

The accompanying financial statements have been prepared by RBC Global Asset Management Inc. ("RBC GAM") as manager of the RBC ETFs (the "ETFs") and approved by the Board of Directors of RBC GAM. We are responsible for the information contained within the financial statements.

We have maintained appropriate procedures and controls to ensure that timely and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgments). The significant accounting policies, which we believe are appropriate for the ETFs, are described in Note 3 to the financial statements.



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

August 9, 2018



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

Unaudited Interim Financial Statements

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



SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)
RBC QUANT EMERGING MARKETS EQUITY LEADERS ETF

June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
EQUITIES				
Consumer Discretionary				
9 000	Feng TAY Enterprise Co. Ltd.	\$ 51	\$ 60	
4 000	Giant Manufacturing Co. Ltd.	25	22	
30 600	Grupo TeleVisa S.A. USD	147	154	
10 000	Haier Electronics Group Co. Ltd.	37	45	
1 596	Hankook Tire Co. Ltd.	103	79	
88 500	Home Product Center PCL NVDR	50	47	
690	Hyundai Mobis	198	173	
1 451	Hyundai Motor Co.	263	215	
2 695	Imperial Holdings Ltd.	59	51	
1 802	Kangwon Land Inc.	60	56	
3 587	Kia Motors Corp.	145	131	
18 200	Kroton Educacional S.A.	101	58	
533	LG Electronics Inc.	58	52	
8 580	Lojas Renner S.A.	100	86	
3 174	Mr. Price Group Ltd.	80	69	
1 028	New Oriental Education & Technology Group Inc. ADR	118	128	
130	Shinsegae Department Store	56	62	
4 810	Tata Motors Limited ADR	141	124	
7 071	Truworths International Ltd.	66	52	
		<u>1 858</u>	<u>1 664</u>	<u>6.5</u>
Consumer Staples				
19 300	Ambev S.A.	160	119	
5 600	Arca Continental S.A.B. de C.V.	44	46	
6 500	Atacadao Distribuicao Comercio e Industria Ltda	36	34	
30 800	CP ALL PCL	95	90	
209	E-Mart Co. Ltd.	65	63	
10 300	Fomento Economico Mexicano S.A. Series B	120	121	
18 700	Grupo Industrial Bimbo S.A., Series A	55	48	
29 500	IOI Corporation Berhad	44	44	
163 600	Kimberly-Clark de Mexico S.A.	374	367	
771	KT&G Corp.	92	97	
5 900	Kuala Lumpur Kepong Berhad	47	46	
5 222	Pick n Pay Stores Ltd.	39	37	
5 000	President Chain Store Corp.	64	75	
114 100	PT Charoen Pokphand Indonesia Tbk	36	39	
6 500	PT Gudang Garam Tbk	43	40	
123 000	PT Hanjaya Mandala Sampoerna Tbk	47	40	
3 388	Shoprite Holdings Ltd.	83	72	
28 400	Sime Darby Plantation Berhad	42	49	
32 500	Sun Art Retail Group Ltd.	47	56	
2 354	The SPAR Group Ltd.	47	42	
1 625	Tiger Brands Ltd.	61	52	
22 000	Tingyi Cayman Islands Holding Corp.	58	67	
6 000	Tsingtao Brewery Co. Ltd.	40	43	

Holdings	Security	Cost	Fair Value	% of Net Assets
Consumer Staples (cont.)				
33 000	Uni-President Enterprises Corp.	\$ 94	\$ 110	
11 890	Universal Robina Corp.	42	35	
32 200	Wal-Mart de Mexico S.A.B. de C.V.	102	113	
		<u>1 977</u>	<u>1 945</u>	<u>6.5</u>
Energy				
20 000	China Oilfield Services Ltd.	27	25	
334 000	China Petroleum & Chemical Corp.	384	393	
37 500	China Shenhua Energy Co. Ltd. 'H'	124	117	
169 000	CNOOC Ltd.	348	384	
3 300	Cosan SA Industria e Comercio	48	40	
2 023	Grupa Lotos S.A.	42	40	
827	GS Holdings Corp.	62	53	
68 532	Petroleo Brasileiro S.A.	540	403	
341 800	PT Adaro Energy Tbk	65	56	
25 700	PT United Tractors Tbk	86	75	
6 139	Reliance Industries Ltd. GDR	222	227	
511	SK Innovation Co. Ltd.	119	122	
17 600	Thai Oil PCL	64	54	
38 000	Yanzhou Coal Mining Co. Ltd.	63	65	
		<u>2 194</u>	<u>2 054</u>	<u>6.8</u>
Financials				
29 104	Abu Dhabi Commercial Bank PJSC	71	74	
188 000	Agricultural Bank of China Ltd.	126	116	
19 947	Alpha Bank AE	65	59	
2 855	Ayala Corp.	70	65	
18 990	Banco Bradesco S.A. Preference	230	175	
676	Banco de Credito e Inversiones	63	59	
8 200	Banco do Brasil S.A.	104	80	
31 290	Banco Santander Mexico S.A.	59	56	
5 600	Bangkok Bank PCL (Foreign)	48	44	
335 000	Bank of China Ltd.	224	218	
6 110	Barclays Africa Group Ltd.	105	94	
24 360	BDO Unibank Inc.	88	75	
4 619	BNK Financial Group Inc.	55	51	
77 000	Cathay Financial Holding Co. Ltd.	177	179	
80 000	Chang Hwa Commercial Bank Ltd.	58	61	
96 000	China Citic Bank	91	79	
247 000	China Construction Bank Corp.	307	300	
166 000	China Development Financial Holding Corp.	73	80	
16 000	China Everbright Ltd.	46	39	
56 450	China Life Insurance Co. Ltd.	75	78	
25 500	China Merchants Bank Co. Ltd.	134	124	
135 000	Chinatrust Financial Holding Co.	121	128	
1 071	DB Insurance Co. Ltd.	83	75	
3 499	DGB Financial Group Inc.	49	42	
34 278	Eurobank Ergasias S.A.	46	47	
101 400	First Financial Holding Co. Ltd.	86	90	
19 380	FirstRand Ltd.	124	119	
48 000	Fubon Financial Holding Co. Ltd.	105	106	

