

## PROSPECTUS

*Initial Public Offering*

April 25, 2018



**Global Asset  
Management**

### RBC ETFs®

This prospectus qualifies the distribution of CAD Units (defined below) of the exchange-traded funds listed below (each, an “**RBC ETF**” and collectively, the “**RBC ETFs**”), each of which is a trust created under the laws of the Province of Ontario. RBC Global Asset Management Inc. (“**RBC GAM**”) is the manager, trustee and portfolio manager of the RBC ETFs and is responsible for the day-to-day administration of the RBC ETFs. See “Organization and Management Details of the RBC ETFs – Manager, Trustee and Portfolio Manager of the RBC ETFs”.

**RBC U.S. Equity (CAD Hedged) Index ETF**

**RBC International Equity (CAD Hedged) Index ETF**

**RBC U.S. Banks Yield Index ETF**

**RBC U.S. Banks Yield (CAD Hedged) Index ETF**

This prospectus also qualifies the distribution of the USD Units (defined below) of the RBC U.S. Banks Yield Index ETF.

Each RBC ETF seeks to replicate, to the extent possible, the performance of an index (each, an “**Index**” and collectively, the “**Indices**”), net of expenses. See “Investment Objectives”.

#### **Purchase and Listing of Units**

Units (defined below) of the RBC ETFs (other than the RBC U.S. Banks Yield Index ETF and the RBC U.S. Banks Yield (CAD Hedged) Index ETF (collectively, the “**Bank Yield Index ETFs**”)) have been conditionally approved for listing on the Aequitas NEO Exchange Inc. (the “**NEO Exchange**”). Subject to satisfying the NEO Exchange’s original listing requirements in respect of such RBC ETFs, Units of the RBC ETFs (other than the Bank Yield Index ETFs) will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell Units of such RBC ETFs on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides. See “Purchase of Units”.

Units (defined below) of the Bank Yield Index ETFs have been conditionally approved for listing on the Toronto Stock Exchange (the “**TSX**”). Subject to satisfying the TSX’s original listing requirements in respect of the Bank Yield Index ETFs on or before May 23, 2018, Units of the Bank Yield Index ETFs will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bank Yield Index ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. See “Purchase of Units”.

Investors may incur customary brokerage commissions in buying or selling Units. All orders to purchase Units directly from an RBC ETF must be placed by Authorized Dealers or Designated Brokers. See “Purchase of Units”.

#### **Additional Considerations**

No Authorized Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus.

For a discussion of the risks associated with an investment in Units of the RBC ETFs, see “Risk Factors”.

In the opinion of counsel, provided that an RBC ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”), or the Units of the RBC ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the NEO Exchange and the TSX), such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

While each RBC ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, the RBC ETFs have received exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

## Documents Incorporated by Reference

During the period in which the RBC ETFs are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent comparative annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP of each RBC ETF and the most recently filed ETF Facts of each RBC ETF. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

RBC GAM has entered into license agreements with the Index Providers (as defined herein) to use the Indices and certain other trademarks. See “Material Contracts – License Agreements”.

FTSE, FTSE TMX and Solactive (each as defined herein) is each an “**Index Provider**”. The Units of the RBC ETFs are not in any way sponsored, endorsed, sold or promoted by the Index Providers and the Index Providers make no representation or warranty, express or implied, regarding the advisability of investing in securities generally or in the RBC ETFs particularly or the ability of the Indices to track general market performance.

RBC ETF and the names of each of the exchange-traded funds listed above are trademarks of Royal Bank of Canada.

## IMPORTANT TERMS

**Authorized Dealers** – registered brokers and dealers that enter into Authorized Dealer Agreements with one or more RBC ETFs and that subscribe for and purchase Units from such RBC ETFs, and **Authorized Dealer** means any one of them.

**Bank Yield Index ETFs** – RBC U.S. Banks Yield Index ETF and the RBC U.S. Banks Yield (CAD Hedged) Index ETF.

**Basket** – a group of securities or assets as RBC GAM may determine in its discretion from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**CAD Units** – the Canadian dollar denominated Units offered by each of the RBC ETFs.

**Cash Creation Fee** – the fee payable in connection with cash-only payments for subscriptions of a Prescribed Number of Units of the applicable RBC ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that an RBC ETF incurs or expects to incur in purchasing securities on the market with such cash proceeds.

**Cash Exchange Fee** – the fee payable in connection with cash-only payments for exchanges of a Prescribed Number of Units of the applicable RBC ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that an RBC ETF incurs or expects to incur in selling securities on the market to obtain the necessary cash for the exchange.

**CDS** – CDS Clearing and Depository Services Inc.

**Constituent Issuers** – means, for each RBC ETF, the issuers included in the Index or portfolio of that RBC ETF from time to time.

**Constituent Securities** – means, for each RBC ETF, the securities of the Constituent Issuers included in the Index or portfolio of that RBC ETF from time to time.

**Designated Brokers** – registered brokers and dealers that enter into agreements with one or more RBC ETFs to perform certain duties in relation to such RBC ETFs, and **Designated Broker** means any one of them.

**ETF Facts** – a document that summarizes certain features of the Units of the RBC ETF.

**Exchange** – the NEO Exchange and/or the TSX.

**FTSE** – FTSE International Limited, provider of the FTSE Indices.

**FTSE Indices** – means, collectively, FTSE USA Hedged 100% to CAD Index and FTSE Developed ex North America Hedged 100% to CAD Index, and **FTSE Index** means any one of them.

**FTSE Licensor Parties** – means, collectively, FTSE and the LSEG.

**FTSE TMX** – FTSE TMX Global Debt Capital Markets Inc.

**GST** – federal goods and services tax.

**HST** – harmonized sales tax, which currently applies in lieu of GST in the Provinces of Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

**Index/Indices** – a benchmark or index, provided by an Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index or a successor index that is comprised of or would be comprised of the same or similar Constituent Securities, which may be used by an RBC ETF in relation to the RBC ETF's investment objective.

**Index Providers** – third-party providers of Indices, including but not limited to FTSE and Solactive, with which RBC GAM has entered into licensing arrangements permitting RBC GAM to use the relevant Indices and certain trademarks in connection with the operation of the applicable RBC ETF.

**IRC** – the independent review committee of the RBC ETFs as described under “Organization and Management Details of the RBC ETFs – Independent Review Committee”.

**License Agreements** – the license agreements entered into by RBC GAM with each Index Provider.

**LSEG** – means the London Stock Exchange Group companies.

**Management Fee Distribution** – as described under “Fees and Expenses – Management Fee Distributions”, an amount equal to the difference between the applicable management fee otherwise chargeable and a reduced fee determined by RBC GAM from time to time and distributed quarterly in cash by an RBC ETF to certain unitholders who hold large investments in the RBC ETF.

**Master Declaration of Trust** – the amended and restated master declaration of trust dated as of April 20, 2018 governing the RBC ETFs, as it may be further amended and/or restated from time to time.

**MRFP(s)** – management report(s) of fund performance.

**NEO Exchange** – Aequitas NEO Exchange Inc.

**Net Asset Value** – in relation to a particular RBC ETF, the value of the total assets held by that RBC ETF, less an amount equal to the total liabilities of that RBC ETF.

**Net Asset Value per Unit** – in relation to a particular RBC ETF, the Net Asset Value of that RBC ETF attributable to a class divided by the total number of Units of the class outstanding.

**NI 81-102** – National Instrument 81-102 – *Investment Funds*.

**NI 81-107** – National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

**Other Securities** – securities other than Constituent Securities included in the portfolio of an RBC ETF, including exchange-traded funds (ETFs), mutual funds or other public investment funds or derivative instruments.

**Prescribed Number of Units** – in relation to an RBC ETF, the number of Units determined by RBC GAM from time to time for the purpose of subscription orders, exchanges, redemptions or for such other purposes as RBC GAM may determine.

**RBC ETFs** – collectively, RBC U.S. Equity (CAD Hedged) Index ETF, RBC International Equity (CAD Hedged) Index ETF, RBC U.S. Banks Yield Index ETF and RBC U.S. Banks Yield (CAD Hedged) Index ETF, and **RBC ETF** means any one of them.

**RBC GAM** – RBC Global Asset Management Inc., the manager, trustee and portfolio manager of the RBC ETFs.

**RBC IS** – RBC Investor Services Trust, the custodian, valuation agent and securities lending agent of the RBC ETFs.

**Registered Plans** – trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts.

**Relative Weight** – in relation to a particular Index, the quoted market value of the Constituent Securities of an individual Constituent Issuer or a potential Constituent Issuer, as applicable, divided by the aggregate quoted market value of all Constituent Securities of all Constituent Issuers in that Index.

**RINH** – RBC International Equity (CAD Hedged) Index ETF.

**RUBH** – RBC U.S. Banks Yield (CAD Hedged) Index ETF.

**RUBY/RUBY.U** – RBC U.S. Banks Yield Index ETF.

**RUSH** – RBC U.S. Equity (CAD Hedged) Index ETF.

**Solactive** – Solactive AG, provider of the Solactive U.S. Banks Yield Index and the Solactive U.S. Banks Yield (CAD Hedged) Index.

**Tax Act** – the *Income Tax Act* (Canada) and the regulations issued thereunder.

**Trading Day** – for each RBC ETF, a day on which (i) a regular session of the applicable Exchange is held; and (ii) the primary market or exchange for the majority of the securities held by the RBC ETF is open for trading.

**TSX** – Toronto Stock Exchange.

**Underlying Fund** – an exchange-traded fund managed by RBC GAM or certain other investment funds.

**Unit** – in relation to a particular RBC ETF, a unit of beneficial interest in that RBC ETF, being either a CAD Unit or USD Unit, as applicable in the circumstances.

**U.S.** and **United States** – United States of America.

**USD Units** – the U.S. dollar denominated Units of the RBC U.S. Banks Yield Index ETF.

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## PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

**Issuers:** RBC U.S. Equity (CAD Hedged) Index ETF  
RBC International Equity (CAD Hedged) Index ETF  
RBC U.S. Banks Yield Index ETF  
RBC U.S. Banks Yield (CAD Hedged) Index ETF  
(each, an “RBC ETF” and collectively, the “RBC ETFs”)

Each RBC ETF is an exchange-traded fund established as a trust under the laws of the Province of Ontario. RBC GAM is the manager, trustee and portfolio manager of the RBC ETFs.

**Offerings:** Each RBC ETF offers a class of units denominated in Canadian dollars (the “CAD Units”). The RBC U.S. Banks Yield Index ETF also offers a class of units denominated in U.S. dollars (the “USD Units”). The CAD Units and USD Units are collectively referred to herein as “Units”.

The USD Units of the RBC U.S. Banks Yield Index ETF are identical to the CAD Units of the fund except that the USD Units are denominated in U.S. dollars whereas the CAD Units are denominated in Canadian dollars.

