

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 IFRS Accounting Standards (and they include certain amounts that are based on estimates and judgments). The material accounting policy information, which we believe is appropriate for the ETFs, is described in Note 3 to the financial statements.



Damon G. Williams, FSA, FCIA, CFA
Chief Executive Officer
RBC Global Asset Management Inc.
May 9, 2024



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 CANADIAN PREFERRED SHARE ETF

March 31, 2024

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
PREFERRED EQUITIES				
Communication Services				
BCE Inc. 4.940% - Series AA, Cumulative, Variable Rate Preferred Shares	280,360	5,325	4,814	
BCE Inc. 5.080% - Series AC, Cumulative, Variable Rate Preferred Shares	99,317	1,888	1,726	
BCE Inc. 3.865% - Series AF, Cumulative, Variable Rate Preferred Shares	150,114	2,565	2,559	
BCE Inc. 3.370% - Series AG, Cumulative, Variable Rate Preferred Shares	96,633	1,452	1,545	
BCE Inc. 3.390% - Series AI, Cumulative, Variable Rate Preferred Shares	102,915	1,557	1,640	
BCE Inc. 3.306% - Series AK, Cumulative, Variable Rate Preferred Shares	1,040,257	16,859	15,687	
BCE Inc. 2.939% - Series AM, Cumulative, Variable Rate Preferred Shares	491,986	8,173	7,577	
BCE Inc. 6.538% - Series AQ, Cumulative, Variable Rate Preferred Shares	120,649	2,589	2,703	
BCE Inc. 3.018% - Series R, Cumulative, Variable Rate Preferred Shares	76,627	1,228	1,240	
BCE Inc. 4.990% - Series T, Cumulative, Variable Rate Preferred Shares	241,504	5,115	4,178	
		46,751	43,669	8.0
Energy				
Cenovus Energy Inc. 2.404% - Series 1, Cumulative, Variable Rate Preferred Shares	445,893	6,977	7,398	
Cenovus Energy Inc. 4.689% - Series 3, Cumulative, Variable Rate Preferred Shares	107,633	2,385	2,556	
Cenovus Energy Inc. 4.591% - Series 5, Cumulative, Variable Rate Preferred Shares	158,407	3,524	3,742	
Cenovus Energy Inc. 3.935% - Series 7, Cumulative, Variable Rate Preferred Shares	112,856	2,424	2,590	
Enbridge Inc. 3.737% - Series 3, Cumulative, Variable Rate Preferred Shares	206,951	3,420	3,510	
Enbridge Inc. 5.988% - Series 7, Cumulative, Variable Rate Preferred Shares	78,097	1,419	1,466	
Enbridge Inc. 4.097% - Series 9, Cumulative, Variable Rate Preferred Shares	79,713	1,296	1,390	
Enbridge Inc. 3.940% - Series 11, Cumulative, Variable Rate Preferred Shares	368,555	6,017	6,288	
Enbridge Inc. 3.043% - Series 13, Cumulative, Variable Rate Preferred Shares	259,630	4,235	4,385	
Enbridge Inc. 2.983% - Series 15, Cumulative, Variable Rate Preferred Shares	173,477	2,656	2,871	
Enbridge Inc. 6.212% - Series 19, Cumulative, Variable Rate Preferred Shares	200,956	4,588	4,196	
Enbridge Inc. 5.202% - Series B, Cumulative, Variable Rate Preferred Shares	432,096	7,226	7,264	
Enbridge Inc. 5.412% - Series D, Cumulative, Variable Rate Preferred Shares	206,047	3,573	3,583	
Enbridge Inc. 5.538% - Series F, Cumulative, Variable Rate Preferred Shares	240,292	4,307	4,216	
Enbridge Inc. 6.112% - Series H, Cumulative, Variable Rate Preferred Shares	153,361	2,576	2,886	
Enbridge Inc. 6.696% - Series N, Cumulative, Variable Rate Preferred Shares	212,251	4,040	4,413	
Enbridge Inc. 5.918% - Series P, Cumulative, Variable Rate Preferred Shares	130,448	2,305	2,395	
Enbridge Inc. 4.073% - Series R, Cumulative, Variable Rate Preferred Shares	130,020	2,207	2,365	
Pembina Pipeline Corp. 6.525% - Series 1, Cumulative, Variable Rate Preferred Shares	131,501	2,516	2,781	
Pembina Pipeline Corp. 6.019% - Series 3, Cumulative, Variable Rate Preferred Shares	60,098	1,185	1,213	
Pembina Pipeline Corp. 4.573% - Series 5, Cumulative, Variable Rate Preferred Shares	98,133	1,901	2,080	
Pembina Pipeline Corp. 4.380% - Series 7, Cumulative, Variable Rate Preferred Shares	99,149	1,971	1,958	
Pembina Pipeline Corp. 4.302% - Series 9, Cumulative, Variable Rate Preferred Shares	186,179	3,881	4,148	
Pembina Pipeline Corp. 6.164% - Series 15, Cumulative, Variable Rate Preferred Shares	198,070	3,984	4,175	
Pembina Pipeline Corp. 4.821% - Series 17, Cumulative, Variable Rate Preferred Shares	46,458	1,010	1,029	
Pembina Pipeline Corp. 4.684% - Series 19, Cumulative, Variable Rate Preferred Shares	48,891	1,114	1,151	
Pembina Pipeline Corp. 6.302% - Series 21, Cumulative, Variable Rate Preferred Shares	216,771	4,789	4,695	
Pembina Pipeline Corp. 6.481% - Series 25, Cumulative, Variable Rate Preferred Shares	138,423	3,117	3,116	
TC Energy Corp. 3.479% - Series 1, Cumulative, Variable Rate Preferred Shares	137,723	2,227	2,169	
TC Energy Corp. 1.694% - Series 3, Cumulative, Variable Rate Preferred Shares	52,825	648	670	
TC Energy Corp. 1.949% - Series 5, Cumulative, Variable Rate Preferred Shares	616,020	8,201	7,990	



