



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 12, 2015

Frank Lipa, CPA, CA

Chief Financial Officer and Chief Operating Officer

RBC Global Asset Management Inc.

Unaudited Interim Financial Statements

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



SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)
RBC TARGET 2015 CORPORATE BOND INDEX ETF

June 30, 2015

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CANADIAN BONDS						
TREASURY BILLS						
12 491	Canadian Treasury Bill		19-Nov-15	\$ 12 450	\$ 12 464	48.5
CORPORATE						
429	407 East Development Group General Partnership	2.813	23-Dec-15	437	432	
961	Bell Canada	3.600	02-Dec-15	988	970	
1 249	Canadian Imperial Bank of Commerce	3.150	02-Nov-20	1 273	1 256	
260	Canadian Western Bank*, FRN	4.389	30-Nov-20	269	263	
671	Capital Desjardins Inc.*, FRN	3.797	23-Nov-20	691	677	
428	Capital Power LP	4.600	01-Dec-15	443	433	
286	CI Investments Inc.*, FRN	3.940	14-Dec-16	296	289	
386	Daimler Canada Finance Inc.	2.330	14-Sep-15	389	387	
236	Enbridge Pipelines Inc.	2.930	08-Sep-15	241	237	
542	Ford Credit Canada Ltd.	7.500	18-Aug-15	585	546	
477	Hydro One Inc.	2.950	11-Sep-15	488	479	
236	Laurentian Bank of Canada*, FRN	3.700	02-Nov-20	241	238	
854	Manulife Financial Corp.	4.079	20-Aug-15	880	857	
831	Molson Coors Capital Finance ULC	5.000	22-Sep-15	873	837	
480	National Bank of Canada*, FRN	4.700	02-Nov-20	503	485	
1 304	Royal Bank of Canada*†	3.180	02-Nov-20	1 329	1 312	
586	Sun Life Financial Inc.*, FRN	4.800	23-Nov-35	608	593	
457	Teranet Holdings LP	3.531	16-Dec-15	471	461	
584	Thomson Reuters Corp.	5.700	15-Jul-15	620	585	
959	The Toronto-Dominion Bank*, FRN	3.367	02-Nov-20	981	965	
783	The Toronto-Dominion Bank*, FRN	4.970	30-Oct-04	824	792	
TOTAL CANADIAN BONDS				13 430	13 094	51.0
TOTAL INVESTMENTS				<u>\$ 25 880</u>	25 558	99.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					122	0.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					<u>\$ 25 680</u>	100.0

* Interest rate risk (see note 4 in the generic notes).

† Investment in related party (see note 8 in the generic notes).



Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2015	December 31 2014
ASSETS		
Investments at fair value	\$ 25 558	\$ 59 065
Cash	14	199
Subscriptions receivable	–	960
Dividends receivable, interest accrued and other assets	113	461
TOTAL ASSETS	25 685	60 685
LIABILITIES		
Due to investment dealers	–	931
Distributions payable	–	174
Accounts payable and accrued expenses	5	16
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	5	1 121
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 25 680	\$ 59 564
Investments at cost	\$ 25 880	\$ 60 291
NAV PER UNIT	\$ 19.02	\$ 19.21

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2015	2014
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 537	\$ 681
Securities lending revenue (see note 7 in the generic notes)	2	1
Net realized gain (loss) on investments	(1 146)	(2)
Change in unrealized gain (loss) on investments	903	(337)
TOTAL INCOME (LOSS)	296	343
EXPENSES (see notes – Fund Specific Information)		
Management fees	30	43
Board of Governors costs	–	1
GST/HST	3	4
TOTAL EXPENSES	33	48
INCREASE (DECREASE) IN NAV	\$ 263	\$ 295
INCREASE (DECREASE) IN NAV PER REDEEMABLE UNIT	\$ 0.16	\$ 0.17



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

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 263	\$ 295
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Net realized loss (gain) on investments	1 146	2
Change in unrealized loss (gain) on investments	(903)	337
(Increase) decrease in accrued receivables	348	(185)
Increase (decrease) in accrued payables	(11)	5
Cost of investments purchased	(14 151)	(25 359)
Proceeds on sales of investments	46 484	132
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	33 176	(24 773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1 920	25 393
Cash paid on redemption of redeemable units	(34 565)	–
Distributions paid to holders of redeemable units	(716)	(693)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (33 361)	\$ 24 700
Net increase (decrease) in cash for the period	(185)	(73)
Cash (bank overdraft), beginning of period	199	169
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 14	\$ 96
Interest received (paid)	\$ 885	\$ 496
Dividends received, net of withholding taxes	\$ –	\$ –

Cash consists of cash and futures contracts margin receivable/payable, as applicable.



