

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.

August 9, 2018



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 EQUITY LEADERS ETF

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
INTERNATIONAL EQUITIES				
Consumer Discretionary				
404	Adidas AG	\$ 113	\$ 115	
800	Aisin Seiki Co. Ltd.	51	48	
2 736	Aristocrat Leisure Ltd.	54	82	
6 943	Barratt Developments Plc.	66	62	
816	Berkeley Group Holdings Plc.	60	54	
2 248	Burberry Group Plc.	64	84	
1 034	Cie Financiere Richemont S.A.	114	115	
495	Cie Generale des Etablissements Michelin	80	79	
289	Continental AG	87	87	
1 300	Denso Corp.	81	84	
1 361	Electrolux AB	51	41	
408	Faurecia	44	38	
3 033	Fiat Chrysler Automobiles N.V.	84	76	
9 000	Galaxy Entertainment Group Ltd.	100	92	
44 900	Genting Singapore Ltd.	52	53	
3 000	Honda Motor Co. Ltd.	129	116	
369	Hugo Boss AG	39	44	
2 600	Isuzu Motors Ltd.	45	45	
175	Kering S.A.	62	130	
12 253	Marks & Spencer Group Plc.	65	63	
1 508	Melco Crown Entertainment Ltd. ADR	45	56	
4 000	Mitsubishi Motors Corp.	41	42	
1 100	NAMCO BANDAI Holdings Inc.	43	60	
747	Next Plc.	58	78	
1 900	Nikon Corp.	41	40	
4 356	Pearson Plc.	70	67	
1 545	Persimmon Plc.	61	68	
1 153	ProSiebenSat.1 Media SE	53	38	
767	Publicis Groupe	64	69	
586	Renault S.A.	78	66	
1 900	Sekisui Chemical Co. Ltd.	40	43	
2 200	Sony Corp.	108	148	
1 900	Subaru Corp.	85	73	
1 100	Suzuki Motor Co. Ltd.	73	80	
134	Swatch Group AG	68	84	
18 938	Taylor Wimpey Plc.	64	59	
700	Toyota Industries Corp.	49	52	
2 700	Toyota Motor Corp.	234	230	
2 310	TUI AG	53	67	
2 685	Vivendi S.A.	78	87	
1 300	Yamaha Motor Co. Ltd.	45	43	
		2 892	3 058	12.1
Consumer Staples				
2 400	Aeon Co. Ltd.	61	67	
1 200	Asahi Group Holdings Ltd.	81	81	
1 669	Associated British Foods Plc.	86	79	
409	Beiersdorf AG	54	61	
1 233	Coca-Cola HBC AG	46	54	

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Staples (cont.)				
4 476	Diageo Plc.	\$ 179	\$ 212	
2 717	Imperial Brands Plc.	130	133	
1 100	KAO Corp.	92	110	
539	Kerry Group Plc.	66	74	
2 500	Kirin Brewery Co. Ltd.	66	88	
3 347	Koninklijke Ahold Delhaize N.V.	91	105	
470	L'Oréal S.A.	127	153	
1 995	Marine Harvest	54	52	
13 796	Morrison WM Supermarkets	61	60	
2 856	Nestlé S.A.	293	291	
4 227	Orkla ASA	56	49	
512	Pernod-Ricard S.A.	87	110	
1 900	Seven & I Holdings Co. Ltd.	104	109	
946	Swedish Match AB	44	62	
4 177	Treasury Wine Estates Ltd.	56	71	
1 600	Uni-Charm Corporation	52	63	
3 185	Unilever N.V.	234	234	
3 318	Wesfarmers Ltd.	137	159	
4 422	Woolworths Group Ltd.	114	131	
		2 371	2 608	10.3
Energy				
6 000	BP Plc.	60	60	
1 249	Enagas	47	48	
2 912	Equinor ASA	71	102	
3 800	Inpex Corp.	50	51	
9 400	JXTG Holdings Inc.	79	86	
599	Neste OYJ	52	62	
673	OMV AG	38	50	
3 618	Repsol S.A., Rights	–	3	
3 618	Repsol YPF S.A.	73	93	
7 982	Royal Dutch Shell Plc., B Shares	366	376	
2 319	Tenaris S.A.	44	56	
		880	987	3.9
Financials				
4 624	3i Group Plc.	62	71	
830	Ageas	46	55	
630	Allianz SE	163	171	
18 068	AMP Ltd.	67	63	
1 161	ASX Ltd.	63	73	
6 767	Australia & New Zealand Banking Group Ltd.	198	186	
12 627	Aviva Plc.	115	111	
3 819	AXA S.A.	132	123	
241	Baloise Holding Ltd.	48	46	
21 097	Banco de Sabadell S.A.	59	47	
5 274	Bank Hapoalim Ltd.	43	47	
6 749	Bank Leumi Le-Israel	41	52	
12 864	BBVA S.A.	141	120	
1 741	BNP Paribas S.A.	154	142	
11 530	CaixaBank S.A.	64	66	
4 127	Commerzbank AG	71	52	