March 31, 2024

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
Energy (cont.)				
TC Energy Corp. 3.903% - Series 7, Cumulative, Variable Rate Preferred Shares	227,277	4,243	4,282	
TC Energy Corp. 3.762% - Series 9, Cumulative, Variable Rate Preferred Shares	174,444	3,284	3,105	
TC Energy Corp. 3.351% - Series 11, Cumulative, Variable Rate Preferred Shares	174,174	3,437	3,224	
		112,683	115,300	21.1
Financials				
Bank of Montreal 3.852% - Series 27, Non-Cumulative, Variable Rate Preferred Shares	261,713	5,624	6,362	
Bank of Montreal 3.624% - Series 29, Non-Cumulative, Variable Rate Preferred Shares	244,819	5,188	5,851	
Bank of Montreal 3.851% - Series 31, Non-Cumulative, Variable Rate Preferred Shares	185,842	3,801	4,429	
Bank of Montreal 3.054% - Series 33, Non-Cumulative, Variable Rate Preferred Shares	160,318	3,459	3,716	
Bank of Montreal 6.816% - Series 44, Non-Cumulative, Variable Rate Preferred Shares	211,175	4,716	5,273	
Bank of Montreal 5.100% - Series 46, Non-Cumulative, Variable Rate Preferred Shares	56,516	1,378	1,412	
Brookfield Corp. 3.237% - Series 24, Cumulative, Variable Rate Preferred Shares	474,171	7,714	7,193	
Brookfield Corp. 3.846% - Series 26, Cumulative, Variable Rate Preferred Shares	231,829	4,044	3,556	
Brookfield Corp. 4.606% - Series 28-A, Cumulative, Variable Rate Preferred Shares	231,649	4,014	3,651	
Brookfield Corp. 6.089% - Series 30, Cumulative, Variable Rate Preferred Shares	254,252	5,515	5,019	
Brookfield Corp. 6.744% - Series 32, Cumulative, Variable Rate Preferred Shares	155,340	3,372	3,349	
Brookfield Corp. 4.437% - Series 34, Cumulative, Variable Rate Preferred Shares	97,037	1,946	1,900	
Brookfield Corp. 3.568% - Series 38, Cumulative, Variable Rate Preferred Shares	111,729	1,655	1,920	
Brookfield Corp. 4.029% - Series 40, Cumulative, Variable Rate Preferred Shares	115,497	2,252	2,218	
Brookfield Corp. 3.254% - Series 42, Cumulative, Variable Rate Preferred Shares	133,724	2,087	2,332	
Brookfield Corp. 5.000% - Series 44, Cumulative, Variable Rate Preferred Shares	224,736	5,287	4,973	
Brookfield Corp. 5.386% - Series 46, Cumulative, Variable Rate Preferred Shares	304,182	7,192	6,266	
Brookfield Corp. 6.229% - Series 48, Cumulative, Variable Rate Preferred Shares	300,530	6,967	6,266	
Canadian Imperial Bank of Commerce 3.713% - Series 39, Non-Cumulative, Variable Rate Preferred Shares	319,005	6,969	7,560	
Canadian Imperial Bank of Commerce 3.909% - Series 41, Non-Cumulative, Variable Rate Preferred Shares	231,722	4,436	5,028	
Canadian Imperial Bank of Commerce 3.143% - Series 43, Non-Cumulative, Variable Rate Preferred Shares	224,600	4,579	5,143	
Canadian Imperial Bank of Commerce 5.878% - Series 47, Non-Cumulative, Variable Rate Preferred Shares	237,508	4,924	5,477	
Canadian Imperial Bank of Commerce 5.200% - Series 49, Non-Cumulative, Variable Rate Preferred Shares	48,574	1,152	1,209	
Canadian Imperial Bank of Commerce 5.150% - Series 51, Non-Cumulative, Variable Rate Preferred Shares	93,445	2,270	2,326	
Canadian Western Bank 4.301% - Series 5, Non-Cumulative, Variable Rate Preferred Shares	53,491	1,119	1,139	
Canadian Western Bank 6.000% - Series 9, Non-Cumulative, Variable Rate Preferred Shares	9,221	224	232	
Element Fleet Management Corp. 5.903% - Series E, Cumulative, Variable Rate Preferred Shares	54,390	1,310	1,358	
Fairfax Financial Holdings Ltd. 4.709% - Series C, Cumulative, Variable Rate Preferred Shares	75,220	1,436	1,591	
Fairfax Financial Holdings Ltd. 2.962% - Series G, Cumulative, Variable Rate Preferred Shares	130,945	2,169	2,272	
Fairfax Financial Holdings Ltd. 3.327% - Series I, Cumulative, Variable Rate Preferred Shares	201,361	3,521	3,614	
Fairfax Financial Holdings Ltd. 5.045% - Series K, Cumulative, Variable Rate Preferred Shares	236,806	4,979	4,855	
Fairfax Financial Holdings Ltd. 5.003% - Series M, Cumulative, Variable Rate Preferred Shares	169,361	3,686	3,995	
Great-West Lifeco Inc. 1.749% - Series N, Non-Cumulative, Variable Rate Preferred Shares	201,063	2,575	2,885	