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Financials (cont.)				
79 908	Grupo Aval Acciones y Valores S.A. Preference	\$ 43	\$ 44	
18 200	Grupo Financiero Banorte S.A.B. de C.V.	139	143	
33 600	Grupo Financiero Inbursa S.A.B. de C.V.	70	63	
14 929	Haci Omer Sabanci Holding A.S.	51	38	
10 200	Hong Leong Bank Berhad	56	60	
95 800	Hua Nan Financial Holdings Co. Ltd.	72	73	
1 530	Hyundai Marine & Fire Insurance Co. Ltd.	70	61	
9 976	ICICI Bank Ltd. ADR	116	105	
253 000	Industrial & Commercial Bank of China	266	249	
3 488	Industrial Bank of Korea	65	63	
4 448	Investec Ltd.	44	41	
13 477	Itau Unibanco Holding S.A. Preference	223	186	
32 970	Itausa – Investimentos Itau S.A. Preference	154	103	
15 300	Kasikornbank PCL	127	118	
1 175	Komercni Banka A.S.	66	65	
517	Korea Investment Holdings Co. Ltd.	47	51	
2 349	LG Investment & Securities Co.	40	41	
97 000	Mega Financial Holding Co. Ltd.	105	113	
10 202	Moneta Money Bank A.S.	50	46	
2 609	Nedcor Limited	70	62	
2 092	OTP Bank Rt.	110	100	
87 000	PICC Property & Casualty Co. Ltd.	143	124	
3 200	Porto Seguro S.A.	52	45	
2 246	PSG Group Ltd.	50	47	
158 700	PT Bank Mandiri Persero Tbk	106	100	
1 260	Qatar Islamic Bank SAQ	48	53	
2 109	Qatar National Bank SAQ	101	116	
8 221	RMB Holdings Ltd.	60	60	
403	Samsung Fire & Marine Insurance Co. Ltd.	130	126	
933	Samsung Life Insurance Co. Ltd.	133	108	
1 080	Samsung Securities Co. Ltd.	49	44	
162 000	Shin Kong Financial Holding Co. Ltd.	78	82	
2 705	Shinhan Financial Group Co. Ltd.	154	138	
150 410	SinoPac Financial Holdings Co. Ltd.	64	71	
7 431	Standard Bank Group Ltd.	147	137	
121 902	Taishin Financial Holdings Co. Ltd.	73	76	
102 952	Taiwan Cooperative Financial Holding Co. Ltd.	73	79	
3 890	The Commercial Bank of Qatar QSC	51	54	
139 000	The People's Insurance Co. Group of China Ltd.	89	86	
18 300	The Siam Commercial Bank PCL	103	86	
28 765	Turkiye Garanti Bankasi A.S.	74	69	
4 982	Woori Bank	90	96	
112 000	Yuanta Financial Holding Co. Ltd.	65	67	
		6 800	6 402	21.3

Holdings	Security	Cost	Fair Value	% of Net Assets
Health Care				
7 700	Bumrungrad Hospital PCL	\$ 61	\$ 51	
44 000	China Medical System Holdings Ltd.	134	116	
74 000	CSPC Pharmaceutical Group Ltd.	234	294	
11 700	Hypermarcas S.A.	132	110	
20 442	Netcare Ltd.	55	54	
5 700	Qualicorp S.A.	54	36	
359	Yuhan Corp.	94	92	
		764	753	2.5
Industrials				
23 410	Aboitiz Equity Ventures Inc.	37	31	
18 000	Air China Ltd.	28	23	
29 800	Alfa S.A.	44	46	
24 000	Beijing Capital International Airport Co. Ltd.	47	33	
2 484	Bidvest Group Ltd.	56	47	
12 300	CCR S.A.	61	43	
478	Cheil Industries Inc.	74	66	
20 000	China Southern Airlines Co. Ltd. 'H'	30	21	
37 000	Citic Pacific Ltd.	70	69	
41 000	CRRC Corp. Ltd.	48	42	
347	Daelim Industrial Co. Ltd.	37	31	
1 820	DP World Ltd.	53	55	
35 000	Far Eastern Textile Co. Ltd.	40	44	
21 000	Fosun International	57	52	
4 200	Grupo Aeroportuario del Pacifico S.A.B. de C.V.	51	52	
236	HDC Hyundai Development Co-Engineering & Construction	14	15	
686	Hyundai Engineering & Construction Co., Ltd.	43	47	
156	Hyundai Glovis Co. Ltd.	27	21	
37 700	IJM Corp. Berhad	32	22	
30 000	JG Summit Holdings Inc.	49	37	
75	KCC Corp.	33	29	
565	Korean Air Co. Ltd.	23	19	
2 056	Latam Airlines Group S.A.	35	27	
675	LG Corp.	64	57	
12 200	Malaysia Airports Holdings Berhad	33	35	
12 200	MISC Berhad	28	24	
3 100	Promotora y Operadora de Infraestructura S.A.B. de C.V.	40	37	
202	S1 Corp.	23	23	
33 900	Sime Darby Berhad	39	27	
202	SK Holdings Co. Ltd.	68	62	
2 240	SM Investments Corp.	52	48	
28 000	Teco Electric and Machinery Co. Ltd.	30	28	
5 372	Turk Hava Yollari	30	21	
7 060	WEG S.A.	50	39	
23 000	Weichai Power Co. Ltd.	37	42	
		1 483	1 315	4.4

