


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 QUANT U.S. DIVIDEND LEADERS ETF**

March 31, 2024

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>UNITED STATES EQUITIES</b>				
<b>Communication Services</b>				
AT&T Inc.	144,744	3,282	3,447	
Comcast Corp. Class A	104,288	5,946	6,118	
Electronic Arts Inc.	20,016	3,553	3,594	
Meta Platforms Inc. Class A	33,231	20,861	21,837	
		33,642	34,996	<b>6.3</b>
<b>Consumer Discretionary</b>				
Carter's Inc.	26,380	2,682	3,023	
eBay Inc.	46,734	2,753	3,338	
Ford Motor Co.	60,313	1,176	1,084	
General Motors Co.	54,069	2,460	3,318	
H&R Block Inc.	101,682	4,869	6,758	
Hasbro Inc.	48,331	3,293	3,697	
Home Depot Inc.	36,404	15,636	18,898	
Las Vegas Sands Corp.	17,128	1,152	1,198	
Standard Motor Products Inc.	22,189	1,086	1,007	
Williams-Sonoma Inc.	3,461	1,030	1,487	
Wolverine World Wide Inc.	127,210	1,493	1,930	
		37,630	45,738	<b>8.3</b>
<b>Consumer Staples</b>				
Altria Group Inc.	50,320	2,748	2,970	
Bunge Global S.A.	25,345	3,245	3,516	
Clorox Co.	24,233	5,080	5,021	
Colgate-Palmolive Co.	56,444	6,514	6,878	
Costco Wholesale Corp.	856	839	849	
Kimberly-Clark Corp.	98,047	17,265	17,162	
Kroger Co.	16,328	968	1,262	
Medifast Inc.	7,000	511	363	
Target Corp.	8,530	1,521	2,046	
		38,691	40,067	<b>7.2</b>
<b>Energy</b>				
Antero Midstream Corp.	38,064	658	724	
APA Corp.	20,504	1,047	954	
Consol Energy Inc.	32,854	2,996	3,724	
Devon Energy Corp.	60,598	3,711	4,115	
EOG Resources Inc.	27,228	4,593	4,710	
Marathon Petroleum Corp.	1,151	257	314	
RPC Inc.	105,884	1,038	1,109	
Valero Energy Corp.	6,941	1,125	1,603	
		15,425	17,253	<b>3.1</b>
<b>Financials</b>				
Ameriprise Financial Inc.	29,459	10,556	17,479	
Bank of America Corp.	14,226	752	730	
Bank of New York Mellon Corp.	32,513	2,419	2,535	
Bread Financial Holdings Inc.	8,835	448	445	
Citigroup Inc.	98,049	6,328	8,391	
J.P. Morgan Chase & Co.	26,345	5,061	7,141	
Mastercard Inc. Class A	36,545	17,031	23,816	
Navient Corp.	33,885	735	798	
Northern Trust Corp.	29,511	3,192	3,551	