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	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
Financials (cont.)				
Great-West Lifeco Inc. 4.500% - Series Y, Non-Cumulative, Fixed Rate Preferred Shares	5,038	122	90	
Industrial Alliance Insurance & Financial Services Inc. 4.600% - Series B, Non-Cumulative, Fixed Rate Preferred Shares	1	—	—	
Intact Financial Corp. 4.841% - Series 1, Non-Cumulative, Variable Rate Preferred Shares	241,613	4,370	4,508	
Intact Financial Corp. 3.457% - Series 3, Non-Cumulative, Variable Rate Preferred Shares	481,995	10,038	9,601	
Intact Financial Corp. 6.012% - Series 7, Non-Cumulative, Variable Rate Preferred Shares	131,608	2,840	2,890	
Laurentian Bank of Canada 4.123% - Series 13, Non-Cumulative, Variable Rate Preferred Shares	7	—	—	
Manulife Financial Corp. 2.348% - Series 3, Non-Cumulative, Variable Rate Preferred Shares	58,192	858	882	
Manulife Financial Corp. 5.978% - Series 9, Non-Cumulative, Variable Rate Preferred Shares	257,417	5,731	5,859	
Manulife Financial Corp. 6.159% - Series 11, Non-Cumulative, Variable Rate Preferred Shares	124,005	2,797	2,815	
Manulife Financial Corp. 6.350% - Series 13, Non-Cumulative, Variable Rate Preferred Shares	135,168	2,707	3,055	
Manulife Financial Corp. 3.786% - Series 15, Non-Cumulative, Variable Rate Preferred Shares	79,787	1,517	1,608	
Manulife Financial Corp. 3.800% - Series 17, Non-Cumulative, Variable Rate Preferred Shares	140,657	2,772	2,885	
Manulife Financial Corp. 3.675% - Series 19, Non-Cumulative, Variable Rate Preferred Shares	197,813	3,369	3,994	
Manulife Financial Corp. 5.942% - Series 25, Non-Cumulative, Variable Rate Preferred Shares	138,375	2,711	3,058	
National Bank of Canada 4.025% - Series 30, Non-Cumulative, Variable Rate Preferred Shares	145,685	2,825	3,329	
National Bank of Canada 3.839% - Series 32, Non-Cumulative, Variable Rate Preferred Shares	225,814	4,318	4,742	
National Bank of Canada 7.027% - Series 38, Non-Cumulative, Variable Rate Preferred Shares	399,584	9,775	10,250	
National Bank of Canada 5.818% - Series 40, Non-Cumulative, Variable Rate Preferred Shares	172,211	3,515	3,918	
National Bank of Canada 7.056% - Series 42, Non-Cumulative, Variable Rate Preferred Shares	159,801	3,357	4,091	
Power Financial Corp. 1.998% - Series P, Non-Cumulative, Variable Rate Preferred Shares	249,854	3,213	3,660	
Power Financial Corp. 5.595% - Series T, Non-Cumulative, Variable Rate Preferred Shares	46,501	957	1,029	
Royal Bank of Canada 3.700% - Series AZ, Non-Cumulative, Variable Rate Preferred Shares*	208,532	4,116	4,707	
Royal Bank of Canada 3.650% - Series BB, Non-Cumulative, Variable Rate Preferred Shares*	203,856	4,202	4,548	
Royal Bank of Canada 3.200% - Series BD, Non-Cumulative, Variable Rate Preferred Shares*	419,526	8,790	9,418	
Royal Bank of Canada 3.000% - Series BF, Non-Cumulative, Variable Rate Preferred Shares*	218,382	4,518	4,914	
Royal Bank of Canada 5.885% - Series BO, Non-Cumulative, Variable Rate Preferred Shares*	148,876	3,069	3,473	
Sun Life Financial Inc. 1.825% - Series 8R, Non-Cumulative, Variable Rate Preferred Shares	9	—	—	
Sun Life Financial Inc. 2.967% - Series 10R, Non-Cumulative, Variable Rate Preferred Shares	299,068	5,422	5,569	
Toronto-Dominion Bank 3.662% - Series 1, Non-Cumulative, Variable Rate Preferred Shares	402,257	8,324	9,501	