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
6 200	Concordia Financial Group Ltd.	\$ 41	\$ 42	
3 794	Credit Agricole S.A.	86	67	
534	Deutsche Boerse AG	72	94	
10 007	Direct Line Insurance Group Plc.	62	60	
3 205	DnB ASA	76	82	
1 149	Erste Bank Der Oesterreichischen Sparkassen AG	63	63	
525	EXOR N.V.	43	47	
369	Groupe Bruxelles Lambert S.A.	52	51	
291	Hannover Rueckversicherung SE	45	48	
6 983	ING Groep N.V.	143	132	
27 895	Intesa Sanpaolo S.p.A.	125	107	
4 995	Investec Plc.	49	47	
1 126	Kinnevik AB	45	51	
2 300	Japan Post Bank Co. Ltd.	38	35	
801	Julius Baer Group Ltd.	59	62	
773	KBC Groep N.V.	72	78	
21 417	Legal & General Group Plc.	105	99	
151 939	Lloyds TSB Group Plc.	177	166	
1 116	Macquarie Group Ltd.	98	134	
18 300	Mitsubishi UFJ Financial Group Inc.	160	137	
49 000	Mizuho Financial Group Inc.	117	109	
371	Muenchener Rueckversicherungs-Gesellschaft AG	109	103	
4 515	Natixis	45	42	
1 159	NN Group N.V.	69	62	
10 300	Nomura Holdings Inc.	84	66	
7 664	Nordbanken Holding AB	116	97	
20 291	Old Mutual Ltd.	67	53	
3 600	Orix Corp.	73	75	
5 387	Prudential Corporation Plc.	161	162	
6 763	Quilter Plc.	16	17	
934	Raiffeisen International Bank Holding AG	43	38	
8 400	Resona Holdings Inc.	55	59	
5 806	RSA Insurance Group Plc.	58	69	
1 310	Sampo OYJ	88	84	
962	Schroders Plc.	54	53	
865	SCOR SE	40	42	
5 623	Skandinaviska Enskilda Banken	87	70	
1 745	Société Générale	119	97	
2 400	Sumitomo Mitsui Financial Group Inc.	123	123	
1 200	Sumitomo Mitsui Trust Holdings Inc.	58	63	
2 867	Swedbank AB	86	81	
2 300	T&D Holdings Inc.	43	45	
4 100	The Chiba Bank Ltd.	38	38	
3 100	The Shizuoka Bank Ltd.	40	37	
1 600	Tokio Marine Holdings, Inc.	90	99	
4 000	UBS Group AG	83	81	
312	Zurich Insurance Group AG	125	122	
		5 165	5 014	19.8