**Continuous Distribution:** Units of the RBC ETFs (other than the RBC U.S. Banks Yield Index ETF and the RBC U.S. Banks Yield (CAD Hedged) Index ETF (collectively, the “Bank Yield Index ETFs”)) have been conditionally approved for listing on the Aequitas NEO Exchange Inc. (the “NEO Exchange”). Subject to satisfying the NEO Exchange’s original listing requirements in respect of such RBC ETFs, Units of the RBC ETFs (other than the Bank Yield Index ETFs) will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell Units of such RBC ETFs on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides. See “Purchase of Units – Issuance of Units”.

Units of the Bank Yield Index ETFs have been conditionally approved for listing on the Toronto Stock Exchange (the “TSX”). Subject to satisfying the TSX’s original listing requirements in respect of the Bank Yield Index ETFs on or before May 23, 2018, Units of the Bank Yield Index ETFs will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bank Yield Index ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. See “Purchase of Units – Issuance of Units”.

Investors may incur customary brokerage commissions when buying or selling Units. All orders to purchase Units directly from an RBC ETF must be placed by Authorized Dealers or Designated Brokers. Authorized Dealers and Designated Brokers may purchase a Prescribed Number of Units from an RBC ETF at the Net Asset Value per Unit. See “Purchase of Units – Issuance of Units”.

The full legal name of each RBC ETF, as well as its NEO Exchange or TSX ticker symbol, is set out below:

LEGAL NAME OF RBC ETF	EXCHANGE TICKER SYMBOL	EXCHANGE TICKER SYMBOL
	CAD UNITS	USD UNITS
RBC U.S. Equity (CAD Hedged) Index ETF	RUSH	N/A
RBC International Equity (CAD Hedged) Index ETF	RINH	N/A
RBC U.S. Banks Yield Index ETF	RUBY	RUBY.U
RBC U.S. Banks Yield (CAD Hedged) Index ETF	RUBH	N/A

**Investment Objectives:** Each of the RBC ETFs seeks to replicate, to the extent possible, the performance of an Index, either directly or indirectly, net of expenses, as outlined below.

***RBC U.S. Equity (CAD Hedged) Index ETF***

RBC U.S. Equity (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad U.S. equity index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. Currently, the RBC U.S. Equity (CAD Hedged) Index ETF seeks to track the FTSE USA Hedged 100% to CAD Index (or any successor thereto).

***RBC International Equity (CAD Hedged) Index ETF***

RBC International Equity (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad international index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between foreign currencies and the Canadian dollar. Currently, the RBC International Equity (CAD Hedged) Index ETF seeks to track the FTSE Developed ex North America Hedged 100% to CAD Index (or any successor thereto).

***RBC U.S. Banks Yield Index ETF***

RBC U.S. Banks Yield Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a U.S. bank stocks index. Currently, the RBC U.S. Banks Yield Index ETF seeks to track the Solactive U.S. Banks Yield Index (or any successor thereto).

***RBC U.S. Banks Yield (CAD Hedged) Index ETF***

RBC U.S. Banks Yield (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a U.S. bank stocks index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. Currently, the RBC U.S. Banks Yield (CAD Hedged) Index ETF seeks to track the Solactive U.S. Banks Yield (CAD Hedged) Index (or any successor thereto).

See "Investment Objectives".

**Investment Strategies:** ***RBC U.S. Equity (CAD Hedged) Index ETF***

The investment strategy of the RBC U.S. Equity (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC U.S. Equity Index ETF (the "underlying RBC ETF"), while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. The RBC U.S. Equity (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See "Exemptions and Approvals". The RBC U.S. Equity (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the FTSE USA Hedged 100% to CAD Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC U.S. Equity (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar.

***RBC International Equity (CAD Hedged) Index ETF***

The investment strategy of the RBC International Equity (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC International Equity Index ETF (the "underlying RBC ETF"), while seeking to minimize exposure to currency fluctuations between foreign currencies and the Canadian dollar. The RBC International Equity (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See "Exemptions and Approvals". The RBC International Equity (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the FTSE Developed ex North America Hedged 100% to CAD Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC International Equity (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in foreign currencies to minimize exposure to changes in foreign currencies relative to the Canadian dollar.

#### ***RBC U.S. Banks Yield Index ETF***

The RBC U.S. Banks Yield Index ETF seeks to track the Solactive U.S. Banks Yield Index (or any successor thereto). The investment strategy of the RBC U.S. Banks Yield Index ETF is to invest in and hold the Constituent Securities of the Solactive U.S. Banks Yield Index in substantially the same proportion as they are reflected in the Solactive U.S. Banks Yield Index or securities intended to replicate the performance of the Index.

#### ***RBC U.S. Banks Yield (CAD Hedged) Index ETF***

The investment strategy of the RBC U.S. Banks Yield (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC U.S. Banks Yield Index ETF (the “**underlying RBC ETF**”), while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollars. The RBC U.S. Banks Yield (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See “Exemptions and Approvals”. The RBC U.S. Banks Yield (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the Solactive U.S. Banks Yield (CAD Hedged) Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC U.S. Banks Yield (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar.

The RBC ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The RBC ETFs will not try to outperform the applicable Index and will not seek temporary defensive positions when markets decline or appear overvalued.

In accordance with Canadian securities legislation, including NI 81-102, and applicable exemptive relief, an RBC ETF may invest in one or more other RBC ETFs or in certain other investment funds (collectively, “**Underlying Funds**”), provided that no management fees or incentive fees are payable by an RBC ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. See “Exemptions and Approvals”.

See “Investment Strategies”.

#### ***Sampling Methodology***

A sampling methodology (rather than a replicating methodology) may also be used by RBC GAM in order to select investments for the RBC ETFs. Sampling means that the portfolio manager will select a broadly diversified subset of Constituent Securities and/or Other Securities that, in aggregate, approximates the full Index. The portfolio manager does this by matching, as closely as it can, the RBC ETF’s portfolio investments to the primary risk factors and other key characteristics of the applicable Index, including for example, performance attributes, sector weightings and market capitalization and seeks to achieve returns that are similar to the applicable Index. The quantity of Constituent Securities selected using such sampling methodology will be based on a number of factors, including the asset base of the RBC ETF. See “Investment Strategies – Sampling Methodology”.

#### ***Securities Lending***

Securities lending transactions may be utilized by the RBC ETFs in accordance with NI 81-102, and any exemptive relief therefrom, to provide incremental return to the RBC ETFs in a manner that is consistent with the investment objectives of the RBC ETFs. Securities lending is also a means of generating income for the purpose of meeting the RBC ETFs’ current obligations. See “Investment Strategies – Securities Lending”.



### *Use of Derivative Instruments*

Each of the RBC ETFs may invest in or use derivative instruments, including futures contracts and forward contracts, from time to time for hedging or non-hedging purposes provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of the RBC ETF. Any exposure that the portfolio of the RBC U.S. Equity (CAD Hedged) Index ETF, RBC International Equity (CAD Hedged) Index ETF or the RBC U.S. Banks Yield (CAD Hedged) Index ETF may have to foreign currencies will be hedged back to the Canadian dollar. See “Investment Strategies – Use of Derivative Instruments”.

### **Risk Factors:**

There are certain general risk factors inherent to an investment in all of the RBC ETFs either directly, in the case of the RBC ETFs that invest directly in portfolio securities, and in some cases indirectly, in the case of the RBC ETFs that may gain exposure to portfolio securities indirectly through investment in Underlying Funds. These risk factors include the following:

- › General Risks of Investments
- › Asset Class Risk
- › Passive Investment Risk
- › Tracking Risk
- › Calculation of Indices Risk
- › Equity Investment Risk
- › Risk that Units Will Trade at Prices Other than Net Asset Value per Unit
- › Securities Lending Transaction Risks
- › Risks Associated with Derivative Investments
- › Risk of Adverse Changes in Legislation
- › Tax-Related Risks
- › Liquidity Risk
- › Market Risk
- › Cease Trading of Underlying Securities
- › Reliance on the Manager
- › Risk of No Active Market for the Units and Lack of Operating History
- › Sampling Process Risk
- › Cyber Security Risk

See “Risk Factors – General Risks Relating to an Investment in the RBC ETFs”.

In addition to the general risk factors applicable to all of the RBC ETFs set forth above, there are certain additional specific risk factors inherent in an investment in certain RBC ETFs, as indicated in the table below:

RISK FACTORS	EXCHANGE TICKER SYMBOLS			
	RUSH	RINH	RUBY/ RUBY.U	RUBH
Foreign Investment Risk		√		
Currency Risk	√	√	√	√
Currency Hedging Risk	√	√		√
Significant Investor Risk			√	
Concentration Risk			√	√
USD Units Risk			√	
Funds of Funds Investment Risk	√	√		√

See “Risk Factors – Additional Risks Relating to an Investment in Certain RBC ETFs”.

**Income Tax  
Considerations:**

This summary of Canadian tax considerations for the RBC ETFs and for Canadian resident unitholders is subject in its entirety to the qualifications, limitations and assumptions set out in "Income Tax Considerations". Prospective investors should consult their own tax advisors about their individual circumstances.

A unitholder who is resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the unitholder's income for tax purposes for any year the amount of net income and net taxable capital gains of the RBC ETF paid or payable to the unitholder in the year and deducted by the RBC ETF in computing its income. Any non-taxable distributions from an RBC ETF (other than the non-taxable portion of any net realized capital gains of an RBC ETF) paid or payable to a unitholder in a taxation year will reduce the adjusted cost base of the unitholder's Units of that RBC ETF. To the extent that a unitholder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder and the adjusted cost base of the Unit to the unitholder will be nil immediately thereafter. Any loss of an RBC ETF cannot be allocated to, and cannot be treated as a loss of, the unitholders of that RBC ETF. Upon the actual or deemed disposition of a Unit held by the unitholder as capital property, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition.

The Master Declaration of Trust governing each of the RBC ETFs requires that the RBC ETF distribute its net income and net realized capital gains, if any, for each taxation year to unitholders to such an extent that the RBC ETF will not be liable in any taxation year for ordinary income tax.

See "Income Tax Considerations".

**Special Considerations  
for Unitholders:**

The RBC ETFs have obtained exemptive relief from certain provisions contained in securities legislation such that the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, based upon exemptive relief granted by the Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of a class of any RBC ETF through purchases on an Exchange without regard to the takeover bid requirements of applicable securities legislation, provided that such unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to RBC GAM not to vote more than 20% of the Units of a class of that RBC ETF.

Units of the RBC ETFs are "mark-to-market property" for purposes of the "mark-to-market" rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are "mark-to-market property" within the meaning of the rules.

The Units of each RBC ETF are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of an RBC ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable RBC ETF should be considered index participation units, as well as the control, concentration and certain of the "fund-of-funds" restrictions. No purchase of Units of an RBC ETF should be made solely in reliance on the above statements.

See "Income Tax Considerations", "Purchase of Units – Special Considerations for Unitholders" and "Exemptions and Approvals".

**Exchange:**

Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) on any Trading Day for Baskets and cash. See "Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets and Cash".