March 31, 2024

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
Financials (cont.)				
Toronto-Dominion Bank 3.681% - Series 3, Non-Cumulative, Variable Rate Preferred Shares	539,500	11,517	12,927	
Toronto-Dominion Bank 3.876% - Series 5, Non-Cumulative, Variable Rate Preferred Shares	338,680	6,863	7,569	
Toronto-Dominion Bank 3.201% - Series 7, Non-Cumulative, Variable Rate Preferred Shares	243,661	5,243	5,534	
Toronto-Dominion Bank 3.242% - Series 9, Non-Cumulative, Variable Rate Preferred Shares	143,826	3,139	3,265	
Toronto-Dominion Bank 6.301% - Series 16, Non-Cumulative, Variable Rate Preferred Shares	285,961	6,862	7,124	
Toronto-Dominion Bank 5.747% - Series 18, Non-Cumulative, Variable Rate Preferred Shares	184,939	4,173	4,300	
Toronto-Dominion Bank 5.200% - Series 22, Non-Cumulative, Variable Rate Preferred Shares	23,064	547	582	
Toronto-Dominion Bank 5.100% - Series 24, Non-Cumulative, Variable Rate Preferred Shares	107,973	2,639	2,704	
		268,776	282,769	51.9
Industrials				
Element Fleet Management Corp. 6.210% - Series C, Cumulative, Variable Rate Preferred Shares	12,085	294	302	
		294	302	0.1
Real Estate				
Artis Real Estate Investment Trust 6.905% - Series I, Cumulative, Variable Rate Preferred Shares	20	–	–	
Brookfield Office Properties Inc. 4.710% - Series AA, Cumulative, Variable Rate Preferred Shares	67,835	1,258	944	
Brookfield Office Properties Inc. 6.120% - Series CC, Cumulative, Variable Rate Preferred Shares	249,164	5,532	4,173	
Brookfield Office Properties Inc. 5.496% - Series EE, Cumulative, Variable Rate Preferred Shares	188,947	3,791	2,617	
Brookfield Office Properties Inc. 6.546% - Series GG, Cumulative, Variable Rate Preferred Shares	213,314	4,401	3,351	
Brookfield Office Properties Inc. 6.359% - Series II, Cumulative, Variable Rate Preferred Shares	215,029	4,266	3,118	
Brookfield Office Properties Inc. 4.010% - Series N, Cumulative, Variable Rate Preferred Shares	390,218	6,170	4,378	
Brookfield Office Properties Inc. 4.536% - Series P, Cumulative, Variable Rate Preferred Shares	261,950	3,976	3,057	
Brookfield Office Properties Inc. 4.300% - Series R, Cumulative, Variable Rate Preferred Shares	319,876	4,995	3,768	
Brookfield Office Properties Inc. 6.790% - Series T, Cumulative, Variable Rate Preferred Shares	109,232	2,096	1,658	
		36,485	27,064	5.0
Utilities				
Actions Privilegies Energie Renouvelable Brookfield Inc. 3.355% - Series 1, Cumulative, Variable Rate Preferred Shares	26,628	405	440	
Actions Privilegies Energie Renouvelable Brookfield Inc. 4.351% - Series 3, Cumulative, Variable Rate Preferred Shares	101,798	1,941	2,003	
Algonquin Power & Utilities Corp. 6.576% - Series A, Cumulative, Variable Rate Preferred Shares	82,834	1,767	1,836	
Algonquin Power & Utilities Corp. 5.091% - Series D, Cumulative, Variable Rate Preferred Shares	17	–	–	
AltaGas Ltd. 3.060% - Series A, Cumulative, Variable Rate Preferred Shares	98,676	1,708	1,801	
AltaGas Ltd. 4.242% - Series G, Cumulative, Variable Rate Preferred Shares	99,765	2,033	2,305	
Brookfield Infrastructure Partners LP 3.974% - Series 1, Cumulative, Variable Rate Preferred Shares	5,289	103	101	
Brookfield Infrastructure Partners LP 5.500% - Series 3, Cumulative, Variable Rate Preferred Shares	77,837	1,679	1,806	