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care				
5 000	Astellas Pharma Inc.	\$ 89	\$ 99	
544	Cie Generale D'Optique Essilor International S.A.	89	101	
1 800	Daiichi Sankyo Co. Ltd.	81	91	
4 517	Fisher & Paykel Healthcare Corp Ltd.	51	60	
653	Fresenius Medical Care AG & Co. KGaA	79	87	
1 100	Hoya Corp.	67	82	
2 154	Koninklijke Philips N.V.	96	121	
1 500	Kyowa Hakko Kogyo Co. Ltd.	39	40	
485	Merck KGaA	66	62	
2 400	Novartis AG	257	239	
2 741	Novo Nordisk A/S	174	167	
1 100	Olympus Optical Co. Ltd.	53	54	
1 200	Otsuka Holdings Co. Ltd.	73	76	
796	Roche Holdings AG Genussscheine	261	233	
2 000	Santen Pharmaceutical Co. Ltd.	41	46	
3 785	Smith & Nephew Plc.	84	92	
54	Straumann Holding AG	40	54	
542	UCB S.A.	56	56	
		1 696	1 760	6.9
Industrials				
3 954	ABB Ltd.	116	114	
2 212	ACS Actividades de Construccion y Servicios S.A.	51	60	
717	Adecco S.A.	67	56	
1 495	Alfa Laval AB	38	47	
781	Alstom RGPT	37	47	
2 184	Ashtead Group Plc.	86	86	
2 256	Atlas Copco AB	102	87	
14 026	Aurizon Holdings Ltd.	69	59	
1 353	Bureau Veritas S.A.	46	48	
1 500	Dai Nippon Printing Co. Ltd.	44	44	
1 258	Deutsche Lufthansa AG	43	40	
348	Eiffage S.A.	49	50	
2 256	Epiroc AB	—	31	
3 394	Experian Group Ltd.	90	110	
921	Ferguson Plc.	89	98	
2 079	Ferrovial S.A.	56	56	
12 445	G4S Plc.	55	58	
1 100	Hankyu Hanshin Holdings Inc.	51	58	
3 641	International Consolidated Airlines Group S.A.	44	42	
826	Intertek Group Plc.	65	82	
3 900	Itochu Corp.	76	93	
4 000	Kajima Corp.	41	41	
700	Keio Dentsu Electric Railway	40	45	
8 700	Keppel Corp. Ltd.	59	60	
3 300	Kubota Corp.	76	68	
6 400	Marubeni Corp.	55	64	
5 860	Meggitt Plc.	50	50	
1 900	Minebea Co. Ltd.	52	42	
3 300	Mitsubishi Corp.	94	121	
4 900	Mitsubishi Electric Corp.	98	86	
4 100	Mitsui & Co.	78	90	
242	MTU Aero Engines AG	53	61	

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Industrials (cont.)				
3 000	Obayashi Corp.	\$ 41	\$ 41	
616	Randstad N.V.	50	48	
6 551	Rolls-Royce Holdings Plc.	95	112	
1 153 534	Rolls-Royce Holdings Plc. Preference	–	2	
5 600	Royal Mail Plc.	52	49	
779	Safran S.A.	103	124	
3 418	Sandvik AB	73	80	
239	Schindler Holding AG	64	68	
1 106	Schneider Electric SE	106	121	
700	Secom Co. Ltd.	69	71	
21	SGS S.A.	67	74	
1 060	Siemens AG	185	184	
1 810	SKF AB	47	44	
2 261	Smiths Group Plc.	66	67	
3 500	Sumitomo Corp.	59	76	
800	Taisei Corp.	45	58	
269	Teleperformance	56	63	
431	Thales S.A.	59	73	
1 100	Tobu Railway Co. Ltd.	39	44	
2 400	Tokyu Corp.	49	54	
1 100	Toyota Tsusho Corp.	53	48	
788	Vestas Wind Systems A/S	77	64	
968	Vinci S.A.	116	122	
4 177	Volvo AB	94	88	
600	West Japan Railway Co.	52	58	
1 600	Yamato Transport Co. Ltd.	56	62	
		3 743	3 989	15.7
Information Technology				
1 070	Amadeus IT Group S.A.	88	111	
1 400	Brother Industries Ltd.	42	36	
2 300	Canon Inc.	106	99	
491	Capgemini S.A.	76	87	
499	Check Point Software Technologies Ltd.	62	64	
3 369	Computershare Ltd.	51	60	
452	Dassault Systèmes S.A.	60	83	
200	DISCO Corp.	63	45	
9 518	Ericsson (LM) Tel., Series B	77	97	
11 000	Hitachi Ltd.	91	102	
2 786	Infineon Technologies AG	70	93	
1 100	Kyocera Corporation	80	82	
1 200	NEC Corp.	41	43	
2 200	Nexon Co. Ltd.	43	42	
349	Nice Ltd.	46	47	
800	Nomura Research Institute Ltd.	42	51	
400	Obic Co. Ltd.	42	44	
800	Omron Corp.	47	49	
3 700	Ricoh Co. Ltd.	43	45	
400	Rohm Co. Ltd.	43	44	
1 318	SAP SE	162	200	
1 300	Sumco Corp.	45	35	
700	Trend Micro Inc.	43	53	
391	UBISOFT Entertainment	52	56	
579	United Internet AG	50	44	
		1 565	1 712	6.8