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Information Technology				
102 000	Acer Inc.	\$ 105	\$ 110	
237 000	AU Optronics Corp.	135	132	
2 048	Autohome Inc. ADR	211	272	
2 893	Baidu.com Inc. ADR	994	925	
12 000	Catcher Technology Co. Ltd.	180	177	
131 000	Compal Electronics	116	109	
37 000	Delta Electronics Inc.	186	175	
3 354	Hynix Semiconductor Inc.	302	339	
28 534	Infosys Technologies Ltd. ADR	648	729	
252 000	InnoLux Display Corp.	134	119	
21 500	Kingboard Chemical Holdings Ltd.	124	103	
66 000	Lite-On Technology Corp.	117	105	
45 000	Macronix International	83	84	
14 000	MediaTek Inc.	182	181	
23 000	Micro-Star International Co. Ltd.	109	93	
22 000	Nanya Technology Corp.	90	79	
683	NCSOFT Corp.	280	299	
13 000	Novatek Microelectronics Corp.	69	77	
17 836	Samsung Electronics Co. Ltd.	991	982	
52 000	Synnex Technology International Corp.	92	103	
70 500	Taiwan Semiconductor Manufacturing Co. Ltd.	684	659	
30 000	Tencent Holdings Ltd.	1 970	1 981	
177 000	United Microelectronics Corporation Ltd.	116	129	
58 000	WPG Holdings Ltd.	105	108	
1 873	YY Inc. ADR	260	248	
		8 283	8 318	27.7

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials				
616	Anglo American Platinum Corp.	23	21	
3 042	AngloGold Ashanti Ltd.	37	33	
31 000	Asia Cement Corp.	40	45	
2 900	Braskem S.A. Preference	49	50	
10 000	Conch Cement Co. Ltd.	65	75	
252	DC Chemical Co. Ltd.	43	31	
12 049	Empresas CMPC S.A.	53	59	
21 000	Formosa Chemicals & Fibre Corp.	92	110	
27 000	Formosa Plastics Corp.	118	131	
15 200	Gerdau S.A. Preference	92	72	
6 609	Gold Fields Limited	33	31	
37 900	Grupo Mexico S.A.B. de C.V.	138	143	
161	Honam Petrochemical Corp.	74	66	
1 230	Industrias Penoles S.A.	35	29	
1 714	Kumba Iron Ore Ltd.	60	48	
24 000	Lee & Man Paper Manufacturing Ltd.	36	32	
1 415	Mondi Ltd.	47	50	
33 000	Nan Ya Plastic Corporation	113	124	
20 000	Nine Dragons Paper Holdings Ltd.	41	34	
26 000	Petronas Chemicals Group Berhad	67	71	
492	POSCO	193	191	
23 900	PT Indocement Tunggul Prakarsa Tbk	45	30	
21 500	PTT Global Chemical PCL	75	62	

Holdings	Security	Cost	Fair Value	% of Net Assets
Materials (cont.)				
54 000	Sinopec Shanghai Petrochemical Co.	\$ 40	\$ 43	
1 336	Southern Copper Corp.	82	82	
3 900	Suzano Papel e Celulose S.A.	43	60	
3 600	The Siam Cement PCL	68	59	
4 805	Vedanta Ltd. ADR	103	86	
		1 905	1 868	6.2

Holdings	Security	Cost	Fair Value	% of Net Assets
Real Estate				
26 000	Agile Group Holdings Ltd.	58	58	
92 700	Ayala Land Inc.	94	87	
30 000	China Evergrande Group	116	101	
24 000	China Resources Land Ltd.	108	106	
16 500	China Vanke Co. Ltd.	83	76	
48 323	Emaar Properties PJSC	99	85	
21 489	Fortress REIT Ltd. Real Estate Investment Trust	39	31	
19 844	Growthpoint Properties Ltd. Real Estate Investment Trust	57	51	
2 841	Hyprop Investments Ltd. Real Estate Investment Trust	30	28	
20 000	Shimao Property Holdings Ltd.	66	69	
62 000	Sino-Ocean Group Holding Ltd.	56	47	
		806	739	2.5

Holdings	Security	Cost	Fair Value	% of Net Assets
Telecommunication Services				
15 500	Advanced Info Service PCL, Subscription Receipts	119	114	
234 300	America Movil S.A.B. de C.V.	269	260	
53 500	Axiata Group Berhad	91	66	
17 000	China Communications Services Corp. Ltd.	14	14	
206 000	China Telecom Corp. Ltd.	129	127	
38 000	Chunghwa Telecom Co. Ltd.	178	180	
23 715	Emirates Telecommunications Group Co. PJSC	142	137	
30 000	Far EasTone Telecommunications Co. Ltd.	96	102	
44 400	Maxis Berhad	81	79	
15 380	MTN Group Ltd.	195	159	
2 160	PLDT Inc.	84	69	
372	SK Telecom Co. Ltd.	103	102	
26 000	Taiwan Mobile Co. Ltd.	121	124	
7 000	Telefonica Brasil S.A. Preference	128	109	
17 700	TIM Participacoes S.A.	88	80	
		1 838	1 722	5.7