March 31, 2024

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
Utilities (cont.)				
Brookfield Infrastructure Partners LP 6.642% - Series 9, Cumulative, Variable Rate Preferred Shares	100,535	2,377	2,163	
Brookfield Infrastructure Partners LP 6.446% - Series 11, Cumulative, Variable Rate Preferred Shares	130,910	3,094	2,749	
Brookfield Renewable Partners LP 5.500% - Series 7, Cumulative, Variable Rate Preferred Shares	341,382	7,891	8,060	
Brookfield Renewable Partners LP 6.050% - Series 13, Cumulative, Variable Rate Preferred Shares	125,240	2,815	2,495	
Brookfield Renewable Partners LP 5.750% - Series 15, Cumulative, Variable Rate Preferred Shares	86,111	2,095	2,176	
Canadian Utilities Ltd. 4.500% - Series FF, Cumulative, Variable Rate Preferred Shares	191,728	4,737	4,308	
Canadian Utilities Ltd. 5.200% - Series Y, Cumulative, Variable Rate Preferred Shares	327,984	6,445	6,556	
Capital Power Corp. 6.860% - Series 3, Cumulative, Variable Rate Preferred Shares	2,399	54	53	
Capital Power Corp. 6.631% - Series 5, Cumulative, Variable Rate Preferred Shares	99,479	2,041	2,212	
Capital Power Corp. 5.750% - Series 11, Cumulative, Variable Rate Preferred Shares	6,056	145	151	
Emera Inc. 6.434% - Series C, Cumulative, Variable Rate Preferred Shares	133,785	2,872	2,872	
Emera Inc. 4.250% - Series F, Cumulative, Variable Rate Preferred Shares	93,485	1,745	1,739	
Emera Inc. 6.324% - Series H, Cumulative, Variable Rate Preferred Shares	156,191	3,804	3,452	
Emera Inc. 4.250% - Series J, Cumulative, Variable Rate Preferred Shares	390,980	9,072	7,945	
Fortis Inc. 6.123% - Series G, Cumulative, Variable Rate Preferred Shares	121,557	2,422	2,595	
Fortis Inc. 1.835% - Series H, Cumulative, Variable Rate Preferred Shares	67,647	949	1,008	
Fortis Inc. 5.469% - Series K, Cumulative, Variable Rate Preferred Shares	98,274	1,778	1,872	
Fortis Inc. 3.913% - Series M, Cumulative, Variable Rate Preferred Shares	226,403	4,514	4,302	
TransAlta Corp. 2.877% - Series A, Cumulative, Variable Rate Preferred Shares	14,206	200	192	
TransAlta Corp. 5.854% - Series C, Cumulative, Variable Rate Preferred Shares	18,471	341	346	
TransAlta Corp. 6.894% - Series E, Cumulative, Variable Rate Preferred Shares	228,850	4,715	4,977	
TransAlta Corp. 4.988% - Series G, Cumulative, Variable Rate Preferred Shares	112,768	2,190	2,437	
		75,932	74,952	13.7
TOTAL PREFERRED EQUITIES		540,921	544,056	99.8
Less: Transaction costs		(357)	–	–
TOTAL INVESTMENTS		540,564	544,056	99.8
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			1,186	0.2
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			545,242	100.0

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



Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	March 31, 2024	September 30, 2023
ASSETS		
Investments at fair value	\$ 544,056	\$ 503,793
Cash	744	3,990
Due from investment dealers	2,191	2,769
Dividends receivable, interest accrued and other assets	1,517	2,017
TOTAL ASSETS	548,508	512,569
LIABILITIES		
Due to investment dealers	1,047	78
Redemptions payable	1,977	2,544
Accounts payable and accrued expenses	242	244
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	3,266	2,866
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 545,242	\$ 509,703
Investments at cost	\$ 540,564	\$ 596,906
NAV PER UNIT	\$ 19.82	\$ 16.99