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials				
820	Air Liquide S.A.	\$ 136	\$ 136	
3 937	Anglo American Plc.	80	116	
2 837	Antofagasta Plc.	52	49	
1 913	ArcelorMittal	81	74	
4 300	Asahi Kasei Corp.	58	72	
1 340	BASF AG	161	169	
8 101	BHP Billiton Ltd.	223	267	
3 605	BlueScope Steel Ltd.	52	60	
1 225	Boliden AB	51	52	
644	Covestro AG	68	76	
2 166	CRH Plc.	102	101	
912	Evonik Industries AG	43	41	
11 603	Fortescue Metals Group Ltd.	57	50	
26 064	Glencore Plc.	132	164	
564	HeidelbergCement AG	78	62	
1 096	Johnson Matthey Plc.	67	69	
591	Koninklijke DSM N.V.	55	78	
5 400	Mitsubishi Chemical Holdings Corp.	71	59	
1 100	Mitsui Chemicals Inc.	41	39	
1 992	Mondi Plc.	61	71	
3 875	Newcrest Mining Ltd.	77	82	
600	Nitto Denko Corp.	60	60	
899	Novozymes A/S	63	60	
5 000	OJI Paper Co. Ltd.	40	41	
2 773	Rio Tinto Limited	175	225	
420	Sika AG	64	76	
800	Shin-Etsu Chemical Co. Ltd.	111	94	
320	Solvay S.A.	55	53	
23 607	South32 Ltd.	77	83	
2 491	Stora Enso OYJ, R Shares	46	64	
1 725	UPM-Kymmene OYJ	56	81	
		2 493	2 724	10.8
Real Estate				
5 436	British Land Company Plc. Real Estate Investment Trust	61	63	
10 000	CK Asset Holdings Ltd.	99	104	
1 600	Daiwa House Industry Co. Ltd.	76	72	
1 226	Deutsche Wohnen SE	75	78	
12 558	General Property Trust	61	62	
9 293	Goodman Group	71	87	
8 800	Henderson Land Development	67	61	
7 300	Hongkong Land Holdings Ltd.	70	69	
997	Klepierre Real Estate Investment Trust	52	49	
3 429	LendLease Group	53	66	
9 000	Link Real Estate Investment Trust	88	108	
24 411	Mirvac Group Real Estate Investment Trust	51	51	
23 563	Scentre Group Real Estate Investment Trust	96	101	
5 746	Segro Plc. Real Estate Investment Trust	66	67	
15 706	Stockland Real Estate Investment Trust	66	61	
5 000	Sun Hung Kai Properties Ltd.	94	99	
393	Swiss Prime Site AG	47	47	

