	WH Group Ltd.	374	337	
		17 351	16 853	<b>10.9</b>
<b>Energy</b>				
297 644	BP Plc.	1 808	1 521	
67 200	ENEOS Holdings Inc.	315	383	
32 464	Lundin Energy AB	1 217	1 285	
25 536	Total S.A.	1 789	1 500	
		5 129	4 689	<b>3.0</b>
<b>Financials</b>				
22 438	Admiral Group Plc.	1 235	1 207	
6 245	Ageas	426	476	
39 400	AIA Group Ltd.	683	601	
10 354	Allianz SE	2 851	3 320	
1 793	ASX Ltd.	139	122	
20 543	Australia & New Zealand Banking Group Ltd.	312	554	
34 009	AXA S.A.	1 119	1 150	
62 790	Banco Bilbao Vizcaya Argentaria SA	306	411	
316 014	Barclays Plc.	526	1 019	
189 991	BCO Santander Central Hispano S.A.	733	813	
164 800	BOC Hong Kong Holdings Ltd.	841	723	
14 860	Commonwealth Bank of Australia	1 068	1 225	
52 000	DBS Group Holdings Ltd.	1 158	1 400	
23 917	Hargreaves Lansdown Plc.	760	639	
24 500	Hong Kong Exchanges and Clearing Ltd.	1 237	1 812	
88 074	HSBC Holdings Plc. (U.K. Reg.)	670	646	
23 600	Japan Post Insurance Co. Ltd.	425	610	
15 780	Kinnevik AB	956	966	
224 411	Legal & General Group Plc.	990	1 086	

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



March 31, 2021

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Financials (cont.)</b>				
283 200	M&G Plc.	\$ 938	\$ 1 019	
97 744	Medibank Pvt Ltd.	271	262	
201 000	Mitsubishi UFJ Financial Group Inc.	1 068	1 353	
13 700	Mizuho Financial Group Inc.	266	249	
222 400	Nomura Holdings Inc.	1 488	1 471	
1 349	Partners Group Holding AG	1 837	2 174	
99 100	Resona Holdings Inc.	558	524	
38 100	Sumitomo Mitsui Financial Group Inc.	1 751	1 736	
19 600	T&D Holdings Inc.	308	318	
19 400	The Dai-ichi Life Insurance Co. Ltd.	411	420	
		25 331	28 306	<b>18.2</b>
<b>Health Care</b>				
9 191	AstraZeneca Plc.	1 217	1 155	
1 276	BioMerieux	238	205	
7 200	Chugai Pharmaceutical Co. Ltd.	368	368	
5 292	Coloplast A/S	792	1 003	
472	CSL Ltd.	131	120	
11 000	Daiichi Sankyo Co. Ltd.	446	403	
475	DiaSorin S.p.A.	128	96	
3 100	Eisai Co. Ltd.	302	262	
6 594	Fisher & Paykel Healthcare Corp Ltd.	199	186	
3 945	Fresenius Medical Care AG & Co KGaA	447	365	
56 102	GlaxoSmithKline Plc.	1 491	1 253	
4 400	Hoya Corp.	509	651	
3 423	Ipsen S.A.	396	370	
7 092	Koninklijke Philips N.V.	513	510	
5 300	M3 Inc.	576	456	
22 162	Novo Nordisk A/S	1 364	1 892	
30 100	Olympus Optical Co. Ltd.	674	784	
12 121	Roche Holdings AG Genusscheine	4 238	4 944	
26 100	Sumitomo Dainippon Pharma Co. Ltd.	545	572	
1 600	Sysmex Corp.	229	217	
3 700	Takeda Pharmaceutical Co. Ltd.	165	168	
		14 968	15 980	<b>10.3</b>
<b>Industrials</b>				
92	AP Moller – Maersk A/S	235	269	
4 797	Ashtead Group Plc.	336	360	
164 495	Aurizon Holdings Ltd.	684	614	
119 629	BAE Systems Plc.	1 013	1 048	
11 291	Bouygues S.A.	443	570	
20 000	CK Hutchison Holdings Ltd.	193	200	
1 900	Daikin Industries Ltd.	541	482	
2 702	Deutsche Post AG	113	186	
27 034	Epiroc AB	399	771	
7 590	GEA Group AG	350	392	
347	Geberit AG	226	279	
2 079	Intertek Group Plc.	170	202	
39 300	Itochu Corp.	1 178	1 603	