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended March 31 (see note 2 in the generic notes)	2024	2023
INCOME (see note 3 in the generic notes)		
Dividends	\$ 16,263	\$ 18,537
Interest for distribution purposes	138	189
Net realized gain (loss) on investments	(13,571)	(18,580)
Change in unrealized gain (loss) on investments and derivatives	96,605	(22,314)
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	99,435	(22,168)
Other income (loss)	81	95
Securities lending revenue (see note 8 in the generic notes)	62	39
Net gain (loss) on foreign cash balances	2	(3)
TOTAL OTHER INCOME (LOSS)	145	131
TOTAL INCOME (LOSS)	99,580	(22,037)
EXPENSES (see notes – ETF Specific Information)		
Management fees	1,384	1,706
Independent Review Committee costs	1	1
GST/HST	141	178
Transaction costs	171	154
TOTAL EXPENSES	1,697	2,039
INCREASE (DECREASE) IN NAV	\$ 97,883	\$ (24,076)
INCREASE (DECREASE) IN NAV PER UNIT	\$ 3.36	\$ (0.70)



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

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 97,883	\$ (24,076)
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Amortization of premium and discounts	–	–
Net unrealized foreign exchange (gain) loss on cash	12	3
Net realized loss (gain) on investments	13,571	18,580
Change in unrealized loss (gain) on investments and derivatives	(96,605)	22,314
Non-cash dividends	–	–
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	500	1,008
Increase (decrease) in accrued payables	(2)	(92)
Cost of investments purchased*	(77,783)	(69,825)
Proceeds from sale and maturity of investments*	75,117	71,745
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	12,693	19,657
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	59	23
Cash paid on redemption of redeemable units*	(168)	(240)
Distributions paid to holders of redeemable units	(15,818)	(18,429)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (15,927)	\$ (18,646)
Net unrealized foreign exchange gain (loss) on cash	(12)	(3)
Net increase (decrease) in cash for the period	(3,234)	1,011
Cash (bank overdraft), beginning of period	3,990	6,165
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 744	\$ 7,173
Interest received (paid) [†]	\$ 222	\$ 189
Income from investment trusts received (paid) ^{†‡}	\$ –	\$ –
Dividends received (paid) ^{†‡}	\$ 16,679	\$ 19,545

* Excludes in-kind transactions.

† Classified as part of operating activities.

‡ 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)	Total	
	2024	2023
NAV AT BEGINNING OF PERIOD	\$ 509,703	\$ 726,952
INCREASE (DECREASE) IN NAV	97,883	(24,076)
Early redemption fees	–	–
Proceeds from redeemable units issued	36,480	15,275
Reinvestments of distributions to holders of redeemable units	–	–
Redemption of redeemable units	(83,006)	(111,789)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(46,526)	(96,514)
Distributions from net income	(15,818)	(18,429)
Distributions from net gains	–	–
Distributions from capital	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(15,818)	(18,429)
NET INCREASE (DECREASE) IN NAV	35,539	(139,019)
NAV AT END OF PERIOD	\$ 545,242	\$ 587,933



March 31, 2024

General information (see note 1 in the generic notes)

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

The closing market price as of March 31, 2024 was \$19.75 (September 30, 2023 – \$16.91).

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

Credit risk (%)

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

Rating	March 31, 2024	September 30, 2023
P2	25.6	20.9
P2 High	28.1	24.8
P2 Low	6.1	11.7
P3	9.1	9.5
P3 High	24.2	25.6
P3 Low	6.9	7.5
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	March 31, 2024	September 30, 2023
Financials	51.9	50.9
Energy	21.1	18.7
Utilities	13.7	14.7
Communication Services	8.0	9.0
Real Estate	5.0	5.5
Industrials	0.1	–
Cash/Other	0.2	1.2
Total	100.0	100.0

Other price risk (% impact on NAV)

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, 2024	September 30, 2023
Solactive Laddered Canadian Preferred Share Index	+ or - 9.9	+ or - 10.0

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 March 31, 2024 and September 30, 2023.

March 31, 2024	Level 1	Level 2	Level 3	Total
Equities	544,056	–	–	544,056
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	544,056	–	–	544,056
% of total portfolio	100.0	–	–	100.0

September 30, 2023	Level 1	Level 2	Level 3	Total
Equities	499,673	–	–	499,673
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	4,120	–	4,120
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	499,673	4,120	–	503,793
% of total portfolio	99.2	0.8	–	100.0

For the periods ended March 31, 2024 and September 30, 2023, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees (see note 9 in the generic notes)

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



March 31, 2024

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

The non-capital and capital losses carried forward for the ETF were:

As at the tax-year ended December 2023

Capital losses	56,666
Non-capital losses	–

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

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

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

	2024	2023
Opening units	30,003	37,453
Issued number of units	2,058	800
Reinvested number of units	–	–
Units consolidated*	–	–
Redeemed number of units	(4,550)	(5,900)
Ending number of units	27,511	32,353

* 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, 2024		March 31, 2023	
	\$	%	\$	%
Total transaction costs	171	100	154	100
Related-party brokerage commissions*	8	5	12	8
Commission arrangements [†]	–	–	1	1

* See note 9 in the generic notes.