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate (cont.)				
281	Unibail-Rodamco-Westfield	\$ 92	\$ 81	
23 438	Vicinity Centres Real Estate Investment Trust	62	59	
6 000	Wheelock & Co. Ltd.	51	55	
		<u>1 398</u>	<u>1 440</u>	<u>5.7</u>
Telecommunication Services				
6 143	Deutsche Telekom AG	141	125	
3 600	KDDI Corporation	121	130	
1 600	Nippon Telegraph & Telephone Corp.	93	96	
3 300	NTT DoCoMo Inc.	99	111	
4 706	Orange S.A.	103	104	
107	Swisscom AG	68	63	
9 807	Telefonica S.A.	125	110	
2 671	Telenor ASA	72	72	
52 470	Vodafone Group Plc.	193	168	
		<u>1 015</u>	<u>979</u>	<u>3.9</u>
Utilities				
3 595	AGL Energy Ltd.	79	79	
28 336	Centrica Plc.	88	78	
2 700	Chubu Electric Power Co. Inc.	54	53	
7 000	CLP Holdings Ltd.	91	99	
1 697	Endesa S.A.	48	49	
16 017	Enel S.p.A.	116	117	
4 599	Engie	92	93	
1 977	Fortum OYJ	54	62	
1 719	Gas Natural SDG S.A.	47	60	
3 300	Kansai Electric Power Co. Inc.	52	63	
1 900	Osaka Gas Co. Ltd.	49	52	
1 992	Red Electrica Corp. S.A.	55	53	
3 923	SSE Plc.	82	92	
1 946	Veolia Environnement	57	55	
		<u>964</u>	<u>1 005</u>	<u>4.0</u>
TOTAL INTERNATIONAL EQUITIES		<u>24 182</u>	<u>25 276</u>	<u>99.9</u>
Less: Transaction costs		<u>(22)</u>	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS		<u>\$ 24 160</u>	<u>25 276</u>	<u>99.9</u>
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>54</u>	<u>0.1</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 25 330</u>	<u>100.0</u>	



Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 25 276	\$ 30 536
Cash	9	145
Due from investment dealers	–	13
Dividends receivable, interest accrued and other assets	57	34
TOTAL ASSETS	25 342	30 728
LIABILITIES		
Distributions payable	–	143
Accounts payable and accrued expenses	12	15
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
	12	158
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")		
	\$ 25 330	\$ 30 570
Investments at cost	\$ 24 160	\$ 28 248
NAV		
CAD UNITS	\$ 23 027	\$ 27 174
USD UNITS	\$ 2 303	\$ 3 396
NAV PER UNIT		
CAD UNITS	\$ 23.03	\$ 22.64
USD UNITS*	\$ 17.51	\$ 18.07

* Stated in U.S. dollars.

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 747	\$ 359
Income from investment trusts	–	18
Net realized gain (loss) on investments	1 609	555
Change in unrealized gain (loss) on investments	(1 172)	548
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES		
	1 184	1 480
Other income (loss)	(2)	–
Securities lending revenue (see note 8 in the generic notes)	5	3
Net gain (loss) on foreign cash balances	(4)	2
TOTAL OTHER INCOME (LOSS)	(1)	5
TOTAL INCOME (LOSS)	1 183	1 485
EXPENSES (see notes – ETF Specific Information)		
Management fees	79	42
GST/HST	7	4
Transaction costs	56	35
Withholding tax	120	59
TOTAL EXPENSES	262	140
INCREASE (DECREASE) IN NAV	\$ 921	\$ 1 345
INCREASE (DECREASE) IN NAV		
CAD UNITS	\$ 848	\$ 1 255
USD UNITS	\$ 73	\$ 90
INCREASE (DECREASE) IN NAV PER UNIT		
CAD UNITS	\$ 0.66	\$ 1.68
USD UNITS*	\$ 0.44	\$ 0.95

* Stated in U.S. dollars.