- Redemption:** Unitholders may redeem Units of an RBC ETF for cash at a redemption price per Unit equal to 95% of the Net Asset Value of the Units on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on an Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to RBC GAM or the RBC ETFs in connection with selling Units on an Exchange. See “Exchange and Redemption of Units – Redemption of Units for Cash”.
- Distribution Policy:** Cash distributions on Units of an RBC ETF will be made in the currency in which the Units of the RBC ETF are denominated. Cash distributions on Units of the RBC ETFs (other than the Bank Yield Index ETFs) are expected to be made quarterly and cash distributions on Units of the Bank Yield Index ETFs are expected to be made monthly. For purposes of the Tax Act, distributions on Units of the RBC ETFs are expected to consist primarily of interest income and dividend income or foreign investment income but may also include net realized capital gains and returns of capital. To the extent that the expenses of an RBC ETF exceed the income generated by such RBC ETF in any given quarter or month, as applicable, a quarterly or monthly distribution, as applicable, may not be paid.
- For each taxation year, each RBC ETF will ensure that the net income and net realized capital gains of the RBC ETF have been distributed to unitholders to such an extent that the RBC ETF will not be liable for ordinary income tax thereon. To the extent that any RBC ETF has not distributed the full amount of its net income or net capital gains in cash in any taxation year, the difference between such amount and the amount actually distributed by the RBC ETF in cash will be paid as a “reinvested distribution”. Reinvested distributions will be reinvested automatically 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 and the Units of that class will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units of the applicable class outstanding prior to the distribution. See “Distribution Policy”.
- Termination:** The RBC ETFs do not have a fixed termination date, but may be terminated by RBC GAM without unitholder approval on not less than 60 days’ notice to unitholders. See “Termination of the RBC ETFs”.
- In the event that an Index Provider ceases to calculate an Index or the applicable License Agreement is terminated, the Manager may terminate an RBC ETF on 60 days’ notice, change the investment objective of that RBC ETF, seek to replicate an alternative index or make such other arrangements as RBC GAM considers appropriate and in the best interests of Unitholders of the RBC ETF in the circumstances. See “The Indices – Termination of the Indices”.
- Eligibility for Investment:** Provided that the Units of an RBC ETF are and continue to be listed on an Exchange or that the RBC ETF qualifies and continues to qualify as a mutual fund trust under the Tax Act or is a registered investment under the Tax Act, the Units of the RBC ETF will be qualified investments under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units are and continue to be listed on an Exchange. Holders of tax-free savings accounts and registered disability savings plans, subscribers of registered education savings plans and annuitants of registered retirement savings plans and registered retirement income funds should consult with their tax advisors regarding whether Units of an RBC ETF would be a prohibited investment for such accounts or plans in their particular circumstances.
- See “Income Tax Considerations – Status of the RBC ETFs”.
- Non-Resident Unitholders:** Under certain circumstances, RBC GAM may take steps to limit the number of non-resident unitholders that may invest in an RBC ETF. See “Plan of Distribution – Non-Resident Unitholders”.

**Organization and  
Management of the  
RBC ETFs:**

*Manager, Trustee and Portfolio Manager*

RBC GAM is the manager, trustee and portfolio manager and is responsible for the operations of the RBC ETFs, including the management of the RBC ETFs' investment portfolios. The address of RBC GAM and the RBC ETFs is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7.

RBC GAM is the primary investment manager for the RBC® businesses serving the needs of private clients, including the RBC ETFs. RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank"). We refer to Royal Bank and affiliated companies of Royal Bank as "RBC".

See "Organization and Management Details of the RBC ETFs – Manager, Trustee and Portfolio Manager of the RBC ETFs".

*Custodian and Valuation Agent*

RBC Investor Services Trust ("RBC IS") is the custodian and valuation agent of the RBC ETFs and provides administrative services to the RBC ETFs pursuant to a custodian agreement between RBC GAM, in its capacity as trustee and manager of the RBC ETFs, and RBC IS dated as of September 2, 2011 (as amended from time to time, the "Custodian Agreement") and a valuation and administrative services agreement dated September 9, 2011 between RBC GAM, in its capacity as trustee and manager of the RBC ETFs, and RBC IS (as amended from time to time, the "Valuation and Administrative Services Agreement"). RBC IS is responsible for certain aspects of the day-to-day administration of the RBC ETFs, including calculating Net Asset Value, net income and net realized capital gains of the RBC ETFs. RBC IS's principal office is located in Toronto, Ontario. Royal Bank owns 100% of RBC IS and RBC IS is an affiliate of RBC GAM. See "Organization and Management Details of the RBC ETFs – Custodian and Valuation Agent".

*Registrar and Transfer Agent*

The registrar and transfer agent for the Units of the RBC ETFs is TSX Trust Company at its principal offices in Toronto, Ontario. See "Organization and Management Details of the RBC ETFs – Registrar and Transfer Agent".

*Auditor*

The auditor of the RBC ETFs is PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario. See "Organization and Management Details of the RBC ETFs – Auditor".

*Securities Lending Agent*

The securities lending agent of the RBC ETFs is RBC IS, at its principal offices in Toronto, Ontario. The securities lending agent acts on behalf of the RBC ETFs in administering the securities lending transactions entered into by the RBC ETFs. See "Organization and Management Details of the RBC ETFs – Securities Lending Agent".

**Documents Incorporated  
by Reference:**

During the period in which the RBC ETFs are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently filed annual MRFP, any interim MRFP filed after the annual MRFP of each RBC ETF and the most recently filed ETF Facts of each RBC ETF. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents may be obtained upon request, at no cost, by calling 1-855-RBC-ETFS (722-3837), by emailing RBC GAM at [etfs.investments@rbc.com](mailto:etfs.investments@rbc.com) (English) or [fnb.investissements@rbc.com](mailto:fnb.investissements@rbc.com) (French) or by contacting a registered dealer. These documents and other information about the RBC ETFs are also available from the RBC ETFs website at [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs) and are publicly available at [www.sedar.com](http://www.sedar.com). See "Documents Incorporated by Reference".

## SUMMARY OF FEES AND EXPENSES

The table below lists the fees and expenses payable by the RBC ETFs. The value of a unitholder's investment in an RBC ETF will be reduced by the amount of fees and expenses charged to such RBC ETF. See "Fees and Expenses".

### Fees and Expenses Payable by the RBC ETFs

#### Type of Fee

#### Amount and Description

#### Management Fee:

RBC GAM is entitled to receive a fee for acting as manager, trustee and portfolio manager of the RBC ETFs (the "management fee"). The fee is based on a percentage of the Net Asset Value of the following RBC ETF and is listed below:

RBC ETF	MANAGEMENT FEE
RBC U.S. Banks Yield Index ETF	0.29%

RBC GAM is, in respect of the following RBC ETFs listed below, entitled to receive a fee for acting as manager, trustee and portfolio manager of such funds and of the Underlying Funds in which such RBC ETFs invest (an "underlying product fee" and, together with the management fee, the "total annual management fee"). As the underlying product fees are embedded in the market value of the Underlying Funds in which the applicable RBC ETFs invest, the underlying product fees are paid indirectly by the RBC ETFs. Although the aggregate amounts of the underlying product fees may vary depending on the allocation of the assets of each applicable RBC ETF amongst the Underlying Funds, RBC GAM will adjust the management fee payable to it by such RBC ETFs to ensure that the total annual management fees paid directly or indirectly to RBC GAM by such RBC ETFs and the Underlying Funds will not exceed the percentage of the Net Asset Value of each of the applicable RBC ETFs.

RBC ETF	TOTAL ANNUAL MANAGEMENT FEE
RBC U.S. Equity (CAD Hedged) Index ETF	0.09%
RBC International Equity (CAD Hedged) Index ETF	0.20%
RBC U.S. Banks Yield (CAD Hedged) Index ETF	0.29%

The management fee for each RBC ETF listed above is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of applicable GST/HST. RBC GAM may waive a portion of the management fee payable by an RBC ETF at any time at RBC GAM's sole discretion. Where RBC GAM has waived a portion of the management fee payable by an RBC ETF, RBC GAM retains full discretion to increase the management fee in respect of an RBC ETF at any time such that the management fees or total annual management fees, as applicable, paid to RBC GAM by the RBC ETF will not exceed the management fee or total annual management fee, as applicable, per annum for such RBC ETF as listed above.

RBC GAM, in its capacity as manager of each RBC ETF, manages the day-to-day business of each RBC ETF, including negotiating contractual agreements with and providing oversight of service providers, preparing reports to unitholders and securities regulatory authorities and conducting marketing activities. RBC GAM also acts as trustee of the RBC ETFs and as portfolio manager of each RBC ETF, managing the investment portfolios and executing portfolio transactions for each RBC ETF.

RBC GAM may agree to charge a reduced management fee as compared to the fee that RBC GAM would otherwise be entitled to receive from the RBC ETFs with respect to large investments in the RBC ETFs by certain unitholders. In such cases, an amount equal to the difference between the management fee otherwise chargeable and the reduced fee will be distributed to the applicable unitholders as Management Fee Distributions. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETFs – Management Fee Distributions".

RBC GAM is responsible for each of the RBC ETF's fees and expenses except the management fee and certain operating expenses described below under "Certain Operating Expenses". The fees and expenses for which RBC GAM is responsible include the fees payable to the custodian and valuation agent and the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses. See "Organization and Management Details of the RBC ETFs – Duties and Services Provided by the Manager of the RBC ETFs".

**Certain Operating Expenses:**

The RBC ETFs are also responsible for fees and expenses relating to the independent review committee of the RBC ETFs (the "IRC"), brokerage expenses and commissions, income tax, GST, HST, withholding and other taxes, the costs of complying with any new governmental or regulatory requirement introduced after the RBC ETFs were established and extraordinary expenses. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETFs – Certain Operating Expenses".

**Fees and Expenses of Underlying Funds:**

In accordance with Canadian securities legislation, including NI 81-102, and applicable exemptive relief, an RBC ETF may invest in one or more Underlying Funds. Fees and expenses are payable by the Underlying Funds in addition to the fees and expenses payable by the RBC ETFs. However, an RBC ETF may only invest in one or more Underlying Funds provided that no management fees or incentive fees are payable by an RBC ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETFs – Fees and Expenses of Underlying Funds" and "Exemptions and Approvals".

**Fees and Expenses Payable Directly by Unitholders**

**Exchange and Redemption Fee:**

Unitholders who buy and sell Units of the RBC ETFs through the facilities of the NEO Exchange or the TSX or other exchange do not pay a fee directly to RBC GAM or the RBC ETFs in respect of those purchases and sales.

Unitholders who exchange or redeem Units of the RBC ETFs directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange or redemption fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of Units of the RBC ETFs. See "Fees and Expenses – Fees and Expenses Payable Directly by Unitholders – Exchange and Redemption Fee".

**Annual Returns, Management Expense Ratio and Trading Expense Ratio**

The annual returns, management expense ratio and trading expense ratio of each of the RBC ETFs are not yet available because the RBC ETFs are new.