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Industrials (cont.)</b>				
3 886	Knorr-Bremse AG	\$ 518	\$ 611	
40 817	Kone OYJ	3 347	4 200	
10 962	Kuehne + Nagel International AG	2 668	3 948	
7 300	LIXIL Corp.	256	255	
15 100	Marubeni Corp.	123	158	
3 100	Nidec Corp.	555	474	
4 800	Nihon M&A Center Inc.	182	163	
253 000	Obayashi Corp.	3 149	2 921	
4 500	Recruit Holdings Co. Ltd.	288	276	
10 998	RELX Plc.	345	347	
1 074	Schindler Holding AG	333	398	
2 231	Schneider Electric SE	364	429	
3 979	Siemens AG	803	823	
14 309	Skanska AB	455	452	
8 994	Volvo AB	292	286	
		19 559	22 717	<b>14.6</b>
<b>Information Technology</b>				
3 167	ASML Holding N.V.	2 360	2 419	
16 200	Brother Industries Ltd.	424	451	
5 800	Canon Inc.	181	165	
55 455	Ericsson (LM) Tel., Series B	944	924	
3 500	Fujitsu Ltd.	553	637	
3 500	GMO Payment Gateway Inc.	582	584	
3 100	Lasertec Corp.	343	512	
11 453	Logitech International S.A.	1 200	1 516	
9 692	SAP SE	1 569	1 495	
3 000	Tokyo Electron Ltd.	750	1 597	
6 200	Trend Micro Inc.	430	391	
		9 336	10 691	<b>6.9</b>
<b>Materials</b>				
711	Air Liquide S.A.	154	146	
8 321	BASF SE	558	871	
50 644	BHP Group Ltd.	1 457	2 196	
216	EMS-Chemie Holding AG	207	243	
62 583	Evrz Plc.	521	627	
64 969	Fortescue Metals Group Ltd.	838	1 243	
19 418	James Hardie Industries Plc., Subscription Receipts	748	741	
7 516	Johnson Matthey Plc.	413	393	
12 062	Rio Tinto Plc.	994	1 161	
22 952	Smurfit Kappa Group Plc.	1 188	1 356	
3 455	Solvay S.A.	500	542	
19 490	Yara International ASA	1 043	1 276	
		8 621	10 795	<b>7.0</b>
<b>Real Estate</b>				
135 800	CapitaLand Limited	405	478	
18 500	CK Asset Holdings Ltd.	168	141	
11 600	Daito Trust Construction Co. Ltd.	1 736	1 693	
24 625	Goodman Group	434	427	
81 000	Hang Lung Properties Ltd.	299	265	
19 672	Klepierre Real Estate Investment Trust	782	578	
3 465	Unibail-Rodamco-Westfield	240	350	
		4 064	3 932	<b>2.5</b>