[†] Commission arrangements are part of commission amounts paid to dealers. The ETF uses commission arrangements (formerly known as “soft dollars”) for research and/or order execution goods and services.

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

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

	March 31, 2024	March 31, 2023
Fair value of securities loaned	29,856	18,150
Fair value of collateral received	30,453	18,513

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, 2024		March 31, 2023	
	\$	%	\$	%
Gross revenue	78	100	52	100
RBC IS (paid)	(16)	(20)	(13)	(25)
Tax withheld	–	–	–	–
ETF revenue	62	80	39	75

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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 Global Asset Management Inc. (“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 9, 2024.

The units of the ETFs are listed either on the Toronto Stock Exchange (the “TSX”) or on Cboe Canada (“Cboe Canada”) as the case may be, except for those ETFs started during the period which have yet to be listed, as indicated in the General Information section of the respective ETF. The TSX and Cboe Canada 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
RBC 1-5 Year Laddered Canadian Bond ETF	RLB
RBC 1-5 Year Laddered Canadian Corporate Bond ETF	RBO
RBC Target 2024 Canadian Government Bond ETF	RGQL
RBC Target 2025 Canadian Government Bond ETF	RGQN
RBC Target 2026 Canadian Government Bond ETF	RGQO
RBC Target 2027 Canadian Government Bond ETF	RGQP
RBC Target 2028 Canadian Government Bond ETF	RGQQ
RBC Target 2029 Canadian Government Bond ETF	RGQR
RBC Target 2024 Canadian Corporate Bond Index ETF	RQL
RBC Target 2025 Canadian Corporate Bond Index ETF	RQN
RBC Target 2026 Canadian Corporate Bond Index ETF	RQO
RBC Target 2027 Canadian Corporate Bond Index ETF	RQP
RBC Target 2028 Canadian Corporate Bond Index ETF	RQQ
RBC Target 2029 Canadian Corporate Bond Index ETF	RQR
RBC PH&N Short Term Canadian Bond ETF	RPSB
RBC Short Term U.S. Corporate Bond ETF	RUSB RUSB.U
RBC Canadian Discount Bond ETF	RCDB
RBC U.S. Discount Bond ETF	RUDB RUDB.U
RBC U.S. Discount Bond (CAD Hedged) ETF	RDBH
RBC Canadian Preferred Share ETF	RPF
RBC Quant Canadian Dividend Leaders ETF	RCD
RBC Canadian Dividend Covered Call ETF	RCDC

ETF	Exchange Ticker Symbol
RBC Canadian Bank Yield Index ETF	RBNK
RBC Quant U.S. Dividend Leaders ETF	RUD RUD.U
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RUDH
RBC U.S. Dividend Covered Call ETF	RUDC RUDC.U
RBC U.S. Banks Yield Index ETF	RUBY RUBY.U
RBC U.S. Banks Yield (CAD Hedged) Index ETF	RUBH
RBC Quant European Dividend Leaders ETF	RPD RPD.U
RBC Quant European Dividend Leaders (CAD Hedged) ETF	RPDH
RBC Quant EAFE Dividend Leaders ETF	RID RID.U
RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF	RIDH
RBC Quant Emerging Markets Dividend Leaders ETF	RXD RXD.U

2. Financial period

The Statements of Financial Position are prepared as at March 31, 2024 and September 30, 2023, as applicable, and the Statements of Comprehensive Income, Statements of Cash Flow, and Statements of Changes in NAV are prepared for the six-month periods ended March 31, 2024 and March 31, 2023, except for those ETFs established during either period, in which case, the information is presented from the start date as described in the Notes to Financial Statements – ETF Specific Information to March 31 of that year.

3. Material accounting policy information

These financial statements have been prepared in accordance with IFRS Accounting Standards and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The material accounting policy information of the ETFs is 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

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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, which approximates fair value given their short-term nature.

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.

Collateral received represents amounts held by a counterparty or custodian on behalf of the ETFs and can be in the form of securities and cash. Cash received as collateral is included in the Statements of Financial Position, whereas securities received are not included. Collateral pledged represents amounts held by the ETFs' custodian/counterparty on behalf of the counterparty and can be in the form of cash and securities. Cash pledged as collateral is included in the Statements of Financial Position, while securities pledged as collateral are identified on the respective ETF's Schedule of Investment Portfolio.