**OVERVIEW OF THE LEGAL STRUCTURE OF THE RBC ETFs**

Each of the RBC ETFs is an exchange-traded fund established as a trust under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of April 20, 2018 governing the RBC ETFs, as it may be further amended and/or restated from time to time (the "Master Declaration of Trust").

Units (defined below) of the RBC ETFs (other than the RBC U.S. Banks Yield Index ETF and the RBC U.S. Banks Yield (CAD Hedged) Index ETF (collectively, the "Bank Yield Index ETFs")) have been conditionally approved for listing on the Aequis NEO Exchange Inc. (the "NEO Exchange"). Subject to satisfying the NEO Exchange's original listing requirements in respect of such RBC ETFs, Units of the RBC ETFs (other than the Bank Yield Index ETFs) will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell Units of such RBC ETFs on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides.

Units (defined below) of the Bank Yield Index ETFs have been conditionally approved for listing on the Toronto Stock Exchange (the “TSX”). Subject to satisfying the TSX’s original listing requirements on or before May 23, 2018, in respect of the Bank Yield Index ETFs, Units of the Bank Yield Index ETFs will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bank Yield Index ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions when buying or selling Units.

The head office address of the RBC ETFs is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7.

While each RBC ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, it has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The full legal name of each RBC ETF, as well as its NEO Exchange or TSX ticker symbol, as applicable, is set out below:

LEGAL NAME OF RBC ETF	EXCHANGE TICKER SYMBOL CAD UNITS	EXCHANGE TICKER SYMBOL USD UNITS
RBC U.S. Equity (CAD Hedged) Index ETF	RUSH	N/A
RBC International Equity (CAD Hedged) Index ETF	RINH	N/A
RBC U.S. Banks Yield Index ETF	RUBY	RUBY.U
RBC U.S. Banks Yield (CAD Hedged) Index ETF	RUBH	N/A

## INVESTMENT OBJECTIVES

Each of the RBC ETFs seeks to replicate, to the extent possible, the performance of an Index, either directly or indirectly, net of expenses, as outlined below.

### RBC U.S. Equity (CAD Hedged) Index ETF

RBC U.S. Equity (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad U.S. equity index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. Currently, the RBC U.S. Equity (CAD Hedged) Index ETF seeks to track the FTSE USA Hedged 100% to CAD Index (or any successor thereto).

### RBC International Equity (CAD Hedged) Index ETF

RBC International Equity (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad international index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between foreign currencies and the Canadian dollar. Currently, the RBC International Equity (CAD Hedged) Index ETF seeks to track the FTSE Developed ex North America Hedged 100% to CAD Index (or any successor thereto).

### RBC U.S. Banks Yield Index ETF

RBC U.S. Banks Yield Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a U.S. bank stocks index. Currently, the RBC U.S. Banks Yield Index ETF seeks to track the Solactive U.S. Banks Yield Index (or any successor thereto).

### RBC U.S. Banks Yield (CAD Hedged) Index ETF

RBC U.S. Banks Yield (CAD Hedged) Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a U.S. bank stocks index, either directly or indirectly through investment in other mutual funds managed by RBC GAM or an affiliate, while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. Currently, the RBC U.S. Banks Yield (CAD Hedged) Index ETF seeks to track the Solactive U.S. Banks Yield (CAD Hedged) Index (or any successor thereto).



## THE INDICES

### **FTSE USA Hedged 100% to CAD Index**

The FTSE USA Hedged 100% to CAD Index is a market-capitalization weighted index representing the performance of U.S. large- and mid-capitalization securities. Further information about the FTSE USA Hedged 100% to CAD Index and its Constituent Issuers is available from FTSE on its website at [www.ftse.com/products/indices/geis-series](http://www.ftse.com/products/indices/geis-series).

### **FTSE Developed ex North America Hedged 100% to CAD Index**

The FTSE Developed ex North America Hedged 100% to CAD Index is a market capitalization-weighted index representing the performance of large- and mid-capitalization securities in developed markets, excluding the U.S. and Canada. Further information about the FTSE Developed ex North America Hedged 100% to CAD Index and its Constituent Issuers is available from FTSE on its website at [www.ftse.com/products/indices/geis-series](http://www.ftse.com/products/indices/geis-series).

### **Solactive U.S. Banks Yield Index**

The Solactive U.S. Banks Yield Index is an index that includes equity securities of the twenty one largest banks based on market capitalization and weighted based on their indicative annual yields such that the seven highest dividend yielding U.S. bank stocks each receive a 7.14% weight, the next seven highest dividend yielding bank stocks receive a 4.76% weight and the seven lowest dividend yielding U.S. bank stocks each receive a 2.38% weight. Further information about the Solactive U.S. Banks Yield Index and its Constituent Issuers is available from Solactive on its website at [www.solactive.com](http://www.solactive.com).

### **Solactive U.S. Banks Yield (CAD Hedged) Index**

The Solactive U.S. Banks Yield (CAD Hedged) Index is an index that includes equity securities of the twenty one largest banks based on market capitalization and weighted based on their indicative annual yields such that the seven highest dividend yielding U.S. bank stocks each receive a 7.14% weight, the next seven highest dividend yielding bank stocks receive a 4.76% weight and the seven lowest dividend yielding U.S. bank stocks each receive a 2.38% weight. Further information about the Solactive U.S. Banks Yield (CAD Hedged) Index and its Constituent Issuers is available from Solactive on its website at [www.solactive.com](http://www.solactive.com).

### **Change in an Underlying Index**

RBC GAM may, subject to any required Unitholder approval, change the Index underlying an RBC ETF to another index in order to provide investors with substantially the same exposure to the asset class to which that RBC ETF is currently exposed. If RBC GAM changes the Index underlying any RBC ETF, or any index replacing such Index, RBC GAM will issue a press release identifying the new Index, describing its constituent securities and specifying the reasons for the change in the Index.

### **Termination of the Indices**

The Index Providers calculate, determine and maintain the respective Indices. In the event that an Index Provider ceases to calculate an Index or a License Agreement is terminated, the Manager may terminate the applicable RBC ETF(s) on 60 days' notice, change the investment objective of that RBC ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the RBC ETF in the circumstances.

### **Use of the Indices**

The Manager and the applicable RBC ETF are permitted to use the applicable Index pursuant to the applicable License Agreement described below under "Material Contracts – License Agreements". The Manager and the RBC ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Indices or any data included in the Indices.



## INVESTMENT STRATEGIES

### **RBC U.S. Equity (CAD Hedged) Index ETF**

The investment strategy of the RBC U.S. Equity (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC U.S. Equity Index ETF (the “**underlying RBC ETF**”), while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollar. The RBC U.S. Equity (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See “Exemptions and Approvals”. The RBC U.S. Equity (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the FTSE USA Hedged 100% to CAD Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC U.S. Equity (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar.

### **RBC International Equity (CAD Hedged) Index ETF**

The investment strategy of the RBC International Equity (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC International Equity Index ETF (the “**underlying RBC ETF**”), while seeking to minimize exposure to currency fluctuations between foreign currencies and the Canadian dollar. The RBC International Equity (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See “Exemptions and Approvals”. The RBC International Equity (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the FTSE Developed ex North America Hedged 100% to CAD Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC International Equity (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in foreign currencies to minimize exposure to changes of foreign currencies relative to the Canadian dollar.

### **RBC U.S. Banks Yield Index ETF**

The RBC U.S. Banks Yield Index ETF seeks to track the Solactive U.S. Banks Yield Index (or any successor thereto). The investment strategy of the RBC U.S. Banks Yield Index ETF is to invest in and hold the Constituent Securities of the Solactive U.S. Banks Yield Index in substantially the same proportion as they are reflected in the Solactive U.S. Banks Yield Index or securities intended to replicate the performance of the Index.

### **RBC U.S. Banks Yield (CAD Hedged) Index ETF**

The investment strategy of the RBC U.S. Banks Yield (CAD Hedged) Index ETF is to invest substantially all of its assets in units of the RBC U.S. Banks Yield Index ETF (the “**underlying RBC ETF**”), while seeking to minimize exposure to currency fluctuations between the U.S. and the Canadian dollars. The RBC U.S. Banks Yield (CAD Hedged) Index ETF has received exemptive relief to enable it to invest in units of the underlying RBC ETF. See “Exemptions and Approvals”. The RBC U.S. Banks Yield (CAD Hedged) Index ETF may also invest directly in and hold the Constituent Securities of the Solactive U.S. Banks Yield (CAD Hedged) Index or securities intended to replicate the performance of the Index, in order to achieve its investment objectives.

The RBC U.S. Banks Yield (CAD Hedged) Index ETF uses derivatives to hedge against fluctuations in the U.S. dollar to minimize exposure to changes of the U.S. dollar relative to the Canadian dollar.

The RBC ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The RBC ETFs will not try to outperform the applicable Index and will not seek temporary defensive positions when markets decline or appear overvalued.

In accordance with Canadian securities legislation, including NI 81-102, and applicable exemptive relief, an RBC ETF may invest in one or more other RBC ETFs or in certain other investment funds (collectively, “**Underlying Funds**”), provided that no management fees or incentive fees are payable by an RBC ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. See “Exemptions and Approvals”.

## Sampling Methodology

A sampling methodology (rather than a replicating methodology) may also be used by RBC GAM in order to select investments for the RBC ETFs. Sampling means that the portfolio manager will select a broadly diversified subset of Constituent Securities and/or Other Securities that, in aggregate, approximates the full Index. The portfolio manager does this by matching, as closely as it can, the RBC ETF's portfolio investments to the primary risk factors and other key characteristics of the applicable Index, including for example, performance attributes, sector weightings and market capitalization and seeks to achieve returns that are similar to the applicable Index. The quantity of Constituent Securities selected using such sampling methodology will be based on a number of factors, including the asset base of the RBC ETF.

## Securities Lending

Securities lending transactions may be utilized by the RBC ETFs in accordance with NI 81-102, and any exemptive relief therefrom, to provide incremental return to the RBC ETFs in a manner that is consistent with the investment objectives of the RBC ETFs. Securities lending is also a means of generating income for the purpose of meeting the RBC ETFs' current obligations.

The RBC ETFs may lend securities that they hold themselves or through an agent to brokers, dealers, other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act.

Under applicable securities legislation, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by an RBC ETF at any time is not permitted to exceed 50% of the net asset value of the RBC ETF (excluding any collateral received from securities lending activities). Any cash collateral acquired by an RBC ETF is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

## Use of Derivative Instruments

Each of the RBC ETFs may invest in or use derivative instruments, including futures contracts and forward contracts, from time to time provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of the RBC ETF.