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

For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 921	\$ 1 345
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	–	–
Net unrealized foreign exchange (gain) loss on cash	–	–
Net realized loss (gain) on investments	(1 609)	(555)
Change in unrealized loss (gain) on investments	1 172	(548)
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	(23)	(24)
Increase (decrease) in accrued payables	(3)	2
Cost of investments purchased*	(31 296)	(13 614)
Proceeds from sale and maturity of investments*	31 130	14 097
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	292	703
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	173	65
Cash paid on redemption of redeemable units*	(196)	(13)
Distributions paid to holders of redeemable units	(405)	(285)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (428)	\$ (233)
Net unrealized foreign exchange gain (loss) on cash	–	–
Net increase (decrease) in cash for the period	(136)	470
Cash (bank overdraft), beginning of period	145	71
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 9	\$ 541
Interest received (paid)	\$ –	\$ –
Dividends received, net of withholding taxes	\$ 604	\$ 294

* Excludes in-kind transactions.



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

For the periods ended June 30 (see note 2 in the generic notes)	CAD Units		USD Units		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 27 174	\$ 13 812	\$ 3 396	\$ 976	\$ 30 570	\$ 14 788
INCREASE (DECREASE) IN NAV	848	1 255	73	90	921	1 345
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	11 581	7 217	–	510	11 581	7 727
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–
Redemption of redeemable units	(16 338)	–	(1 142)	–	(17 480)	–
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(4 757)	7 217	(1 142)	510	(5 899)	7 727
Distributions from net income	(238)	(163)	(24)	(12)	(262)	(175)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(238)	(163)	(24)	(12)	(262)	(175)
NET INCREASE (DECREASE) IN NAV	(4 147)	8 309	(1 093)	588	(5 240)	8 897
NAV AT END OF PERIOD	\$ 23 027	\$ 22 121	\$ 2 303	\$ 1 564	\$ 25 330	\$ 23 685



June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the ETF is to provide unitholders with broad exposure to the performance of a diversified portfolio of high-quality equity securities in markets in Europe, Australasia and the Far East (EAFE) 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:

	June 30 2018	December 31 2017
Investment mix		
International Equities		
Financials	19.8	19.6
Industrials	15.7	15.3
Consumer Discretionary	12.1	12.9
Materials	10.8	10.0
Consumer Staples	10.3	9.1
Health Care	6.9	8.2
Information Technology	6.8	6.5
Real Estate	5.7	5.0
Utilities	4.0	3.8
Energy	3.9	5.0
Telecommunication Services	3.9	4.5
Other Net Assets	0.1	0.1
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:

	June 30 2018	December 31 2017
Currency		
Euro	31.7	31.3
Japanese yen	24.4	24.4
Pound sterling	16.8	16.2
Australian dollar	9.3	8.6
Swiss franc	7.2	7.5
Swedish krona	3.7	4.5
Hong Kong dollar	2.5	2.3
Norwegian krone	1.4	1.2
Danish krone	1.2	1.8
United States dollar	0.6	0.9
Israeli new shekel	0.6	0.4
Singapore dollar	0.4	0.9
New Zealand dollar	0.2	–
Total	100.0	100.0

As at June 30, 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 (December 31, 2017 – 31-month) historical correlation of data of the ETF's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
MSCI EAFE Total Return Net Index (CAD)	+ or - 1.0	+ or - 1.0

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the difference could be material.

Fair value hierarchy (\$000s except % amounts) (see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2018 and December 31, 2017.

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	25 276	–	–	25 276
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	25 276	–	–	25 276
% of total portfolio	100.0	–	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	30 536	–	–	30 536
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	30 536	–	–	30 536
% of total portfolio	100.0	–	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.



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Management fees (see note 9 in the generic notes)

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

	Management fees
CAD Units	0.49%
USD Units	0.49%

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

The ETF had no capital or non-capital losses as at December 31, 2017.