	Holdings	Cost (\$)	Fair Value (\$)	% of Net Assets
<b>Financials (cont.)</b>				
Old Republic International Corp.	29,147	1,130	1,212	
Prudential Financial Inc.	2,067	262	328	
Unum Group	9,823	574	713	
Virtus Investment Partners Inc.	2,503	870	840	
Visa Inc. Class A	9,266	2,707	3,499	
Wells Fargo & Co.	9,872	596	774	
Western Union Co.	108,557	1,897	2,054	
		54,558	74,306	<b>13.4</b>
<b>Health Care</b>				
AbbVie Inc.	82,145	15,604	20,243	
Bristol-Myers Squibb Co.	247,454	18,946	18,160	
Cardinal Health Inc.	76,597	8,796	11,599	
Cencora Inc.	50,653	15,793	16,656	
Cigna Group	7,926	3,038	3,896	
Merck & Co. Inc.	52,870	7,406	9,441	
		69,583	79,995	<b>14.6</b>
<b>Industrials</b>				
3M Co.	127,021	16,158	18,233	
Automatic Data Processing Inc.	36,364	10,774	12,290	
Comfort Systems USA Inc.	9,806	2,644	4,216	
Cummins Inc.	14,662	5,238	5,846	
Expeditors International of Washington Inc.	1,634	240	269	
Griffon Corp.	20,779	975	2,062	
Insperty Inc.	2,572	400	382	
Landstar System Inc.	51,172	12,175	13,348	
MSC Industrial Direct Co. Inc.	20,119	2,690	2,642	
Paychex Inc.	17,071	2,869	2,837	
Powell Industries Inc.	31,848	4,556	6,133	
Verisk Analytics Inc.	5,029	1,628	1,604	
		60,347	69,862	<b>12.6</b>
<b>Information Technology</b>				
Apple Inc.	187,012	29,707	43,396	
Applied Materials Inc.	14,888	2,953	4,155	
KLA Corp.	3,730	2,016	3,526	
Lam Research Corp.	4,258	3,443	5,598	
Microsoft Corp.	60,963	17,554	34,709	
NetApp Inc.	56,583	6,484	8,038	
Nvidia Corp.	34,181	23,398	41,795	
QUALCOMM Inc.	12,740	2,116	2,919	
		87,671	144,136	<b>26.1</b>
<b>Materials</b>				
PPG Industries Inc.	1,524	291	299	
RPM International Inc.	58,912	8,703	9,483	
Sherwin-Williams Co.	2,757	1,128	1,296	
		10,122	11,078	<b>2.0</b>
<b>Real Estate</b>				
eXp World Holdings Inc.	45,899	737	642	
		737	642	<b>0.1</b>



March 31, 2024

	<b>Holdings</b>	<b>Cost (\$)</b>	<b>Fair Value (\$)</b>	<b>% of Net Assets</b>
<b>Utilities</b>				
ALLETE Inc.	57,563	4,386	4,646	
Atmos Energy Corp.	18,838	2,993	3,030	
ONE Gas Inc.	31,058	3,259	2,712	
UGI Corp.	121,298	4,009	4,028	
Vistra Corp.	207,101	9,998	19,520	
		<u>24,645</u>	<u>33,936</u>	<u>6.1</u>
<b>TOTAL UNITED STATES EQUITIES</b>		<u>433,051</u>	<u>552,009</u>	<u>99.8</u>
<b>Less: Transaction costs</b>		<u>(43)</u>	<u>—</u>	<u>—</u>
<b>TOTAL INVESTMENTS</b>		<u>433,008</u>	<u>552,009</u>	<u>99.8</u>
<b>OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			<u>1,347</u>	<u>0.2</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			<u>553,356</u>	<u>100.0</u>



**Statements of Financial Position** (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	March 31, 2024	September 30, 2023
<b>ASSETS</b>		
Investments at fair value	\$ 552,009	\$ 435,770
Cash	926	253
Dividends receivable, interest accrued and other assets	599	274
<b>TOTAL ASSETS</b>	<b>553,534</b>	<b>436,297</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	178	153
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>178</b>	<b>153</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")</b>	<b>\$ 553,356</b>	<b>\$ 436,144</b>
Investments at cost	\$ 433,008	\$ 395,108
<b>NAV</b>		
<b>CAD UNITS</b>	<b>\$ 502,179</b>	<b>\$ 390,234</b>
<b>USD UNITS</b>	<b>\$ 51,177</b>	<b>\$ 45,910</b>
<b>NAV PER UNIT</b>		
<b>CAD UNITS</b>	<b>\$ 63.97</b>	<b>\$ 51.01</b>
<b>USD UNITS*</b>	<b>\$ 47.27</b>	<b>\$ 37.73</b>

\* Stated in U.S. dollars.

**Statements of Comprehensive Income** (unaudited)

(in \$000s except per unit amounts)