An RBC ETF may use derivative instruments for hedging purposes or for non-hedging purposes. "Hedging" refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment or position or group of investments or positions. For example, each of the RBC U.S. Equity (CAD Hedged) Index ETF, RBC International Equity (CAD Hedged) Index ETF and RBC U.S. Banks Yield (CAD Hedged) Index ETF uses derivative instruments to hedge the foreign currency exposure of the securities included in the RBC ETF's portfolio to the Canadian dollar. For non-hedging purposes, an RBC ETF may use derivative instruments as a substitute for investing directly in certain securities in order to obtain the desired investment exposure. For example, an RBC ETF may not be fully invested at times, either as a result of cash flows into the RBC ETF or reserves of cash held by the RBC ETF to meet redemption requests and to pay expenses, and so may use derivative instruments in lieu of investing directly in certain securities. If an RBC ETF uses derivative instruments for non-hedging purposes, NI 81-102 requires that the RBC ETF holds certain assets and/or cash to ensure the RBC ETF is able to meet its obligations under the derivative contracts and to limit any possible losses that could result from the use of derivative instruments.

Derivatives are instruments whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest (including a value, price, rate, variable, index, event, probability or thing) and enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. Types of derivatives include options, swaps, futures contracts, forward contracts or other financial or commodity contracts or instruments. A forward contract is an agreement to make or take delivery of an underlying interest at or by a time in the future at a predetermined price. A futures contract is exchange-traded and derives its value from movements in the spot price of the underlying interest.

## Rebalancing and Adjustment

The following table sets out the current Index for each of the RBC ETFs and information about the rebalancing of the Indices:

RBC ETF	CURRENT INDEX	REBALANCING AND ADJUSTMENT
RBC U.S. Equity (CAD Hedged) Index ETF	FTSE USA Hedged 100% to CAD Index	Rebalanced semi-annually
RBC International Equity (CAD Hedged) Index ETF	FTSE Developed ex North America Hedged 100% to CAD Index	Rebalanced semi-annually
RBC U.S. Banks Yield Index ETF	Solactive U.S. Banks Yield Index	Rebalanced quarterly
RBC U.S. Banks Yield (CAD Hedged) Index ETF	Solactive U.S. Banks Yield (CAD Hedged) Index	Rebalanced quarterly

### Action on Index Rebalancing or Portfolio Adjustment

Whenever an Index or a portfolio is rebalanced or adjusted by adding securities to or subtracting securities from that Index or portfolio, the applicable RBC ETF will generally acquire and/or dispose of the appropriate number of securities. On a rebalancing: (i) Units of an RBC ETF may be issued, or cash may be paid, in consideration for Constituent Securities to be acquired by the RBC ETF as determined by RBC GAM; and (ii) Units may be exchanged in consideration for those securities that RBC GAM determines should be sold by the RBC ETF, or cash may be paid, as determined by RBC GAM. Generally, such transactions may be implemented by a transfer of Constituent Securities to the RBC ETF that RBC GAM determines should be acquired by the RBC ETF or a transfer of those securities that RBC GAM determines should be sold by the RBC ETF.

When the applicable Index of an RBC ETF is adjusted as a result of a special dividend, the RBC ETF shall issue such additional Units in consideration for the additional Constituent Securities of the applicable Constituent Issuer as RBC GAM may stipulate. Special dividends will generally not have an effect on the replication of the weighting of such Constituent Security in the Indices by the RBC ETFs.

### Take-over Bids for Constituent Issuers

If a take-over bid (including an issuer bid) is made for a Constituent Issuer, RBC GAM, in its discretion, may or may not tender securities of such Constituent Issuer. If securities are tendered by an RBC ETF, they may or may not be taken up under the bid. If a take-over bid is successful, the Constituent Issuer may no longer qualify for inclusion in the applicable Index or portfolio and may be removed from the relevant Index or portfolio, in which case any securities of the Constituent Issuer still held by the relevant RBC ETF will be disposed of by the RBC ETF as described above under “Action on Index Rebalancing or Portfolio Adjustment”.

If an RBC ETF tenders securities under a take-over bid and they are taken up but the Constituent Issuer is not taken out of the applicable Index or portfolio, the RBC ETF, at the discretion of RBC GAM, may use the proceeds received from tendering to the take-over bid to purchase securities of the Constituent Issuer to replenish Baskets of securities held by that RBC ETF. In such case, if the proceeds are not sufficient for this purpose, the RBC ETF may purchase the necessary securities in return for the issue of the appropriate number of Units. If the proceeds received by the RBC ETF under a take-over bid are more than sufficient to purchase replacement securities where the Constituent Issuer is not removed from the applicable Index or portfolio, the surplus will be allocated at the discretion of RBC GAM and, among other things, may be used to pay expenses of the RBC ETF or may be distributed to Unitholders.

After a tender of securities by an RBC ETF, a Unitholder exchanging Units for Baskets of securities as described below under “Attributes of the Securities – Exchange of Units for Baskets” will be entitled to receive the applicable portion of the proceeds received by the RBC ETF for securities taken up under the bid or, if the securities are not taken up, the applicable portion of those securities when they are returned to that RBC ETF.

## OVERVIEW OF THE SECTORS IN WHICH THE RBC ETFs INVEST

### RBC U.S. Equity (CAD Hedged) Index ETF

The RBC U.S. Equity (CAD Hedged) Index ETF will invest in U.S. large- and mid-capitalization securities. See “Investment Objectives – The Indices – FTSE USA Hedged 100% to CAD Index”.

### RBC International Equity (CAD Hedged) Index ETF

The RBC International Equity (CAD Hedged) Index ETF will invest in large- and mid-capitalization securities in developed markets, excluding the U.S. and Canada. See “Investment Objectives – The Indices – FTSE Developed ex North America Hedged 100% to CAD Index”.

### RBC U.S. Banks Yield Index ETF

The RBC U.S. Banks Yield Index ETF will invest in equity securities of the twenty one largest U.S. banks. See “Investment Objectives – The Indices – Solactive U.S. Banks Yield Index”.

### RBC U.S. Banks Yield (CAD Hedged) Index ETF

The RBC U.S. Banks Yield (CAD Hedged) Index ETF will invest in equity securities of the twenty one largest U.S. banks. See “Investment Objectives – The Indices – Solactive U.S. Banks Yield (CAD Hedged) Index”.

## INVESTMENT RESTRICTIONS

The RBC ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The RBC ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities or as permitted by NI 81-107. See “Exemptions and Approvals”. A change to the investment objective of an RBC ETF would require the approval of unitholders. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

Each RBC ETF is also restricted from undertaking any activity that would result in such RBC ETF failing to qualify as a “mutual fund trust” within the meaning of the Tax Act.

## FEES AND EXPENSES

### Fees and Expenses Payable by the RBC ETFs

#### Management Fee

RBC GAM is entitled to receive a fee for acting as manager, trustee and portfolio manager of the RBC ETFs (the “**management fee**”). The fee is based on a percentage of the Net Asset Value of the following RBC ETFs and is listed below:

RBC ETF	MANAGEMENT FEE
RBC U.S. Banks Yield Index ETF	0.29%

RBC GAM is, in respect of the following RBC ETFs listed below, entitled to receive a fee for acting as manager, trustee and portfolio manager of such funds and of the Underlying Funds in which such RBC ETFs invest (an “**underlying product fee**” and, together with the management fee, the “**total annual management fee**”). As the underlying product fees are embedded in the market value of the Underlying Funds in which the applicable RBC ETFs invest, the underlying product fees are paid indirectly by the RBC ETFs. Although the aggregate amounts of the underlying product fees may vary depending on the allocation of the assets of each applicable RBC ETF amongst the Underlying Funds, RBC GAM will adjust the management fee payable to it by such RBC ETFs to ensure that the total annual management fees paid directly or indirectly to RBC GAM by such RBC ETFs and the Underlying Funds will not exceed the percentage of the Net Asset Value of each of the applicable RBC ETFs.

RBC ETF	TOTAL ANNUAL MANAGEMENT FEE
RBC U.S. Equity (CAD Hedged) Index ETF	0.09%
RBC International Equity (CAD Hedged) Index ETF	0.20%
RBC U.S. Banks Yield (CAD Hedged) Index ETF	0.29%

The management fee for each RBC ETF listed above is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of applicable GST/HST. RBC GAM may waive a portion of the management fee payable by an RBC ETF at any time at RBC GAM's sole discretion. Where RBC GAM has waived a portion of the management fee payable by an RBC ETF, RBC GAM retains full discretion to increase the management fee in respect of an RBC ETF at any time such that the management fees or total annual management fees, as applicable, paid to RBC GAM by the RBC ETF will not exceed the management fee or total annual management fees, as applicable, per annum for such RBC ETF as listed above.

RBC GAM, in its capacity as manager of each RBC ETF, manages the day-to-day business of each RBC ETF, including negotiating contractual agreements with and providing oversight of service providers, preparing reports to unitholders and securities regulatory authorities and conducting marketing activities. RBC GAM also acts as trustee of the RBC ETFs and as portfolio manager of each RBC ETF, managing the investment portfolios and executing portfolio transactions for each RBC ETF.

RBC GAM is responsible for each of the RBC ETF's fees and expenses except the management fee and certain operating expenses described below under "Certain Operating Expenses". The fees and expenses for which RBC GAM is responsible include the fees payable to the custodian and valuation agent, the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses. See "Organization and Management Details of the RBC ETFs – Duties and Services Provided by the Manager of the RBC ETFs".

#### **Management Fee Distributions**

RBC GAM may agree to charge a reduced management fee as compared to the fee that RBC GAM otherwise would be entitled to receive from an RBC ETF with respect to investments in the RBC ETF by certain unitholders who hold a minimum amount of Units during any period as specified by RBC GAM from time to time. An amount equal to the difference between the management fee otherwise chargeable and the reduced fee of the RBC ETF will be distributed quarterly in cash by the RBC ETF to those unitholders as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of an RBC ETF will be determined by RBC GAM. Management Fee Distributions will generally be calculated and applied based on a unitholder's average holdings of Units (excluding Units lent under the terms of securities lending agreements) over each applicable period as specified by RBC GAM from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other participants in CDS Clearing and Depository Services Inc. ("CDS") who hold Units in CDS on behalf of beneficial unitholders. Management Fee Distributions will be paid first out of income and capital gains of the RBC ETFs and then out of capital. See "Income Tax Considerations – Taxation of Unitholders" for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS participant on the beneficial owner's behalf and provide RBC GAM with such further information as RBC GAM may require in accordance with the terms and procedures established by RBC GAM from time to time.

RBC GAM reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by an RBC ETF generally will be borne by the unitholders receiving these distributions.

#### **Forms of Dealer Support**

RBC GAM may participate in co-operative advertising programs with dealers to help them market the RBC ETFs. RBC GAM may use part of the management fee of an RBC ETF to pay for a portion of the cost of these advertising programs in accordance with rules set out in National Instrument 81-105 – *Mutual Fund Sales Practices*.

Royal Bank owns, directly or indirectly, 100% of RBC Dominion Securities Inc. and RBC Direct Investing Inc., which are participating dealers in respect of Units of the RBC ETFs.

### **Certain Operating Expenses**

The RBC ETFs are also responsible for fees and expenses relating to the IRC, brokerage expenses and commissions, income tax, GST, HST, withholding and other taxes, the costs of complying with any new governmental or regulatory requirement introduced after the RBC ETFs were established and extraordinary expenses.