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



March 31, 2021

Holdings	Security	Cost	Fair Value	% of Net Assets
<b>Utilities</b>				
165 313	AGL Energy Ltd.	\$ 2 536	\$ 1 527	
47 876	E.ON SE	642	702	
12 052	Enagas	328	330	
60 751	Endesa S.A.	1 976	2 025	
69 088	Enel S.p.A.	887	867	
49 026	Naturgy Energy Group S.A.	1 478	1 514	
5 928	Uniper SE	270	270	
18 687	Veolia Environnement	546	603	
		<u>8 663</u>	<u>7 838</u>	<u>5.1</u>
<b>TOTAL INTERNATIONAL EQUITIES</b>		<u>141 905</u>	<u>154 166</u>	<u>99.4</u>
<b>UNDERLYING FUNDS</b>				
1 910	iShares MSCI EAFE ETF	183	182	
<b>TOTAL UNDERLYING FUNDS</b>		<u>183</u>	<u>182</u>	<u>0.1</u>
<b>Less: Transaction costs</b>		<u>(207)</u>	<u>—</u>	<u>—</u>
<b>TOTAL INVESTMENTS</b>		<u>\$ 141 881</u>	<u>154 348</u>	<u>99.5</u>
<b>OTHER NET ASSETS ATTRIBUTABLE TO</b>				
<b>HOLDERS OF REDEEMABLE UNITS</b>			<u>791</u>	<u>0.5</u>
<b>NET ASSETS ATTRIBUTABLE TO</b>				
<b>HOLDERS OF REDEEMABLE UNITS</b>			<u>\$ 155 139</u>	<u>100.0</u>



**Statements of Financial Position** (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	March 31 2021	September 30 2020
<b>ASSETS</b>		
Investments at fair value	\$ 154 348	\$ 179 561
Cash	–	212
Due from investment dealers	486	–
Dividends receivable, interest accrued and other assets	734	902
<b>TOTAL ASSETS</b>	<b>155 568</b>	<b>180 675</b>
<b>LIABILITIES</b>		
Bank overdraft	345	–
Accounts payable and accrued expenses	84	83
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		
	<b>429</b>	<b>83</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>		
	<b>\$ 155 139</b>	<b>\$ 180 592</b>
Investments at cost	\$ 141 881	\$ 174 697
<b>NAV</b>		
<b>CAD UNITS</b>	<b>\$ 146 912</b>	<b>\$ 162 743</b>
<b>USD UNITS</b>	<b>\$ 8 227</b>	<b>\$ 17 849</b>
<b>NAV PER UNIT</b>		
<b>CAD UNITS</b>	<b>\$ 23.51</b>	<b>\$ 21.00</b>
<b>USD UNITS*</b>	<b>\$ 18.70</b>	<b>\$ 15.72</b>

\* Stated in U.S. dollars.

**Statements of Comprehensive Income** (unaudited)

(in \$000s except per unit amounts)

For the periods ended March 31 (see note 2 in the generic notes)	2021	2020
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 2 306	\$ 5 378
Income from investment trusts	156	89
Net realized gain (loss) on investments	13 318	(20 876)
Change in unrealized gain (loss) on investments	7 603	(5 831)
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>		
	<b>23 383</b>	<b>(21 240)</b>
Other income (loss)	(1)	–
Securities lending revenue (see note 8 in the generic notes)	49	57
Net gain (loss) on foreign cash balances	29	31
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>77</b>	<b>88</b>
<b>TOTAL INCOME (LOSS)</b>	<b>23 460</b>	<b>(21 152)</b>
<b>EXPENSES (see notes – ETF Specific Information)</b>		
Management fees	425	642
Independent Review Committee costs	1	1
GST/HST	40	59
Transaction costs	165	396
Withholding tax	273	719
<b>TOTAL EXPENSES</b>	<b>904</b>	<b>1 817</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 22 556</b>	<b>\$ (22 969)</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>CAD UNITS</b>	<b>\$ 20 433</b>	<b>\$ (21 132)</b>
<b>USD UNITS</b>	<b>\$ 2 123</b>	<b>\$ (1 837)</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>CAD UNITS</b>	<b>\$ 2.93</b>	<b>\$ (2.00)</b>
<b>USD UNITS*</b>	<b>\$ 2.29</b>	<b>\$ (1.38)</b>

\* Stated in U.S. dollars.