Holdings	Security	Cost	Fair Value	% of Net Assets
Underlying Funds				
44 482	iShares MSCI Emerging Markets Index Fund	2 606	2 535	
		2 606	2 535	8.4

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities				
40 238	Aguas Andinas S.A.	33	29	
6 000	Beijing Enterprises Holdings Ltd.	42	38	
5 300	Centrais Eletricas Brasileiras S.A. Preference	39	25	
1 640	CEZ A.S.	50	51	
40 000	China Longyuan Power Group Corp.	48	42	

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



June 30, 2018

Holdings	Security	Cost	Fair Value	% of Net Assets
Utilities (cont.)				
4 200	Cia de Saneamento Basico do Estado de Sao Paulo	\$ 49	\$ 33	
116 427	Colbun S.A.	35	32	
243 996	Enersis Americas S.A.	69	57	
320 740	Enersis Chile S.A.	49	42	
1 273	GAIL India Ltd. GDR	59	49	
72 000	Huaneng Renewables Corp Ltd.	40	32	
7 100	Infraestructura Energetica Nova S.A.B. de C.V.	43	42	
8 200	Petronas Gas Berhad	48	46	
10 759	PGE Polska Grupa Energetyczna S.A.	44	35	
19 000	Tenaga Nasional Berhad	93	91	
72 000	YTL Corp. Berhad	27	26	
		<u>768</u>	<u>670</u>	<u>2.2</u>
TOTAL EQUITIES		31 282	29 985	99.7
Less: Transaction costs		(27)	—	—
TOTAL INVESTMENTS		<u>\$ 31 255</u>	29 985	99.7
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>92</u>	0.3
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>\$ 30 077</u>		100.0



Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 29 985	\$ 11 740
Cash	6	44
Due from investment dealers	–	15
Dividends receivable, interest accrued and other assets	106	22
TOTAL ASSETS	30 097	11 821
LIABILITIES		
Due to investment dealers	–	15
Distributions payable	–	59
Accounts payable and accrued expenses	20	8
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	20	82
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")	\$ 30 077	\$ 11 739
Investments at cost	\$ 31 255	\$ 10 696
NAV		
CAD UNITS	\$ 26 317	\$ 10 435
USD UNITS	\$ 3 760	\$ 1 304
NAV PER UNIT		
CAD UNITS	\$ 25.06	\$ 26.09
USD UNITS*	\$ 19.05	\$ 20.82

* Stated in U.S. dollars.

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Dividends	\$ 427	\$ 66
Income from investment trusts	9	–
Net realized gain (loss) on investments	(178)	301
Change in unrealized gain (loss) on investments	(2 314)	273
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	(2 056)	640
Other income (loss)	(2)	(1)
Securities lending revenue (see note 8 in the generic notes)	1	–
Net gain (loss) on foreign cash balances	(30)	(10)
TOTAL OTHER INCOME (LOSS)	(31)	(11)
TOTAL INCOME (LOSS)	(2 087)	629
EXPENSES (see notes – ETF Specific Information)		
Management fees	74	15
GST/HST	10	2
Transaction costs	71	8
Withholding tax	46	9
TOTAL EXPENSES	201	34
INCREASE (DECREASE) IN NAV	\$ (2 288)	\$ 595
INCREASE (DECREASE) IN NAV		
CAD UNITS	\$ (2 050)	\$ 446
USD UNITS	\$ (238)	\$ 149
INCREASE (DECREASE) IN NAV PER UNIT		
CAD UNITS	\$ (2.71)	\$ 2.97
USD UNITS*	\$ (1.84)	\$ 1.67

* Stated in U.S. dollars.



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

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ (2 288)	\$ 595
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	–	–
Net unrealized foreign exchange (gain) loss on cash	–	–
Net realized loss (gain) on investments	178	(301)
Change in unrealized loss (gain) on investments	2 314	(273)
Non-cash distributions from underlying funds	–	–
(Increase) decrease in accrued receivables	(84)	(8)
Increase (decrease) in accrued payables	12	–
Cost of investments purchased*	(37 926)	(2 458)
Proceeds from sale and maturity of investments*	37 835	2 513
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	41	68
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units*	367	10
Cash paid on redemption of redeemable units*	(193)	(10)
Distributions paid to holders of redeemable units	(253)	(65)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (79)	\$ (65)
Net unrealized foreign exchange gain (loss) on cash	–	–
Net increase (decrease) in cash for the period	(38)	3
Cash (bank overdraft), beginning of period	44	8
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 6	\$ 11
Interest received (paid)	\$ –	\$ –
Dividends received, net of withholding taxes	\$ 297	\$ 49

* Excludes in-kind transactions.



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

For the periods ended June 30 (see note 2 in the generic notes)	CAD Units		USD Units		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 10 435	\$ 3 214	\$ 1 304	\$ 1 071	\$ 11 739	\$ 4 285
INCREASE (DECREASE) IN NAV	(2 050)	446	(238)	149	(2 288)	595
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	29 887	876	7 948	292	37 835	1 168
Reinvestments of distributions to holders of redeemable units	–	–	–	–	–	–
Redemption of redeemable units	(11 780)	(876)	(5 235)	(292)	(17 015)	(1 168)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	18 107	–	2 713	–	20 820	–
Distributions from net income	(175)	(26)	(19)	(9)	(194)	(35)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(175)	(26)	(19)	(9)	(194)	(35)
NET INCREASE (DECREASE) IN NAV	15 882	420	2 456	140	18 338	560
NAV AT END OF PERIOD	\$ 26 317	\$ 3 634	\$ 3 760	\$ 1 211	\$ 30 077	\$ 4 845



June 30, 2018

General information (see note 1 in the generic notes)

The investment objective of the ETF is to provide unitholders with broad exposure to the performance of a diversified portfolio of high-quality emerging market equity securities that have the potential for long-term capital growth.