### **Fees and Expenses of Underlying Funds**

In accordance with Canadian securities legislation, including NI 81-102, and applicable exemptive relief, an RBC ETF may invest in one or more Underlying Funds. Fees and expenses are payable by the Underlying Funds in addition to the fees and expenses payable by the RBC ETFs. However, an RBC ETF may only invest in one or more Underlying Funds provided that no management fees or incentive fees are payable by an RBC ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. In addition, the RBC ETF will not pay any sales fees or redemption fees upon a purchase or redemption of securities of any Underlying Fund which is an RBC ETF or a fund managed by RBC GAM or an affiliate. In respect of an Underlying Fund which is not an RBC ETF or is not managed by RBC GAM or an affiliate, an RBC ETF will not pay any sales fees or redemption fees to the Underlying Fund which, to a reasonable person, would duplicate a fee payable by an investor in the RBC ETF. See "Exemptions and Approvals".

### **Fees and Expenses Payable Directly by Unitholders**

#### **Exchange and Redemption Fee**

Unitholders who buy and sell Units of the RBC ETFs through the facilities of an Exchange or other exchange do not pay a fee directly to RBC GAM or the RBC ETFs in respect of those purchases and sales.

Unitholders who exchange or redeem Units of the RBC ETFs directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange or redemption fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of Units of the RBC ETFs.

## **ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO**

The annual returns, management expense ratio and trading expense ratio of each of the RBC ETFs are not yet available because the RBC ETFs are new.

## **RISK FACTORS**

The risks associated with making an investment in the RBC ETFs, including, in the case of RBC ETFs that invest in Underlying Funds, indirect risks arising as a result of their exposure to the Underlying Funds, are described below.

### **General Risks Relating to an Investment in the RBC ETFs**

#### **General Risks of Investments**

An investment in an RBC ETF should be made with an understanding that the value of the underlying securities may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities (particularly those that are more heavily weighted in a particular Index), the condition of equity, bond and currency markets generally and other factors. The identity and weighting of the Constituent Issuers or Constituent Securities in the applicable Index may also change from time to time.

The risks inherent in investments in equity and fixed-income securities include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the financial markets may deteriorate (either of which may cause a decrease in the value of the Constituent Securities held by the applicable RBC ETF and thus in the value of Units of the RBC ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. Fixed-income securities are susceptible to general interest rate fluctuations and to changes in investors' perceptions of inflation expectations and the condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

### **Asset Class Risk**

The Constituent Securities in the RBC ETFs or the Underlying Funds may underperform the returns of other securities or indices that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

### **Passive Investment Risk**

The Indices were not created by the Index Providers solely for the purpose of the RBC ETFs. The Index Providers have the right to make adjustments or to cease calculating the Indices without regard to the particular interests of RBC GAM, the RBC ETFs or unitholders of the RBC ETFs. The investment objective of each of the RBC ETFs is to replicate, to the extent possible, the performance of the applicable Index, net of expenses. The RBC ETFs are not actively managed and the RBC ETF will not attempt to take defensive positions in declining markets. Therefore, any adverse financial condition of a Constituent Issuer represented in the applicable Index will not result in the elimination of exposure to its securities, whether direct or indirect, by an RBC ETF unless the Constituent Securities are removed from the applicable Index.

### **Tracking Risk**

An investment in an RBC ETF should be made with an understanding that the RBC ETF will not replicate exactly the performance of the applicable Index. For example, if an RBC ETF utilizes a sampling approach, its return may not correlate as well with the return on the applicable Index as would be the case if it were fully invested at all times and with the same Relative Weights as the securities in the Index. In addition, the total return generated by the securities held by an RBC ETF will be reduced by transaction costs (including transaction costs incurred in adjusting the actual balance of the securities held by an RBC ETF) as well as taxes and other expenses borne by an RBC ETF, whereas such transaction costs, taxes and expenses are not included in the calculation of the returns of the applicable Index.

### **Calculation of Indices Risk**

If the computer or other facilities of the Index Providers or the applicable Exchange or other relevant stock exchange malfunction for any reason, calculation of value of the Indices and the determination by RBC GAM of the Prescribed Number of Units and Baskets may be delayed and trading in Units may be suspended for a period of time.

In the event that an Index Provider ceases to calculate the applicable Index or a License Agreement is terminated, RBC GAM may terminate the relevant RBC ETF on 60 days' notice, change the investment objective of the RBC ETF, seek to replicate an alternative index or make such other arrangements as RBC GAM considers appropriate and in the best interests of Unitholders of the RBC ETF in the circumstances.

### **Equity Investment Risk**

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the Net Asset Value of an RBC ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

### **Risk that Units Will Trade at Prices Other than Net Asset Value per Unit**

The Units of an RBC ETF may trade below, at, or above their respective Net Asset Value per Unit. The Net Asset Value per Unit will fluctuate with changes in the market value of an RBC ETF's holdings. The trading prices of the Units will fluctuate in accordance with changes in the applicable RBC ETF's Net Asset Value per Unit, as well as market supply and demand on the applicable Exchange. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of any RBC ETF at the Net Asset Value per Unit, RBC GAM believes that large discounts or premiums to the Net Asset Value per Unit of an RBC ETF should not be sustained.

If a unitholder purchases Units of an RBC ETF at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units of an RBC ETF at a time when the market price of a Unit is at a discount to the Net Asset Value per Unit, the unitholder may incur a loss.



### **Securities Lending Transaction Risks**

An RBC ETF may enter into securities lending arrangements in accordance with the rules of the Canadian Securities Administrators (the “CSA”) or any exemptive relief therefrom. Securities lending transactions may be entered into to generate additional income or as a short-term cash management tool to enhance the Net Asset Value of an RBC ETF.

In a securities lending transaction, an RBC ETF lends its securities to a borrower in exchange for a fee. The other party to a securities lending transaction delivers collateral to the RBC ETF in order to secure the transaction.

Securities lending transactions come with certain risks. If the other party to the transaction cannot complete the transaction, the RBC ETF may be left holding the collateral delivered by the other party to secure the transaction. In addition, the RBC ETF could lose money if the value of collateral held and cash received does not increase as much as the securities loaned. To minimize these risks, the other party must provide collateral that is worth at least 102% of the value of the RBC ETF’s securities or cash and of the type permitted by the CSA. The value of the transactions and the collateral are monitored daily and the collateral adjusted appropriately by the securities lending agent of an RBC ETF.

An RBC ETF may not commit more than 50% of its net asset value to securities lending transactions at any time. Securities lending transactions may be ended at any time.

### **Risks Associated with Derivative Investments**

An RBC ETF may use derivative instruments from time to time as described under “Investment Strategies – Use of Derivative Instruments”. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when an RBC ETF wants to complete the derivative contract, which could prevent an RBC ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent an RBC ETF from completing the derivative contract; (iv) an RBC ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if an RBC ETF has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the RBC ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. In circumstances where there is an interest rate hedge employed, total return on the investment portfolio of an RBC ETF may be higher with the hedge than without it when interest rates rise significantly, but may be lower when interest rates are stable or decrease.

There is no assurance that an RBC ETF’s use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

### **Risk of Adverse Changes in Legislation**

There can be no assurance that income tax, securities or other laws will not be changed in a manner that adversely affects the distributions received by an RBC ETF or by the unitholders. There can be no assurance that Canadian federal income tax laws or the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects an RBC ETF or the unitholders. For example, changes to tax legislation or the administration thereof could adversely affect the taxation of an RBC ETF or the issuers in which it invests.

### **Tax-Related Risks**

If an RBC ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act at any time, there could be negative tax consequences for the RBC ETF and its investors. See “Income Tax Considerations”.

There can be no assurances that the Canada Revenue Agency will agree with the tax treatment adopted by an RBC ETF in filing its tax return, and the Canada Revenue Agency could reassess an RBC ETF on a basis that results in tax being payable by the RBC ETF, thereby reducing the after-tax returns to unitholders.



The Tax Act contains tax loss restriction rules that generally apply when a unitholder of a trust (counted together with its affiliates) becomes a majority-interest beneficiary of the trust (i.e. holds more than 50% of the fair market value of the units of the trust) or a group of unitholders of the trust becomes a majority-interest group of beneficiaries of the trust. If these rules were to apply to an RBC ETF, the taxation year of the RBC ETF would be deemed to end and an automatic distribution of income and net capital gains may occur under the terms of the Master Declaration of Trust. However, trusts that qualify as “investment funds” as defined in the Tax Act are exempt from such adverse consequences. An “investment fund” for this purpose includes a trust that meets certain conditions, including qualifying as a “mutual fund trust” for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. The RBC ETFs presently qualify, and are expected to continue to qualify, as “investment funds”.

The statements in the previous paragraph apply equally to an Underlying Fund held by an RBC ETF. An RBC ETF’s after-tax return on its investment in an Underlying Fund could be adversely affected if the Underlying Fund did not qualify as an “investment fund” and were to be subject to a “loss restriction event”. However, the Underlying Funds presently qualify, and are expected to continue to qualify, as “investment funds”.

### **Liquidity Risk**

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by an RBC ETF and by the Underlying Funds, if applicable, can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, certain features, like guarantees, or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for an RBC ETF.

### **Market Risk**

The market value of an RBC ETF’s investments will rise and fall based on specific issuer developments and the broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

### **Cease Trading of Underlying Securities**

If any of the Constituent Securities in an RBC ETF or Underlying Fund are cease-traded at any time by order of the applicable Exchange, a securities regulatory authority or other relevant regulator or stock exchange, RBC GAM may suspend the exchange or redemption of Units until such time as the transfer of the securities is permitted by law.

### **Reliance on the Manager**

The RBC ETFs will be dependent on the ability of RBC GAM to effectively manage the RBC ETFs in a manner consistent with each fund’s investment objectives, strategies and restrictions. There is no certainty that the individuals who are responsible for providing management and sub-advisory services to the RBC ETFs will continue to be employed by RBC GAM.

### **Risk of No Active Market for the Units and Lack of Operating History**

The RBC ETFs are newly organized exchange-traded funds with no previous operating history. Although the RBC ETFs will, subject to obtaining approval, be listed on the applicable Exchange, there can be no assurance that an active public market for the Units will develop or be sustained.

### **Sampling Process Risk**

The RBC ETFs may employ a sampling process or may hold an investment fund that employs a sampling process. A sampling process involves seeking to track the performance of the applicable Index by holding a broadly diversified subset of Constituent Securities and/or other securities selected by RBC GAM that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics. It is possible that the use of a sampling process may result in a greater deviation in performance relative to the applicable Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the applicable Index.

### Cyber Security Risk

As the use of technology has become more prevalent in the course of business, mutual funds like the RBC ETFs have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause an RBC ETF to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause an RBC ETF to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to an RBC ETF's digital information systems (e.g. through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of an RBC ETF's third-party service providers (e.g. administrators, transfer agents, custodians and sub-advisors) or of issuers that an RBC ETF invests in can also subject an RBC ETF to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the RBC ETFs have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the RBC ETFs do not directly control the cyber security systems of issuers or third-party service providers.