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, resulting in a redemption value that is not based substantially on the net assets of the ETFs. 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,
- (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 and derivatives" in the Statements of Comprehensive Income.

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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, vendor fair value factors and prices of underlying funds that are not daily traded; 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.

Warrants are recorded as investments and reported at fair value in the Statements of Financial Position. Any unrealized gain or loss at the close of business on each valuation date is recorded in "Change in unrealized gain (loss) on investments and derivatives" in the Statements of Comprehensive Income. When warrants are exercised or have expired, the net realized gains (losses) are included in the Statements of Comprehensive Income in "Net realized gain (loss) on investments".

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 derivatives" and realized gain or loss on foreign exchange contracts is included in "Derivative income (loss)" 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 (loss)" in the Statements of Comprehensive Income. The receivable/payable on futures contracts is recorded separately in the Statements of Financial Position.

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

Fair Valuation of Investments – The ETFs have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced.

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 are held primarily by Canadian residents, are traded only on Canadian stock exchanges and are subject to Canadian regulations 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 (loss)” 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 and short-term investments.

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

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.

Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, wars, acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the ETFs' investments and performance.

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, margin and short-term deposits are held with counterparties with a credit rating of BBB- 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.

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.

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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.

Certain ETFs trade in debt securities, some of which are variable rate and have an inter-bank linked interest rate. Such debt securities may potentially be transitioned to an alternative benchmark before the ETFs dispose of their investments. The impact of this transition, if any, will be captured in the change in fair value of these investments and is not expected to be significant to each ETF.

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.

The ETFs exclude non-cash transactions from their operating and financing activities within the Statements of Cash Flow. The primary differences between amounts issued and redeemed within the Statements of Changes in NAV and the Statements of Cash Flow relate to in-kind transactions and switches between different series of the same ETF. Similarly, the "Cost of investments purchased" and "Proceeds from sale and maturity of investments" within the Statements of Cash Flow appropriately exclude in-kind transactions.

A trading day is each day on which the TSX and/or Cboe Canada 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 Cboe Canada, 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.

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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) (the “Tax Act”). 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.

If an ETF is not a mutual fund trust under the Tax Act throughout a taxation year, the ETF (i) may become liable for alternative minimum tax under the Tax Act in such year, (ii) would not be eligible for capital gains refunds under the Tax Act in such year, (iii) may be subject to the “mark-to-market” rules described below and (iv) may be subject to a special tax under Part XII.2 of the Tax Act described below in such year.

If an ETF does not qualify as a mutual fund trust and more than 50% (calculated on a fair market value basis) of the units of the ETF are held by one or more unitholders that are considered to be “financial institutions” for the purposes of certain special mark-to-market rules in the Tax Act, then the ETF itself will be treated as a financial institution under those special rules. Under those rules, the ETF will be required to recognize at least annually on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. If more than 50% of the units of the ETF cease to be held by financial institutions, the tax year of the ETF will be deemed to end immediately before that time and any gains or losses accrued before that time will be deemed realized by the ETF and will

be distributed to unitholders. A new taxation year for the ETF will then begin and for that and subsequent taxation years, for so long as not more than 50% of the units of the ETF are held by financial institutions, the ETF will not be subject to these special mark-to-market rules.

If at any time in a year an ETF that is not a mutual fund trust under the Tax Act throughout that year has a unitholder that is a “designated beneficiary”, the ETF will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act on its “designated income” within the meaning of the Tax Act. A “designated beneficiary” includes a non-resident, and “designated income” includes taxable capital gains from dispositions of “taxable Canadian property” and income from business carried on in Canada (which could include gains on certain derivatives). Where an ETF is subject to tax under Part XII.2 of the Tax Act, the ETF may make a designation which will result in unitholders that are not designated beneficiaries receiving a tax credit with respect to their share of the Part XII.2 tax paid by the ETF.

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

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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 any costs and expenses of the Independent Review Committee (“IRC”) of the ETFs that are not related to annual fees, meeting fees and reimbursement for expenses to members of the IRC, 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). 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 IRC.

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:

RBC Short Term U.S. Corporate Bond ETF
RBC U.S. Discount Bond ETF

The sub-advisor earns 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-advisor is paid by the manager from the management fee paid by the ETFs.

Custodian and Valuation Agent

RBC IS is the custodian and valuation agent and holds the assets of the ETFs and provides administrative services to the ETFs. RBC IS earns a fee for these services, which is paid by the manager from the management fee paid by the ETFs.

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 IRC 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 IRC 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.