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

Concentration risk (%)

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

Investment mix	June 30 2018	December 31 2017
International Equities		
Information Technology	27.7	28.5
Financials	21.3	23.6
Energy	6.8	7.3
Consumer Staples	6.5	6.9
Materials	6.2	6.6
Telecommunication Services	5.7	7.2
Consumer Discretionary	5.5	7.0
Industrials	4.4	5.2
Real Estate	2.5	2.9
Health Care	2.5	2.5
Utilities	2.2	2.4
Underlying Funds	8.4	–
Other Net Assets	0.3	(0.1)
Total	100.0	100.0

Currency risk (% of NAV)

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

Currency	June 30 2018	December 31 2017
Hong Kong dollar	20.7	18.6
United States dollar	18.5	11.2
New Taiwan dollar	16.3	16.0
South Korean won	14.9	14.8
Brazilian real	6.6	7.7
Mexican peso	5.7	4.5
South African rand	5.0	8.4
Thailand baht	2.4	4.4
Malaysian ringgit	2.3	2.8
Philippine peso	1.5	1.4
Indonesian rupiah	1.3	4.2
Chilean peso	1.0	1.7
UAE dirham	1.0	0.8
Qatari rial	0.7	0.8
Czech koruna	0.5	0.2

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

Currency	June 30 2018	December 31 2017
Euro	0.4	–
Turkish new lira	0.4	0.3
Polish zloty	0.3	1.0
Hungarian forint	0.3	0.9
Colombian peso	0.1	0.8
Chinese renminbi	0.1	–
Total	100.0	100.5

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to the above currencies, with all other factors kept constant, the ETF's NAV may have decreased or increased, respectively, by approximately 5.0% (December 31, 2017 – 5.0%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Other price risk (% impact on NAV)

The table below shows the impact of a 1% change in the broad-based index (noted below) on the ETF's NAV, using a 29-month (December 31, 2017 – 23-month) historical correlation of data of the ETF's return and the index, with all other factors kept constant, as at:

	June 30 2018	December 31 2017
MSCI Emerging Markets Total Return		
Net Index (CAD)	+ or - 1.0	+ or - 0.9

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

Fair value hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	27 450	–	–	27 450
Underlying funds	2 535	–	–	2 535
Fixed-income				
and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	29 985	–	–	29 985
% of total portfolio	100.0	–	–	100.0



June 30, 2018

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	11 740	–	–	11 740
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	–	–	–
Short-term investments	–	–	–	–
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	11 740	–	–	11 740
% of total portfolio	100.0	–	–	100.0

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

Management fees (see note 9 in the generic notes)

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

	Management fees
CAD Units	0.64%
USD Units	0.64%

Unconsolidated structured entities (%) (see note 3 in the generic notes)

The table below summarizes the ETF's interest in the unsponsored funds as a percentage of NAV, and the ETF's ownership interest as a percentage of NAV of the unsponsored funds ("Ownership").

	June 30 2018		December 31 2017	
	NAV	Ownership	NAV	Ownership
iShares MSCI Emerging Markets Index Fund	8.4	–	–	–

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

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

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

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

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

	2018	2017
CAD Units		
Opening units	400	150
Issued number of units	1 100	50
Reinvested number of units	–	–
Redeemed number of units	(450)	(50)
Ending number of units	1 050	150

USD Units

Opening units	50	50
Issued number of units	300	–
Reinvested number of units	–	–
Redeemed number of units	(200)	–
Ending number of units	150	50

Transaction costs (\$000s except %)

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

	June 30 2018		June 30 2017	
	\$	%	\$	%
Total transaction costs	71	100	8	100
Related-party brokerage commissions*	–	–	–	–
Commission arrangements [†]	–	–	–	–

* See note 9 in the generic notes.

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

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

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

	June 30 2018	June 30 2017
Fair value of securities loaned	2 903	251
Fair value of collateral received	2 961	256



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The table below provides a reconciliation of the gross revenue generated from the securities lending transactions of the ETF to the securities lending revenue disclosed in the Statements of Comprehensive Income.

	June 30 2018		June 30 2017	
	\$	%	\$	%
Gross revenue	1	100	–	100
RBC IS (paid)	–	(25)	–	(30)
Tax withheld	–	(3)	–	–
ETF revenue	1	72	–	70

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

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

	June 30 2018	December 31 2017
RBC Strategic Global Equity Leaders ETF	1.2	2.0

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1. The ETFs

The RBC ETFs, the exchange-traded funds (“ETF” or “ETFs”), are open-ended mutual fund trusts governed by the laws of the Province of Ontario and governed by a Master Declaration of Trust. RBC GAM is the manager, trustee and portfolio manager of the ETFs and its head office is located at 155 Wellington Street West, 22nd Floor, Toronto, Ontario. These financial statements were approved for issuance by the Board of Directors of RBC GAM on August 9, 2018.

The units of the ETFs are listed either on the Toronto Stock Exchange (the “TSX”) or on the Aequitas NEO Exchange (the “NEO Exchange”) as the case may be. The TSX and the NEO Exchange are each referred to herein as the “Exchange.” Investors may purchase or sell units on the applicable Exchange in the same way as other securities listed on the Exchange.