### Additional Risks Relating to an Investment in Certain RBC ETFs

In addition to the general risk factors applicable to all of the RBC ETFs set forth above, there are certain additional specific risk factors inherent in an investment in certain RBC ETFs, as indicated in the table below:

RISK FACTORS	EXCHANGE TICKER SYMBOLS			
	RUSH	RINH	RUBY/ RUBY.U	RUBH
Foreign Investment Risk		√		
Currency Risk	√	√	√	√
Currency Hedging Risk	√	√		√
Significant Investor Risk			√	
Concentration Risk			√	√
USD Units Risk			√	
Fund of Funds Investment Risk	√	√		√

### Foreign Investment Risk

Foreign investments are affected by global economic factors. There is often less information available about foreign companies and many countries have less stringent accounting, auditing and reporting standards than we do in Canada. Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or make prices more volatile. Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments. As a result, ETFs that specialize in foreign investments may experience larger and more frequent price changes in the short term.

### Currency Risk

Units of the RBC ETFs (other than the USD Units) are valued in Canadian dollars. However, ETFs that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. Such funds may also purchase foreign currencies as investments. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities or foreign currencies in an ETF. For example, if the Canadian dollar rises relative to the U.S. dollar, a fund's U.S. holdings will be worth fewer Canadian dollars. This decline in value may reduce, or even eliminate, any return the ETF has earned. Currency exposure may increase the volatility of foreign investments relative to Canadian investments.

### **Currency Hedging Risk**

Each of the RBC U.S. Equity (CAD Hedged) Index ETF, RBC International Equity (CAD Hedged) Index ETF and the RBC U.S. Banks Yield (CAD Hedged) Index ETF (for the purposes of this section, the “Funds” and each, a “Fund”) will seek to hedge its foreign currency exposure to the Canadian dollar by entering into currency forward transactions with financial institutions that have a “designated rating” as defined in NI 81-102. When a derivative is used as a hedge against a position that a Fund holds, any gain generated by the derivative generally should be substantially offset by losses on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between a derivative and its reference asset. For example, if a Fund’s currency hedge is reset on a monthly basis, based on the size of the Fund’s exposure to a currency at a certain point in time, the size of each currency hedge could be greater or less than the Fund’s total exposure in that currency intra-month and currency risk may develop or increase between resets. Furthermore, while the Funds are designed to hedge against currency fluctuations, it is possible that a degree of currency exposure may remain even at the time a hedging transaction is implemented. As a result, changes in currency exchange rates may affect Fund returns even when the hedge works as intended. The effectiveness of a Fund’s currency hedging strategy will also generally be affected by both the volatility of the securities included in the Fund, and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility may reduce the effectiveness of a Fund’s currency hedging strategy and may impact the costs associated with hedging transactions. The effectiveness of a Fund’s currency hedging strategy and the costs associated with hedging transactions may also in general be affected by interest rates. Significant differences between Canadian dollar interest rates and foreign currency interest rates may further impact the effectiveness of the Fund’s currency hedging strategy. There can be no assurance that a Fund’s hedging transactions will be effective. A Fund’s currency hedging activities will potentially increase taxable distributions to unitholders, or generate losses that may be used to reduce capital gains in subsequent years. The Funds will bear the costs associated with any such hedging transactions, regardless of any gain or loss experienced on the hedging transactions.

### **Significant Investor Risk**

A significant portion of the Units of the RBC ETF may be held by a single investor, including by another RBC ETF or RBC mutual fund. If a significant investor were to buy or sell a substantial portion of Units of the RBC ETF, the market value of those Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a discount or premium to the Net Asset Value per Unit of the RBC ETF. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of the RBC ETF at the Net Asset Value per Unit, RBC GAM believes that large discounts to the Net Asset Value per Unit of the RBC ETF should not be sustained. If a unitholder purchases Units of the RBC ETF at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units of the RBC ETF at a time when the market price of a Unit is at a discount to the Net Asset Value per Unit, the unitholder may sustain a loss.

### **Concentration Risk**

To the extent that an RBC ETF’s investments are concentrated in a particular sector, region or asset class, the RBC ETF may be susceptible to loss due to adverse occurrences affecting that sector, region or asset class. Each of the RBC ETFs may invest more of its net assets in one or more issuers than is permitted for actively managed mutual funds. This may increase the liquidity risk of the RBC ETFs, which may, in turn, have an effect on the RBC ETFs’ ability to satisfy redemption requests. This may also lower the diversification of the RBC ETFs and may make the general risk of equity and fixed-income investments and the volatility of Net Asset Value of the RBC ETFs relatively greater.

### **USD Units Risk**

A redeeming holder of USD Units will receive any cash amount to which the unitholder is entitled in connection with the redemption in U.S. dollars and will be exposed to the risk that the exchange rate between the U.S. dollar and any other currency in which the unitholder generally operates will result in a lesser or greater redemption amount than the unitholder would have received if the redemption amount had been calculated and delivered in another currency. In addition, because any cash redemption proceeds will be delivered in U.S. dollars, the redeeming unitholder may be required to open or maintain an account that can receive deposits of U.S. dollars. For the RBC U.S. Banks Yield Index ETF which offers Units denominated in U.S. dollars, the ability to purchase USD Units is offered only as a convenience for investors and does not act as a currency hedge between the Canadian dollar and the U.S. dollar.

### **Fund of Funds Investment Risk**

Certain RBC ETFs may invest directly in, or obtain exposure to, other ETFs, mutual funds, or public investment funds as part of their investment strategy. These RBC ETFs will be subject to the risks of the underlying funds. Additionally, if an underlying fund suspends redemptions, the RBC ETF will be unable to accurately value part of its investment portfolio and may be unable to redeem its Units.

## No Guarantee

Your investment in any of the RBC ETFs is not guaranteed by any entity, including Royal Bank of Canada. Unlike bank accounts or guaranteed investment certificates, your investment in an RBC ETF is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

## Risk Rating of the RBC ETFs

RBC GAM assigns a risk rating to each RBC ETF as an additional guide to help investors decide whether a fund is right for them. This information is only a guide. RBC GAM determines the risk rating for each RBC ETF in accordance with NI 81-102. The investment risk level of an RBC ETF is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the RBC ETF as measured by the 10-year standard deviation of the returns of the RBC ETF. Just as historical performance may not be indicative of future returns, an RBC ETF's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Using this methodology, RBC GAM assigns a risk rating to each RBC ETF as either low, low to medium, medium, medium to high, or high risk.

- › Low – commonly associated with money market funds and Canadian fixed-income funds.
- › Low to medium – commonly associated with balanced, higher yielding fixed-income and asset allocation funds.
- › Medium – commonly associated with equity funds investing in large-capitalization companies in developed markets.
- › Medium to high – commonly associated with equity funds investing in small-capitalization companies or specific regions or sectors.
- › High – commonly associated with equity funds investing in narrow sectors or emerging market countries where there may be substantial risk of loss over short to medium periods.

An RBC ETF's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units of the RBC ETF. For those RBC ETFs that do not have at least 10 years of performance history, RBC GAM uses a reference index that reasonably approximates or, for a newly established fund, that is reasonably expected to approximate, the standard deviation of the RBC ETF (or in certain cases a highly similar fund managed by RBC GAM) as a proxy. There may be times when RBC GAM believes this methodology produces a result that does not reflect an RBC ETF's risk based on other qualitative factors. As a result, RBC GAM may place the RBC ETF in a higher risk rating category, as appropriate. RBC GAM will review the risk rating for each RBC ETF on an annual basis or if there has been a material change to an RBC ETF's investment objectives or investment strategies.

A copy of the methodology used by RBC GAM to identify the investment risk levels of the funds is available on request, at no cost, by calling 1-855-RBC-ETFS (722-3837). The risk ratings set forth in the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

LEGAL NAME OF RBC ETF	RISK RATING
RBC U.S. Equity (CAD Hedged) Index ETF	Medium
RBC International Equity (CAD Hedged) Index ETF	Medium
RBC U.S. Banks Yield Index ETF	High
RBC U.S. Banks Yield (CAD Hedged) Index ETF	High

The RBC U.S. Equity (CAD Hedged) Index ETF's risk classification is based on the fund's returns and the return of the FTSE USA Hedged 100% to CAD Index and the S&P 500 Total Return Index. The FTSE USA Hedged 100% to CAD Index is a market-capitalization weighted index that tracks the performance of U.S. large- and mid-cap stocks. The S&P 500 Total Return Index tracks the performance of 500 U.S. large-capitalization stocks.

The RBC International Equity (CAD Hedged) Index ETF's risk classification is based on the fund's returns and the return of the FTSE Developed ex North America Hedged 100% to CAD Index and the MSCI EAFE Total Return Net Index (hedged to CAD). The FTSE Developed ex North America Hedged 100% to CAD Index tracks the performance of large- and mid-capitalization equity securities of developed market countries outside of the U.S. and Canada. The MSCI EAFE Total Return Net Index (hedged to CAD) tracks the after-tax performance of large- and mid-capitalization equity securities of developed market countries outside of the U.S. and Canada.

The RBC U.S. Banks Yield Index ETF's risk classification is based on the fund's returns and the return of the Solactive U.S. Banks Yield Index and the Dow Jones U.S. Banks Total Return Index (CAD). The Solactive U.S. Banks Yield Index is an index that includes equity securities of the twenty one largest banks based on market capitalization and weighted based on their indicative annual yields such that the seven highest dividend yielding U.S. bank stocks each receive a 7.14% weight, the next seven highest dividend yielding bank stocks receive a 4.76% weight and the seven lowest dividend yielding U.S. bank stocks each receive a 2.38% weight. The Dow Jones U.S. Banks Total Return Index (CAD) is designed to measure the performance of U.S. companies in the banks sector.

The RBC U.S. Banks Yield (CAD Hedged) Index ETF's risk classification is based on the fund's returns and the return of the Solactive U.S. Banks Yield (CAD Hedged) Index and the Dow Jones U.S. Banks Total Return Index (USD). The Solactive U.S. Banks Yield (CAD Hedged) Index is an index that includes equity securities of the twenty one largest banks based on market capitalization and weighted based on their indicative annual yields such that the seven highest dividend yielding U.S. bank stocks each receive a 7.14% weight, the next seven highest dividend yielding bank stocks receive a 4.76% weight and the seven lowest dividend yielding U.S. bank stocks each receive a 2.38% weight. The Dow Jones U.S. Banks Total Return Index (USD) is designed to measure the performance of U.S. companies in the banks sector.

## DISTRIBUTION POLICY

Cash distributions on Units of an RBC ETF will be made in the currency in which Units of the RBC ETF are denominated. Cash distributions on Units of the RBC ETFs (other than the Bank Yield Index ETFs) are expected to be made quarterly and cash distributions on Units of the Bank Yield Index ETFs are expected to be made monthly. For purposes of the Tax Act, distributions on Units of the RBC ETFs are expected to consist primarily of interest income and dividend income or foreign investment income, but may also include net realized capital gains and returns of capital. To the extent that the expenses of an RBC ETF exceed the income generated by such RBC ETF in any given quarter or month, as applicable, a quarterly or monthly distribution, as applicable, may not be paid. RBC GAM may, in its complete discretion, change the frequency of these distributions. Any such change will be announced via press release.