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

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ 22 556	\$ (22 969)
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Interest for distribution purposes	–	–
Net unrealized foreign exchange (gain) loss on cash	–	–
Net realized loss (gain) on investments	(13 318)	20 876
Change in unrealized loss (gain) on investments	(7 603)	5 831
Non-cash dividends	–	(32)
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	168	(319)
Increase (decrease) in accrued payables	1	(40)
Cost of investments purchased*	(110 596)	(176 294)
Proceeds from sale and maturity of investments*	111 411	179 470
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>2 619</b>	<b>6 523</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	127	557
Cash paid on redemption of redeemable units*	(502)	(793)
Distributions paid to holders of redeemable units	(2 801)	(5 644)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (3 176)</b>	<b>\$ (5 880)</b>
Net unrealized foreign exchange gain (loss) on cash	–	–
Net increase (decrease) in cash for the period	(557)	643
Cash (bank overdraft), beginning of period	212	406
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ (345)</b>	<b>\$ 1 049</b>
Interest received (paid) <sup>†</sup>	\$ –	\$ –
Income from investment trusts received (paid) <sup>††</sup>	\$ 156	\$ 89
Dividends received (paid) <sup>††</sup>	\$ 2 201	\$ 4 340

\* Excludes in-kind transactions.

<sup>†</sup> Classified as part of operating activities.

<sup>‡</sup> Net of withholding taxes, if applicable.



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

For the periods ended March 31 (see note 2 in the generic notes)	CAD Units		USD Units		Total	
	2021	2020	2021	2020	2021	2020
<b>NAV AT BEGINNING OF PERIOD</b>	\$ 162 743	\$ 257 782	\$ 17 849	\$ 23 333	\$ 180 592	\$ 281 115
<b>INCREASE (DECREASE) IN NAV</b>	<b>20 433</b>	<b>(21 132)</b>	<b>2 123</b>	<b>(1 837)</b>	<b>22 556</b>	<b>(22 969)</b>
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	3 438	6 439	–	3 058	3 438	9 497
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–
Redemption of redeemable units	(37 160)	(52 840)	(11 486)	(6 435)	(48 646)	(59 275)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>(33 722)</b>	<b>(46 401)</b>	<b>(11 486)</b>	<b>(3 377)</b>	<b>(45 208)</b>	<b>(49 778)</b>
Distributions from net income	(2 542)	(5 153)	(259)	(491)	(2 801)	(5 644)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(2 542)</b>	<b>(5 153)</b>	<b>(259)</b>	<b>(491)</b>	<b>(2 801)</b>	<b>(5 644)</b>
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>(15 831)</b>	<b>(72 686)</b>	<b>(9 622)</b>	<b>(5 705)</b>	<b>(25 453)</b>	<b>(78 391)</b>
<b>NAV AT END OF PERIOD</b>	<b>\$ 146 912</b>	<b>\$ 185 096</b>	<b>\$ 8 227</b>	<b>\$ 17 628</b>	<b>\$ 155 139</b>	<b>\$ 202 724</b>



March 31, 2021

**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 equity securities in markets in Europe, Australasia and the Far East (“EAFE”) that are expected to provide regular income from dividends and that have the potential for long-term capital growth.

The closing market price as of March 31, 2021 of CAD Units was 23.64 (September 30, 2020 – 20.94) and of USD Units was 18.74 USD (September 30, 2020 – 15.70 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	March 31 2021	September 30 2020
International Equities		
Financials	18.2	16.4
Industrials	14.6	14.8
Consumer Discretionary	12.2	10.7
Consumer Staples	10.9	11.6
Health Care	10.3	12.3
Communication Services	8.7	8.0
Materials	7.0	8.0
Information Technology	6.9	5.1
Utilities	5.1	7.0
Energy	3.0	2.2
Real Estate	2.5	3.2
Underlying Funds	0.1	0.1
Other Net Assets	0.5	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Currency risk (% of NAV)**

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

Currency	March 31 2021	September 30 2020
Euro	28.9	29.8
Japanese yen	26.8	28.6
Pound sterling	13.2	9.2
Swiss franc	10.2	10.2
Australian dollar	7.5	7.4
Swedish krona	4.9	3.6
Hong Kong dollar	3.0	3.6

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

Currency	March 31 2021	September 30 2020
Danish krone	2.0	5.5
Norwegian krone	1.6	–
Singapore dollar	1.2	1.4
Other currencies	0.2	0.1
<b>Total</b>	<b>99.5</b>	<b>99.4</b>

As at March 31, 2021, 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% (September 30, 2020 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

**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% 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:

	March 31 2021	September 30 2020
MSCI EAFE Total Return Net Index (CAD)	+ or - 9.8	+ or - 9.6

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 March 31, 2021 and September 30, 2020.