For the periods ended March 31 (see note 2 in the generic notes)	2024	2023
<b>INCOME (see note 3 in the generic notes)</b>		
Dividends	\$ 5,486	\$ 5,629
Income from investment trusts	–	88
Net realized gain (loss) on investments	34,158	7,301
Change in unrealized gain (loss) on investments and derivatives	78,339	44,181
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES</b>	<b>117,983</b>	<b>57,199</b>
Other income (loss)	15	8
Securities lending revenue (see note 8 in the generic notes)	17	9
Net gain (loss) on foreign cash balances	6	(12)
<b>TOTAL OTHER INCOME (LOSS)</b>	<b>38</b>	<b>5</b>
<b>TOTAL INCOME (LOSS)</b>	<b>118,021</b>	<b>57,204</b>
<b>EXPENSES (see notes – ETF Specific Information)</b>		
Management fees	935	879
Independent Review Committee costs	1	1
GST/HST	98	94
Transaction costs	68	69
Withholding tax	800	822
<b>TOTAL EXPENSES</b>	<b>1,902</b>	<b>1,865</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>\$ 116,119</b>	<b>\$ 55,339</b>
<b>INCREASE (DECREASE) IN NAV</b>		
<b>CAD UNITS</b>	<b>\$ 104,680</b>	<b>\$ 49,764</b>
<b>USD UNITS</b>	<b>\$ 11,439</b>	<b>\$ 5,575</b>
<b>INCREASE (DECREASE) IN NAV PER UNIT</b>		
<b>CAD UNITS</b>	<b>\$ 13.49</b>	<b>\$ 5.81</b>
<b>USD UNITS*</b>	<b>\$ 9.86</b>	<b>\$ 4.33</b>

\* Stated in U.S. dollars.



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

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

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in NAV	\$ 116,119	\$ 55,339
<b>ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Amortization of premium and discounts	–	–
Net unrealized foreign exchange (gain) loss on cash	1	–
Net realized loss (gain) on investments	(34,158)	(7,301)
Change in unrealized loss (gain) on investments and derivatives	(78,339)	(44,181)
Non-cash dividends	–	–
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	(325)	38
Increase (decrease) in accrued payables	25	8
Cost of investments purchased*	(257,040)	(205,164)
Proceeds from sale and maturity of investments*	258,522	205,538
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>4,805</b>	<b>4,277</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of redeemable units*	9	16
Cash paid on redemption of redeemable units*	(14)	(13)
Distributions paid to holders of redeemable units	(4,126)	(4,370)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (4,131)</b>	<b>\$ (4,367)</b>
Net unrealized foreign exchange gain (loss) on cash	(1)	–
Net increase (decrease) in cash for the period	674	(90)
Cash (bank overdraft), beginning of period	253	416
<b>CASH (BANK OVERDRAFT), END OF PERIOD</b>	<b>\$ 926</b>	<b>\$ 326</b>
Interest received (paid) <sup>†</sup>	\$ –	\$ –
Income from investment trusts received (paid) <sup>†‡</sup>	\$ –	\$ 88
Dividends received (paid) <sup>†‡</sup>	\$ 4,361	\$ 4,845

\* 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)	CAD Units		USD Units		Total	
	2024	2023	2024	2023	2024	2023
<b>NAV AT BEGINNING OF PERIOD</b>	<b>\$ 390,234</b>	<b>\$ 365,841</b>	<b>\$ 45,910</b>	<b>\$ 41,375</b>	<b>\$ 436,144</b>	<b>\$ 407,216</b>
<b>INCREASE (DECREASE) IN NAV</b>	<b>104,680</b>	<b>49,764</b>	<b>11,439</b>	<b>5,575</b>	<b>116,119</b>	<b>55,339</b>
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	<b>33,051</b>	39,813	–	–	<b>33,051</b>	39,813
Reinvestments of distributions to holders of redeemable units	<b>30,301</b>	10,628	<b>3,281</b>	1,181	<b>33,582</b>	11,809
Redemption of redeemable units	<b>(22,068)</b>	(30,388)	<b>(5,764)</b>	–	<b>(27,832)</b>	(30,388)
<b>NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS</b>	<b>41,284</b>	20,053	<b>(2,483)</b>	1,181	<b>38,801</b>	21,234
Distributions from net income	<b>(3,718)</b>	(3,936)	<b>(408)</b>	(434)	<b>(4,126)</b>	(4,370)
Distributions from net gains	<b>(30,301)</b>	(10,628)	<b>(3,281)</b>	(1,181)	<b>(33,582)</b>	(11,809)
Distributions from capital	–	–	–	–	–	–
<b>TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>	<b>(34,019)</b>	(14,564)	<b>(3,689)</b>	(1,615)	<b>(37,708)</b>	(16,179)
<b>NET INCREASE (DECREASE) IN NAV</b>	<b>111,945</b>	55,253	<b>5,267</b>	5,141	<b>117,212</b>	60,394
<b>NAV AT END OF PERIOD</b>	<b>\$ 502,179</b>	<b>\$ 421,094</b>	<b>\$ 51,177</b>	<b>\$ 46,516</b>	<b>\$ 553,356</b>	<b>\$ 467,610</b>



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 high-quality U.S. equity securities that are expected to provide regular income from dividends and that have the potential for long-term capital growth.