ETF	Exchange Ticker Symbol	Index*
RBC 1-5 Year Laddered Canadian Bond ETF	RLB	Not applicable
RBC 1-5 Year Laddered Corporate Bond ETF	RBO	Not applicable
RBC 6-10 Year Laddered Canadian Corporate Bond ETF	RMBO	Not applicable
RBC Target 2018 Corporate Bond Index ETF	RQF	FTSE TMX Canada 2018 Maturity Corporate Bond Index
RBC Target 2019 Corporate Bond Index ETF	RQG	FTSE TMX Canada 2019 Maturity Corporate Bond Index
RBC Target 2020 Corporate Bond Index ETF	RQH	FTSE TMX Canada 2020 Maturity Corporate Bond Index
RBC Target 2021 Corporate Bond Index ETF	RQI	FTSE TMX Canada 2021 Maturity Corporate Bond Index
RBC Target 2022 Corporate Bond Index ETF	RQJ	FTSE TMX Canada 2022 Maturity Corporate Bond Index
RBC Target 2023 Corporate Bond Index ETF	RQK	FTSE TMX Canada 2023 Maturity Corporate Bond Index
RBC PH&N Short Term Canadian Bond ETF	RPSB	Not applicable
RBC Canadian Short Term Bond Index ETF	RCSB	FTSE TMX Canada Universe + Maple Short Term Overall Bond Index
RBC Canadian Bond Index ETF	RCUB	FTSE TMX Canada Universe + Maple Bond Index

ETF	Exchange Ticker Symbol	Index*
RBC Short Term U.S. Corporate Bond ETF	RUSB RUSB.U	Not applicable
RBC Global Government Bond (CAD Hedged) Index ETF	RGGB	FTSE World Government Bond Index (Currency-Hedged in CAD)
RBC BlueBay Global Diversified Income (CAD Hedged) ETF	RBDI	Not applicable
RBC Canadian Preferred Share ETF	RPF	Not applicable
RBC Quant Canadian Dividend Leaders ETF	RCD	Not applicable
RBC Quant Canadian Equity Leaders ETF	RCE	Not applicable
RBC Canadian Equity Index ETF	RCAN	FTSE Canada All Cap Domestic Index
RBC Vision Women’s Leadership MSCI Canada Index ETF	RLDR	MSCI Canada IMI Women’s Leadership Select Index
RBC Canadian Bank Yield Index ETF	RBNK	Solactive Canada Bank Yield Index
RBC Quant U.S. Dividend Leaders ETF	RUD RUD.U	Not applicable
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF	RUDH	Not applicable
RBC Quant U.S. Equity Leaders ETF	RUE RUE.U	Not applicable
RBC Quant U.S. Equity Leaders (CAD Hedged) ETF	RUEH	Not applicable
RBC U.S. Equity Index ETF	RUSA RUSA.U	FTSE USA Index
RBC Quant European Dividend Leaders ETF	RPD RPD.U	Not applicable
RBC Quant European Dividend Leaders (CAD Hedged) ETF	RPDH	Not applicable
RBC Quant EAFE Dividend Leaders ETF	RID RID.U	Not applicable
RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF	RIDH	Not applicable
RBC Quant EAFE Equity Leaders ETF	RIE RIE.U	Not applicable
RBC Quant EAFE Equity Leaders (CAD Hedged) ETF	RIEH	Not applicable
RBC International Equity Index ETF	RINT RINT.U	FTSE Developed ex North America Index
RBC Quant Emerging Markets Dividend Leaders ETF	RXD RXD.U	Not applicable
RBC Quant Emerging Markets Equity Leaders ETF	RXE RXE.U	Not applicable

ETF	Exchange Ticker Symbol	Index*
RBC Emerging Markets Equity Index ETF	REEM REEM.U	FTSE Emerging Index
RBC Strategic Global Dividend Leaders ETF	RLD	Not applicable
RBC Strategic Global Equity Leaders ETF	RLE	Not applicable
RBC Quant Global Infrastructure Leaders ETF	RIG RIG.U	Not applicable
RBC Quant Global Real Estate Leaders ETF	RGRE RGRE.U	Not applicable

* These indices have been licensed for use for certain purposes to RBC GAM by FTSE Global Debt Capital Markets Inc., FTSE International Limited, FTSE Fixed Income LLC, Solactive AG and MSCI Inc. (each an "Index Provider" and together, the "Index Providers"), as applicable. The ETFs are not sponsored, endorsed, sold or promoted by the Index Providers. The Index Providers make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the indices they have licensed to RBC GAM and/or the figures at which the indices they have licensed to RBC GAM stand at any particular time on any particular day or otherwise. The indices are compiled, calculated and published by the applicable Index Provider. The Index Providers shall not be liable (whether in negligence or otherwise) to any person for any error in the indices they have licensed to RBC GAM and the Index Providers shall not be under any obligation to advise any person of any error therein. The Index Providers make no representation regarding the advisability of investing in the ETFs.

"TMX" is a trademark of TSX Inc. and is used under licence.

2. Financial period

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

3. Summary of significant accounting policies

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies of the ETFs, which are investment entities, are as follows:

Adoption of New Accounting Standards Effective January 1, 2018, the ETFs adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing financial assets

and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the current or comparative period. The ETFs' financial assets and financial liabilities previously designated as FVTPL under IAS 39 Financial Instruments continue to be measured as FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost.

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the ETFs classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the ETFs' debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the ETFs' business model objectives. Consequently, all investments and derivative contracts are measured at FVTPL.