March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>154 166</b>	–	–	<b>154 166</b>
<b>Underlying funds</b>	<b>182</b>	–	–	<b>182</b>
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>154 348</b>	–	–	<b>154 348</b>
<b>% of total portfolio</b>	<b>100.0</b>	–	–	<b>100.0</b>





March 31, 2021

September 30, 2020	Level 1	Level 2	Level 3	Total
Equities	179 338	–	–	179 338
Underlying funds	223	–	–	223
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
<b>Total financial instruments</b>	<b>179 561</b>	<b>–</b>	<b>–</b>	<b>179 561</b>
<b>% of total portfolio</b>	<b>100.0</b>	<b>–</b>	<b>–</b>	<b>100.0</b>

For the periods ended March 31, 2021 and September 30, 2020, 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 class of the ETF

	Management fees
CAD Units	0.49%
USD Units	0.49%

### 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").

	March 31 2021		September 30 2020	
	NAV	Ownership	NAV	Ownership
iShares MSCI EAFE ETF	0.1	–	0.1	–

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

The non-capital and capital losses carried forward for the ETF as at the tax-year ended December 2020 were:

Capital losses	16 430
Non-capital losses	–

### 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 March 31  
(see note 2 in the generic notes)

	2021	2020
<b>CAD Units</b>		
Opening units	7 750	11 600
Issued number of units	150	300
Reinvested number of units	–	–
Units consolidated*	–	–
Redeemed number of units	(1 650)	(2 450)
Ending number of units	6 250	9 450

### USD Units

Opening units	850	1 050
Issued number of units	–	150
Reinvested number of units	–	–
Units consolidated*	–	–
Redeemed number of units	(500)	(300)
Ending number of units	350	900

\* 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:

	March 31 2021		March 31 2020	
	\$	%	\$	%
Total transaction costs	165	100	396	100
Related-party brokerage commissions*	–	–	–	–
Commission arrangements <sup>†</sup>	–	–	–	–

\* See note 9 in the generic notes.

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

### Securities lending revenue (\$000s except %) (see note 8 in the generic notes)

Fair value of securities on loan and collateral received as at:

	March 31 2021	March 31 2020
Fair value of securities loaned	42 405	72 871
Fair value of collateral received	43 253	74 329



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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.

	March 31 2021		March 31 2020	
	\$	%	\$	%
Gross revenue	<b>67</b>	<b>100</b>	79	100
RBC IS (paid)	<b>(17)</b>	<b>(25)</b>	(20)	(25)
Tax withheld	<b>(1)</b>	<b>(1)</b>	(2)	(2)
ETF revenue	<b>49</b>	<b>74</b>	57	73

**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:

	March 31 2021	September 30 2020
RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF	<b>28.5</b>	23.9
RBC Strategic Global Dividend Leaders ETF	–	1.3
Total	<b>28.5</b>	25.2

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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 May 10, 2021.

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 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

\* 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.

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## 2. Financial period

In 2020, the financial year-end of the ETFs was changed from December 31 to September 30. In accordance with regulatory requirements, notice of the change was filed with the authorities concerned.

The information provided in these financial statements and notes thereto is as at March 31, 2021 and September 30, 2020, as applicable, and for the nine-month period ended September 30, 2020 and the six-month periods ended March 31, 2021 and March 31, 2020, 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”) and in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). 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

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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 derivatives 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	NOK – Norwegian krone
DKK – Danish krone	SEK – Swedish krona
EUR – Euro	SGD – Singapore dollar
GBP – Pound sterling	USD – United States dollar



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#### 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.

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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

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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:

RBC Short Term U.S. Corporate Bond ETF

BlueBay Asset Management LLP is the sub-advisor for:  
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.