The closing market price as of March 31, 2024 of CAD Units was \$64.07 (September 30, 2023 – \$51.28) and of USD Units was US\$47.31 (September 30, 2023 – US\$37.77).

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

**Concentration risk (%)**

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

	March 31, 2024	September 30, 2023
Investment mix		
Information Technology	26.1	26.7
Health Care	14.6	15.4
Financials	13.4	15.2
Industrials	12.6	12.2
Consumer Discretionary	8.3	10.7
Consumer Staples	7.2	6.8
Communication Services	6.3	2.9
Utilities	6.1	4.6
Energy	3.1	4.4
Materials	2.0	0.7
Real Estate	0.1	0.3
Cash/Other	0.2	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Currency risk (% of NAV)**

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

	March 31, 2024	September 30, 2023
Currency		
United States dollar	99.9	100.0
<b>Total</b>	<b>99.9</b>	<b>100.0</b>

As at March 31, 2024, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the ETF's NAV may have decreased or increased, respectively, by approximately 5.0% (September 30, 2023 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

**Other price risk (% impact on NAV)**

The table below shows the impact of a 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
S&P Composite 1500 Total Return Index (CAD)	+ or - 9.7	+ or - 9.7

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
<b>Equities</b>	<b>552,009</b>	–	–	<b>552,009</b>
<b>Underlying funds</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>552,009</b>	–	–	<b>552,009</b>
<b>% of total portfolio</b>	<b>100.0</b>	–	–	<b>100.0</b>

September 30, 2023	Level 1	Level 2	Level 3	Total
<b>Equities</b>	<b>435,770</b>	–	–	<b>435,770</b>
<b>Underlying funds</b>	–	–	–	–
<b>Fixed-income and debt securities</b>	–	–	–	–
<b>Short-term investments</b>	–	–	–	–
<b>Derivatives – assets</b>	–	–	–	–
<b>Derivatives – liabilities</b>	–	–	–	–
<b>Total financial instruments</b>	<b>435,770</b>	–	–	<b>435,770</b>
<b>% of total portfolio</b>	<b>100.0</b>	–	–	<b>100.0</b>

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.



March 31, 2024

### Management fees (see note 9 in the generic notes)

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

	Management fees
CAD Units	0.39%
USD Units	0.39%

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

The ETF had no capital or non-capital losses as at the tax-year ended December 2023.

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

The NAV per unit of each class is derived by dividing the NAV of that class of ETF by the outstanding units of that class at the end of each trading day of the ETF.

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

	2024	2023
<b>CAD Units</b>		
Opening units	7,650	8,400
Issued number of units	600	850
Reinvested number of units	551	–
Units consolidated*	(551)	–
Redeemed number of units	(400)	(650)
Ending number of units	7,850	8,600
<b>USD Units</b>		
Opening units	900	950
Issued number of units	–	–
Reinvested number of units	59	–
Units consolidated*	(59)	–
Redeemed number of units	(100)	–
Ending number of units	800	950

\* 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	68	100	69	100
Related-party brokerage commissions*	–	–	–	–
Commission arrangements <sup>†</sup>	–	–	–	–

\* See note 9 in the generic notes.

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

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

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

	March 31, 2024		March 31, 2023	
	\$	%	\$	%
Fair value of securities loaned	34,200		33,491	
Fair value of collateral received	34,884		34,161	

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	24	100	14	100
RBC IS (paid)	(5)	(20)	(3)	(25)
Tax withheld	(2)	(7)	(2)	(12)
ETF revenue	17	73	9	63

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

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

	March 31, 2024		September 30, 2023	
	\$	%	\$	%
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	24.1		22.8	



March 31, 2024

## 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	RUSB RUSB.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.