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

For the periods ended June 30 (see note 2 in the generic notes)	Total	
	2015	2014
NAV AT BEGINNING OF PERIOD	\$ 59 564	\$ 25 480
INCREASE (DECREASE) IN NAV	263	295
Early redemption fees	—	—
Proceeds from redeemable units issued	960	25 393
Reinvestments of distributions to holders of redeemable units	—	—
Redemption of redeemable units	(34 565)	—
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	(33 605)	25 393
Distributions from net income	(542)	(611)
Distributions from net gains	—	—
Distributions from capital	—	—
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(542)	(611)
NET INCREASE (DECREASE) IN NAV	(33 884)	25 077
NAV AT END OF PERIOD	\$ 25 680	\$ 50 557



June 30, 2015

General information (see note 1 in the generic notes)

The investment objective of the Fund is to provide income for a limited period of time ending on its termination date by replicating, to the extent possible, the investment results that correspond generally to the performance, before fees and expenses, of the FTSE TMX Canada 2015 Maturity Corporate Bond Index*.

**Financial instrument risk and capital management
(see note 4 in the generic notes)**

Credit risk (%)

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

Rating	June 30 2015	December 31 2014
AAA	48.7	3.2
AA	—	21.5
A	31.5	54.3
BBB	19.8	21.0
Total	100.0	100.0

Concentration risk (%)

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

Investment mix	June 30 2015	December 31 2014
Treasury Bills	48.5	—
Corporate Bonds		
Financial	33.7	76.8
Communication	6.1	6.0
Industrial	5.1	5.9
Infrastructure	3.5	6.7
Energy	2.6	3.8
Other Net Assets	0.5	0.8

Interest rate risk (%)

The table below summarizes the ETF's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2015	December 31 2014
Less than 1 year	100.0	100.0
1 – 5 years	—	—
5 – 10 years	—	—
> 10 years	—	—
Total	100.0	100.0

As at June 30, 2015, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the ETF's net assets may have decreased or increased, respectively, by approximately 0.4% (December 31, 2014 – 0.6%). In practice, 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, 2015 and December 31, 2014.

June 30, 2015	Level 1	Level 2	Level 3	Total
Fixed-income				
and debt securities	—	25 558	—	25 558
Total financial instruments	—	25 558	—	25 558
% of total portfolio	—	100.0	—	100.0

December 31, 2014	Level 1	Level 2	Level 3	Total
Fixed-income				
and debt securities	—	59 065	—	59 065
Total financial instruments	—	59 065	—	59 065
% of total portfolio	—	100.0	—	100.0

For the periods ended June 30, 2015 and December 31, 2014, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management fees (see note 8 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 percentage, before GST/HST, of the daily net asset value of the ETF.

Until December 31, 2014	0.25%
Effective January 1, 2015	0.20%

The management fee was reduced to 0.25% from 0.30% effective January 15, 2014.

Taxes (\$000s) (see note 6 in the generic notes)

The non-capital and capital losses as at December 31, 2014 for the Fund were approximately:

Capital losses	67
Non-capital losses	—



June 30, 2015

Unitholders' equity (000s)

(see note 5 in the generic notes)

The NAV 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 ETF's capital is managed in accordance with the investment objective as outlined in the Prospectus.

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

	2015	2014
Opening units	3 100	1 300
Issued number of units	50	1 300
Reinvested number of units	—	—
Redeemed number of units	(1 800)	—
Ending number of units	1 350	2 600

Securities lending revenue (\$000s)

(see note 7 in the generic notes)

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

	June 30 2015	June 30 2014
Fair value of securities loaned	7 626	709
Fair value of collateral received	7 779	723

Investments by other related investment funds (%)

(see note 8 in the generic notes)

The table below summarizes, as a percentage, the net assets of the Fund owned by other related investment funds as at:

	June 30 2015	December 31 2014
RBC 1-5 Year Laddered Corporate Bond ETF	—	24.1

Subsequent event

The ETF will mature on November 20, 2015. Unitholders will receive cash on maturity.



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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 advisor 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 12, 2015.

The units of the ETFs are listed on the Toronto Stock Exchange (“TSX”). Investors may purchase or sell units on the TSX in the same way as other securities listed on the TSX.

ETF	TSX Ticker Symbol	Index*
RBC 1-5 Year Laddered Corporate Bond ETF	RBO	Not applicable
RBC Target 2015 Corporate Bond Index ETF	RQC	FTSE TMX Canada 2015 Maturity Corporate Bond Index
RBC Target 2016 Corporate Bond Index ETF	RQD	FTSE TMX Canada 2016 Maturity Corporate Bond Index
RBC Target 2017 Corporate Bond Index ETF	RQE	FTSE TMX Canada 2017 Maturity Corporate Bond Index
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 Quant Canadian Dividend Leaders ETF	RCD	Not applicable
RBC Quant U.S. Dividend Leaders ETF	RUD RUD.U	Not applicable
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RHU	Not applicable
RBC Quant European Dividend Leaders ETF	RPD RPD.U	Not applicable
RBC Quant European Dividend Leaders (CAD Hedged) ETF	RHP	Not applicable

ETF	TSX Ticker Symbol	Index*
RBC Quant EAFE Dividend Leaders ETF	RID RID.U	Not applicable
RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF	RHI	Not applicable
RBC Quant Emerging Markets Dividend Leaders ETF	RXD RXD.U	Not applicable