The ETFs' obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Classification of Redeemable Units The ETFs' redeemable units, which are puttable instruments, are held by different types of unitholders that are entitled to different redemption rights. Consequently, the ETFs' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Unconsolidated Structured Entities The ETFs may invest in other Funds and ETFs managed by the manager or an affiliate of the manager ("sponsored funds") and may invest in other funds and ETFs managed by unaffiliated entities ("unsponsored funds"); collectively, "underlying funds." The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the ETF. The investments in underlying funds

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are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds' objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives.

The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective underlying funds' NAV.

The ETFs do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the ETFs are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the ETFs meet the following criteria:

- (i) The ETFs obtain capital from one or more investors for the purpose of providing those investors with investment management services,
- (ii) The ETFs commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both, and
- (iii) The ETFs measure and evaluate the performance of substantially all of their investments on a fair value basis.

Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the ETFs' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

Certain ETFs may invest in mortgage-related or other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are securitized by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans while asset-backed securities are created from many types of

assets, including auto loans, credit card receivables, home equity loans and student loans. The ETFs account for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date.

Determination of Fair Value The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the ETFs' financial instruments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Investments and derivatives are recorded at fair value, which is determined as follows:

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

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

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

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Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any unrealized gain or loss at the close of business on each valuation date is recorded as “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (loss) on foreign exchange contracts is included in “Derivative income” in the Statements of Comprehensive Income.

Fair Valuation of Investments – The ETFs have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the ETFs primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. Management also has procedures in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

The ETFs may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the manager and are approved by the manager. The VC provides oversight of the ETFs’ valuation policies and procedures.

Cash Cash is comprised of cash and deposits with banks and is recorded at fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars at the rate of exchange on each valuation date. Gains/losses on foreign cash balances are

included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income” in the Statements of Comprehensive Income.

Functional Currency The ETFs have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the ETFs.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the ETFs are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed-income and debt securities with the exception of zero coupon bonds.

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. “Income from investment trusts” includes income from ETFs and income trusts.

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

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

AUD – Australian dollar	JPY – Japanese yen
CAD – Canadian dollar	MXN – Mexican peso
CHF – Swiss franc	NOK – Norwegian krone
DKK – Danish krone	PLN – Polish zloty
EUR – Euro	SEK – Swedish krona
GBP – Pound sterling	SGD – Singapore dollar
HKD – Hong Kong dollar	USD – United States dollar
ILS – Israeli new shekel	ZAR – South African rand

4. Critical accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying the ETFs' accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair value measurement of securities not quoted in an active market

The ETFs have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the ETFs' assets and liabilities are believed to be appropriate as at the reporting date.

The ETFs may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial instrument risk and capital management

RBC GAM is responsible for managing each ETF's capital, which is its NAV and consists primarily of its financial instruments.

An ETF's investment activities expose it to a variety of financial risks. RBC GAM seeks to minimize potential adverse effects of these risks on an ETF's performance by employing professional, experienced portfolio managers, daily monitoring of the ETF's holdings and market events and diversifying its investment portfolio within the constraints of its investment objectives. To assist in managing risks, RBC GAM also uses internal guidelines, maintains a governance structure that oversees each ETF's investment activities and monitors compliance with the ETF's investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to an ETF, is disclosed in its Notes to Financial Statements – ETF Specific Information. These risks include an ETF's direct risks and pro rata exposure to the risks of underlying funds, as applicable.

Liquidity risk

Liquidity risk is the possibility that investments in an ETF cannot be readily converted into cash when required. An ETF is exposed to liquidity risk to the extent that it is subject to daily redemptions of redeemable units. Since the delivery of redemptions is in the form of securities, an ETF is not exposed to any significant liquidity risk. Liquidity risk is managed

by investing the majority of an ETF's assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulation, an ETF must maintain at least 90% of its assets in liquid investments. In addition, an ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its NAV. All non-derivative financial liabilities, other than redeemable units, are due within 90 days.

Any securities deemed to be illiquid are identified in the Schedules of Investment Portfolio.

Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in an ETF's Statements of Financial Position. The fair value of fixed-income securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure is mitigated for those ETFs participating in a securities lending program (see note 8). RBC GAM monitors each ETF's credit exposure and counterparty ratings daily. Rating data is provided by the Licensor Parties.

Concentration risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of an ETF's interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Securities with a stated maturity date beyond the target maturity year of the ETF have an effective maturity date in the target year of the ETF, as determined with the rules based on methodology developed by the Licensor Parties.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional

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currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Redeemable units

The beneficial interest in the ETFs is divided into equal interests of one class referred to as outstanding units. Each ETF is authorized to issue an unlimited number of redeemable and transferable units, each of which represents an equal, undivided interest in the net asset value of the ETF. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the ETF, in the net assets of the ETF.

On any trading day, an underwriter or designated broker may place a subscription or redemption order for an integral multiple of the prescribed number of units of an ETF. If the order is accepted, the ETF will issue or redeem units to or from the underwriter or designated broker within two trading days thereafter. For each prescribed number of units issued or redeemed, the underwriter or designated broker must deliver or receive payment consisting of:

- a) a basket of applicable securities for each prescribed number of units; and
- b) cash in an amount sufficient so that the value of the basket of the applicable securities and cash delivered is equal to the net asset value of the prescribed number of units plus the distribution price adjustment, if applicable, of the ETF.

A trading day is each day on which the TSX is open for trading.