**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 June 30
(see note 2 in the generic notes)

	2018	2017
CAD Units		
Opening units	1 200	700
Issued number of units	500	300
Reinvested number of units	–	–
Redeemed number of units	(700)	–
Ending number of units	1 000	1 000
USD Units		
Opening units	150	50
Issued number of units	–	50
Reinvested number of units	–	–
Redeemed number of units	(50)	–
Ending number of units	100	100

Transaction costs (\$000s except %)

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	56	100	35	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:

	June 30 2018	June 30 2017
Fair value of securities loaned	4 326	2 708
Fair value of collateral received	4 413	2 762

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.

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	7	100	4	100
RBC IS (paid)	(2)	(25)	(1)	(27)
Tax withheld	–	–	–	–
ETF revenue	5	75	3	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:

	June 30 2018	December 31 2017
RBC Quant EAFE Equity Leaders (CAD Hedged) ETF	37.3	61.8
RBC Strategic Global Equity Leaders ETF	3.2	1.9
Total	40.5	63.7

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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 August 9, 2018.

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 2018 Corporate Bond Index ETF	RQF	FTSE TMX Canada 2018 Maturity Corporate Bond Index
RBC Target 2019 Corporate Bond Index ETF	RQG	FTSE TMX Canada 2019 Maturity Corporate Bond Index
RBC Target 2020 Corporate Bond Index ETF	RQH	FTSE TMX Canada 2020 Maturity Corporate Bond Index
RBC Target 2021 Corporate Bond Index ETF	RQI	FTSE TMX Canada 2021 Maturity Corporate Bond Index
RBC Target 2022 Corporate Bond Index ETF	RQJ	FTSE TMX Canada 2022 Maturity Corporate Bond Index
RBC Target 2023 Corporate Bond Index ETF	RQK	FTSE TMX Canada 2023 Maturity Corporate Bond Index
RBC PH&N Short Term Canadian Bond ETF	RPSB	Not applicable
RBC Canadian Short Term Bond Index ETF	RCSB	FTSE TMX Canada Universe + Maple Short Term Overall Bond Index
RBC Canadian Bond Index ETF	RCUB	FTSE TMX Canada Universe + Maple Bond Index

ETF	Exchange Ticker Symbol	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 (Currency-Hedged in CAD)
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	RBANK	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 RUSA.U	FTSE USA 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 RINT.U	FTSE Developed ex North America 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

ETF	Exchange Ticker Symbol	Index*
RBC Emerging Markets Equity Index ETF	REEM REEM.U	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.

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2. Financial period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2018 and 2017, or as at June 30, 2018 and December 31, 2017, as applicable. In the year an ETF is established, "period" represents the period from inception to June 30 of that fiscal year.

3. Summary of significant accounting policies

These financial statements have been prepared in compliance 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, 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.

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 and financial liabilities previously designated as FVTPL under IAS 39 Financial Instruments continue to be measured as FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost.

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the ETFs classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the ETFs' debt securities are solely principal and interest; however, these securities 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 and derivative contracts are 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.

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

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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

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.

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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. Any unrealized gain or loss at the close of business on each valuation date is recorded as “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (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. Under these fair valuation procedures, 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. Management also has procedures 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.

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 fair value. 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 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

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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.

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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 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 Cash Flow have been revised.

Amounts reclassified to "Non-cash distributions from underlying funds" have been presented separately from amounts related to "Cost of investments purchased" to appropriately reflect the non-cash components of investments purchased. The impact on the "Net cash provided by (used in) operating activities" is nil. "Cost of investments purchased" and "Proceeds from issue of redeemable units" exclude in-kind subscription transactions. "Proceeds from sale and maturity of investments" and "Cash paid on redemption of redeemable units" exclude in-kind redemption transactions.

Certain reclassifications have been made to comparative figures to conform to the current year's presentation due to the implementation of IFRS 9. As a result, where applicable, on the Statements of Comprehensive Income, income from exchange-traded funds and Real Estate Investment Trusts has been reclassified from "Other income (loss)" to "Income from investment trusts."

Also, where applicable, fair value of exchange traded funds have been reclassified on Fair value hierarchy table from Equities to Underlying Funds.

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.