* The indices are trademarks of FTSE TMX Debt Capital Markets Inc. (“FTDCM”). “TMX” is a trademark of TSX Inc. (“TSX”) and is used under licence. “FTSE” is a trademark of the London Stock Exchange Group companies (the “Exchange”) and is used by FTDCM under licence. These marks have been licensed for use for certain purposes to RBC GAM. The ETFs are not sponsored, endorsed, sold or promoted by FTDCM, FTSE International Limited, the Exchange or TSX (together, the “Licensor Parties”). The Licensor Parties make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the indices and/or the figures at which the said indices stand at any particular time on any particular day or otherwise. The indices are compiled and calculated by FTDCM and all copyright in the values of the indices and their constituent lists vests in FTDCM. The Licensor Parties shall not be liable (whether in negligence or otherwise) to any person for any error in the indices and the Licensor Parties shall not be under any obligation to advise any person of any error therein.

2. Financial year/period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2015 and 2014 or as at June 30, 2015 and December 31, 2014. In the year a Fund or series 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”), which include estimates and assumptions made by management that may affect the reported amounts of assets (primarily valuation of investments), liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the ETFs, which are investment entities, are as follows:

Fair Value Option Financial instruments are designated as fair value through profit and loss (“FVTPL”) on their initial recognition (the fair value option). Derivative financial instruments are held for trading (“HFT”) and are required to be classified as FVTPL by nature. Other non-derivative financial instruments can be designated as FVTPL if they have a reliably measurable fair value and satisfy some criteria such as (i) it eliminates or significantly reduces an accounting mismatch and (ii) it is part of a portfolio that is managed and its performance is evaluated on a fair value basis. Management’s judgment is that all non-derivative financial instruments are designated as FVTPL since all Funds satisfy the above criteria. The Funds’ financial assets and liabilities, such as foreign exchange contracts, are offset and the net amounts are



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reported in the Statements of Financial Position. The Funds enter into various master netting or similar agreements with counterparties, which provide the Funds with the legally enforceable right to offset financial assets and liabilities.

Redeemable units are measured at their respective redemption values. All other assets and liabilities are measured at amortized cost.

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 Funds' 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 are recorded at fair value, which is determined as follows:

Fixed-Income and Debt Securities – Bonds are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

Fair Valuation of Investments – If the valuation methods described above are not appropriate, RBC GAM will estimate the fair value of an investment using established fair valuation procedures, such as consideration of public information, broker quotes, valuation models, fundamental analysis, matrix pricing, discounts from market prices of similar securities or discounts applied due to restrictions on the disposition of securities, and external fair value service providers.

Investment Transactions Investment transactions are accounted for as of the trade date. 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 Interest for distribution purposes is coupon interest recognized on the accrual basis and/or imputed interest on zero coupon bonds.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit Increase (decrease) in net assets attributable to holders of redeemable units per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the average units outstanding during the period.

Foreign Currencies The following is a list of abbreviations used in the Schedule of Investment Portfolio:

AUD – Australian Dollar	HKD – Hong Kong Dollar
CAD – Canadian Dollar	JPY – Japanese Yen
CHF – Swiss Franc	SEK – Swedish Krona
DKK – Danish Krone	SGD – Singapore Dollar
EUR – Euro	USD – United States Dollar
GBP – Pound Sterling	

4. Financial instrument risk and capital management

RBC GAM is responsible for managing each ETF's capital, which is its net assets 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 advisors, 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 – Fund Specific Information.

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



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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 net assets. 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 Statement of Financial Position. The fair value of fixed-income securities includes a consideration of the credit worthiness of the debt issuer. Credit risk exposure is mitigated for those ETFs participating in a securities lending program (see note 7). RBC GAM monitors each ETF's credit exposure and counterparty ratings daily. Rating data is provided by the Licensors 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 Licensors Parties.

5. Unitholders' equity

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 three 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.

The distribution price adjustment is a distribution that has been declared by the ETF and has reduced the net asset value but has not yet been reflected in the market price. 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.



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6. 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. 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 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. 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.

7. 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.

8. Administrative and other related-party transactions

Manager, Trustee and Portfolio Advisor

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”). RBC GAM is the manager, trustee and portfolio advisor 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 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 Funds may invest in units of other Funds managed by RBC GAM or its affiliates (“underlying mutual funds”). The Fund’s ownership interest in underlying mutual funds is disclosed in the Fund Specific Information.

Affiliates of RBC GAM that provide services to the ETFs in the course of their normal businesses are discussed below.

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.

Designated Broker and Underwriter

RBC Dominion Securities Inc. is a designated broker and an underwriter for the ETFs. As such, RBC Dominion Securities Inc. may subscribe or redeem units of the ETFs.

Brokerage

The ETFs have established standard brokerage agreements at market rates with related-party brokerages.

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:



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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.

9. Future accounting changes

The following IFRS standard has been issued, but is not yet in effect:

IFRS 9 – Financial Instruments. IFRS 9 replaces parts of IAS 39 related to the classification and measurement of financial assets and liabilities.

The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Funds.