A unitholder is entitled on any trading day to redeem units for cash at a redemption price of 95% of net asset value per unit of the ETF's units at the next valuation following receipt of the cash redemption request. To be effective on a particular trading day, a cash redemption request must be received by such time as RBC GAM may, from time to time, determine on that trading day. If a cash redemption request is received later than the prescribed time on a trading day or a day which is not a trading day, the cash redemption request shall be deemed to be received as of the next trading day.

The net asset value per unit is arrived at by dividing the net asset value of the ETF by the total number of units outstanding at the end of each trading day of the ETF. The capital of the ETFs is managed in accordance with the investment objective as outlined in the Prospectus.

7. Taxes

The ETFs qualify as "mutual fund trusts" or "unit trusts" as defined in the *Income Tax Act* (Canada). In general, the ETFs are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the ETFs do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the ETFs are redeemed. It is the intention of the ETFs to pay out all net income and realized capital gains each year so that the ETFs will not be subject to income taxes.

Accordingly, no provision for income taxes is recorded.

Net investment income and capital gains are distributable to the unitholders in amounts determined under the provisions of the Declaration of Trust on a monthly or quarterly basis. All distributions, other than management fee distributions, shall be credited to the unitholder pro rata in accordance with the number of units held by them on record date of the distribution. Reinvested distributions will be automatically reinvested in additional units of the applicable class of the RBC ETF at a price equal to the net asset value per unit of the applicable class of the RBC ETF. The units of that class will be immediately consolidated such that the number of outstanding units of the applicable class following the distribution will equal the number of units of the applicable class outstanding prior to the distribution. Management fee distributions shall be credited to the unitholder entitled thereto.

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Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

8. Securities lending revenue

Certain of the ETFs lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of the ETF. Each ETF will have entered into a securities lending agreement with its custodian, RBC Investor Services Trust ("RBC IS"). The aggregate market value of all securities loaned by an ETF cannot exceed 50% of the assets of an ETF. The ETF receives collateral, with an approved credit rating of at least A, of at least 102% of the value of the securities on loan. The ETF is indemnified by RBC IS for any collateral credit or market loss. As such, the credit risk associated with securities lending is considered minimal.

9. Administrative and other related-party transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC GAM is the manager, trustee and portfolio manager of the ETFs. RBC GAM is responsible for the ETFs' day-to-day operations, holds title to the ETFs' property on behalf of its unitholders, provides investment advice and portfolio management services to the ETFs and appoints underwriters or designated brokers for the ETFs. RBC GAM is paid a management fee by the ETFs as compensation for its services. The management fee is calculated and accrued on a daily basis and is based on a percentage of the NAV of the ETFs. The fee plus applicable taxes are accrued daily and paid monthly in arrears.

RBC GAM in turn pays certain operating expenses of the ETFs. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the cost of preparing and distributing annual and interim reports, prospectuses and investor communications. The ETFs also pay certain operating expenses directly, including the costs related to the Independent Review Committee of the ETFs and the cost of any new government or regulatory requirements introduced and any borrowing costs (collectively, "other fund costs"), and taxes (including, but not limited to, GST/HST).

Certain ETFs may invest in units of other Funds managed by RBC GAM or its affiliates ("underlying funds"). To the extent an ETF invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the ETF. However, an ETF may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same service. The ETF's ownership interest in underlying funds is disclosed in the Notes to Financial Statements – ETF Specific Information. The fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the ETF.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the ETFs, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between ETFs denominated in different currencies. The ETFs also maintain bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the ETFs in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Sub-Advisors

RBC Global Asset Management (U.S.) Inc. is the sub-advisor for the RBC Short Term U.S. Corporate Bond ETF. BlueBay Asset Management LLP is the sub-advisor for the RBC BlueBay Global Diversified Income (CAD Hedged) ETF.

The sub-advisors earn a fee which is calculated and accrued on a daily basis and is based on a percentage of the NAV of the ETFs. The sub-advisors are paid by the manager from the management fee paid by the ETFs.

Custodian and Valuation Agent

RBC IS is the custodian and valuation agent for the ETFs. RBC IS is responsible for certain aspects of day-to-day administration including holding the assets and the daily calculation of the net asset value of the ETFs. RBC IS earns a variable fee based on the value of assets under custody and a fixed fee for other valuation and administrative services.

Designated Broker and Authorized Dealer

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

Brokers and Dealers

The ETFs have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada.

Securities Lending Agent

To the extent an ETF may engage in securities lending transactions, RBC IS may act as the ETF's securities lending agent. Any revenue earned on such securities lending is split between the ETF and the securities lending agent.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the ETFs relied on the standing instructions from the Independent Review Committee with respect to the following related-party transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public; and
- (c) purchases of debt securities from or sales of debt securities to a related-party dealer, where it acted as principal.

The applicable standing instructions require that Related-Party Trading Activities be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the ETFs, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the ETFs.

10. Revision of comparative information

Where applicable, certain comparative figures on the Statements of Cash Flow have been revised.

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

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

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

Where applicable, certain comparative figures on the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in NAV and ETF Specific Information have been revised to reflect series specific information for the following ETFs:

RBC Short Term U.S. Corporate Bond ETF, RBC Quant U.S. Dividend Leaders ETF, RBC Quant U.S. Equity Leaders ETF, RBC Quant European Dividend Leaders ETF, RBC Quant EAFE Dividend Leaders ETF, RBC Quant EAFE Equity Leaders ETF, RBC Quant Emerging Markets Dividend Leaders ETF, RBC Quant Emerging Markets Equity Leaders ETF, RBC Quant Global Infrastructure Leaders ETF and RBC Quant Global Real Estate Leaders ETF.