For each taxation year, each RBC ETF will ensure that the net income and net realized capital gains of that RBC ETF have been distributed to such an extent that the RBC ETF will not be liable for ordinary income tax thereon. The tax treatment to unitholders of distributions is discussed under the heading "Income Tax Considerations – Taxation of Unitholders".

### Reinvested Distributions

To the extent that an RBC ETF has not otherwise distributed the full amount of its net income or net capital gains in cash in any taxation year, the difference between such amount and the amount otherwise distributed by the RBC ETF in cash will be paid as a "reinvested 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 and the Units 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.

Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution.

## PURCHASE OF UNITS

### Initial Investment in the RBC ETFs

In compliance with NI 81-102, an RBC ETF will not issue Units to the public until orders aggregating not less than \$500,000 have been received and accepted by the RBC ETF from investors other than RBC GAM or its directors, officers or securityholders.

## Designated Brokers

RBC GAM, on behalf of each of the RBC ETFs, has entered or will enter into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker will agree to perform certain duties relating to the RBC ETFs including, without limitation (i) subscribing for a sufficient number of Units to satisfy the applicable Exchange's, as applicable, original listing requirements; (ii) subscribing for Units on an ongoing basis in connection with the rebalancing of assets held by the RBC ETF and adjustments to the applicable Index as described under "Investment Strategies – Rebalancing and Adjustment" and "Investment Strategies – Take-over Bids for Constituent Issuers" and when cash redemptions of Units occur as described under "Exchange and Redemption of Units"; and (iii) posting a liquid two-way market for the trading of Units on the applicable Exchange.

## Authorized Dealers

RBC GAM, on behalf of each RBC ETF, has entered or will enter into various Authorized Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Authorized Dealers may subscribe for Units of the RBC ETFs.

## Issuance of Units

All orders to purchase Units directly from the RBC ETFs must be placed by Authorized Dealers or Designated Brokers. The RBC ETFs reserve the absolute right to reject any subscription order placed by an Authorized Dealer or Designated Broker.

No fees will be payable by an RBC ETF to an Authorized Dealer or Designated Broker in connection with the issuance of Units. On the issuance of Units, RBC GAM may, at its discretion, charge an administrative fee to an Authorized Dealer or Designated Broker to offset any expenses incurred in issuing the Units.

On any Trading Day, an Authorized Dealer or Designated Broker may place a subscription order in the form and at the location prescribed by the applicable RBC ETF from time to time for the Prescribed Number of Units or for an integral multiple of the Prescribed Number of Units of the RBC ETFs. The Prescribed Number of Units will be made available by RBC GAM on each Trading Day to Authorized Dealers and Designated Brokers. RBC GAM may, at its discretion, increase or decrease the Prescribed Number of Units from time to time.

If a subscription order is received by the applicable RBC ETF at or before 4:00 p.m. (Eastern Time) on a Trading Day (or such earlier time on such Trading Day as RBC GAM may set) and is accepted by that RBC ETF, the RBC ETF generally will issue to the Authorized Dealer or Designated Broker the Prescribed Number of Units (or an integral multiple thereof) within two Trading Days from the Trading Day of the subscription. The RBC ETFs must receive payment for the Units subscribed for within two Trading Days from the Trading Day of subscription.

Unless RBC GAM shall otherwise agree or the Master Declaration of Trust shall otherwise provide, as payment for a Prescribed Number of Units of any RBC ETF, an Authorized Dealer or Designated Broker must deliver subscription proceeds consisting of one Basket and cash in an amount sufficient such that the value of the Basket and cash delivered is equal to the Net Asset Value of the Prescribed Number of Units of the applicable RBC ETF next determined following the receipt of the subscription order.

RBC GAM may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the applicable RBC ETF next determined following the receipt of the subscription order, plus (ii) if applicable, the Cash Creation Fee.

In any case in which a subscription order from an Authorized Dealer or Designated Broker is received by an RBC ETF on or after the date of declaration of a distribution by that RBC ETF payable in cash and before the ex-dividend date on the applicable Exchange for that distribution (generally, the second trading day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed), an additional amount equal to the amount of cash per Unit of that distribution will be added to the Net Asset Value per Unit and will be delivered in cash to the RBC ETF in respect of each issued Unit.

In addition to the issuance of Units as described above, Units may also be issued by the RBC ETF to unitholders on the automatic reinvestment of distributions as described under "Distribution Policy", and "Income Tax Considerations – Taxation of the RBC ETFs".



## Buying and Selling Units

As the Units will be (subject to satisfying the applicable Exchange's original listing requirements in respect of the RBC ETF) listed on the NEO Exchange or the TSX, as applicable, investors may trade Units in the same way in which other securities listed on the NEO Exchange and the TSX are traded, including by using market orders and limit orders. An investor may buy or sell Units on the applicable Exchange or any other exchange on which the RBC ETFs are traded only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Units. No fees are paid by a unitholder to RBC GAM or the RBC ETFs in connection with the buying or selling of Units on the applicable Exchange or other exchange.

## Registration and Transfer through CDS

Units of the RBC ETFs may only be held through CDS. Unitholders in the RBC ETFs will not have the right to receive certificates for Units. CDS is the owner of record for all Units of each RBC ETF. Unitholders owning Units are beneficial owners as shown on the records of CDS or its participants. CDS participants include securities brokers and dealers, banks, trust companies and other institutions that directly or indirectly maintain a custodial relationship with CDS. The RBC ETFs allow unitholders to exchange or redeem Units, but in order to exercise this right, a unitholder must rely on the procedures of CDS and its participants. In addition, all other rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units mean, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the RBC ETFs nor RBC GAM will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of CDS participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The RBC ETFs have the option to terminate registration of the Units through the book-entry only system or book-based system administered by CDS, in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

## Special Considerations for Unitholders

The RBC ETFs have obtained exemptive relief from certain provisions contained in securities legislation such that the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, based upon exemptive relief granted by Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of a class of any RBC ETF through purchases on an Exchange without regard to the takeover bid requirements of applicable securities legislation, provided that such unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to RBC GAM not to vote more than 20% of the Units of a class of that RBC ETF.

Units of the RBC ETFs are "mark-to-market property" for purposes of the "mark-to-market" rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are "mark-to-market property" within the meaning of the rules.

The Units of each RBC ETF are, in the opinion of RBC GAM, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of an RBC ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable RBC ETF should be considered index participation units, as well as the control, concentration and certain of the "fund-of-funds" restrictions. No purchase of Units of an RBC ETF should be made solely in reliance on the above statements.

## EXCHANGE AND REDEMPTION OF UNITS

### Exchange of Units at Net Asset Value per Unit for Baskets and Cash

Unitholders of the RBC ETFs may exchange the Prescribed Number of Units (or an integral multiple thereof) of any RBC ETF on any Trading Day for Baskets and cash. To effect an exchange of Units, a unitholder must submit an exchange request in the form and at the location prescribed by the applicable RBC ETF from time to time at or before 4:00 p.m. (Eastern Time) on a Trading Day (or such earlier time on such Trading Day as RBC GAM may set). The exchange price will be equal to the Net Asset Value of each Prescribed Number of Units tendered for redemption on the effective day of the exchange request, payable by delivery of Baskets (constituted as most recently published prior to the receipt of the exchange request) and cash. The Units will be redeemed in the exchange. RBC GAM will make available to Authorized Dealers and Designated Brokers the Prescribed Number of Units and Basket for each RBC ETF following the close of business on each Trading Day and to others on request.

RBC GAM may, upon the request of a unitholder and the consent of RBC GAM, satisfy an exchange request by delivering cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the applicable RBC ETF next determined following the receipt of the exchange request. However, RBC GAM will satisfy an exchange request only in cash if the unitholder agrees to pay the Cash Exchange Fee.

Unitholders should be aware that the Net Asset Value per Unit will decline on the date of declaration of any distribution payable in cash or Units. Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution. However, unitholders exchanging Units on or after the date of declaration of any distribution payable in cash and before the ex-dividend date on the applicable Exchange for that distribution generally will receive an exchange price equal to the Net Asset Value of each Prescribed Number of Units tendered for redemption plus an amount per Unit equal to the amount of the distribution per Unit.

If an exchange request is not received by the cut-off times set out above, the exchange request will be effective only on the next Trading Day. Settlement of exchanges for Baskets and cash generally will be made by the second Trading Day after the effective day of the exchange request.

If securities of any issuers in which an RBC ETF has invested are cease traded at any time by order of a securities regulatory authority, the delivery of the Baskets to a unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the Baskets is permitted by law.

### Redemption of Units for Cash

Unitholders may redeem Units of an RBC ETF for cash at a redemption price per Unit equal to 95% of the Net Asset Value of the Units on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the applicable Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to RBC GAM or the RBC ETFs in connection with selling Units on the applicable Exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form and to the location prescribed by the applicable RBC ETF from time to time must be delivered to the RBC ETF by 9:00 a.m. (Eastern Time) on that day. If a cash redemption request is not received by 9:00 a.m. (Eastern Time) in such manner on a Trading Day, the cash redemption order will be effective only on the next Trading Day. The cash redemption request forms may be obtained from any registered broker or dealer.

Payment of the redemption price will generally be made on the second Trading Day after the effective day of the redemption. Unitholders that have delivered a redemption request prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, an RBC ETF will generally dispose of securities or other assets.



## Requests for Exchange and Redemption

A unitholder submitting an exchange or redemption request is deemed to represent to the RBC ETF and RBC GAM that: (i) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (ii) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the RBC ETF. RBC GAM reserves the right to verify these representations at its discretion. Generally, RBC GAM will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the applicable RBC ETF. If the unitholder, upon receipt of a verification request, does not provide RBC GAM with satisfactory evidence of the truth of the representations, the unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

## Suspension of Exchange and Redemption

RBC GAM may suspend the redemption of Units or payment of redemption proceeds of an RBC ETF: (i) during any period when normal trading is suspended on an exchange or other market on which securities owned by the RBC ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the RBC ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the RBC ETF; or (ii) with the prior permission of the securities regulatory authorities for any period not exceeding 30 days during which RBC GAM determines that conditions exist that render impractical the sale of assets of the RBC ETF or that impair the ability of RBC IS to determine the value of the assets of the RBC ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All unitholders making such requests shall be advised by RBC GAM of the suspension and that the redemption will be effected at a price determined on the first valuation date following the termination of the suspension. All such unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the RBC ETFs, any declaration of suspension made by RBC GAM shall be conclusive.

## Exchange and Redemption Fee

RBC GAM may charge to unitholders, at its discretion, an exchange or redemption fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of Units of the RBC ETFs.

## Short-Term Trading

RBC GAM does not believe that it is necessary to impose any short-term trading restrictions on the RBC ETFs at this time as the RBC ETFs are exchange-traded funds that are primarily traded in the secondary market.

## PRICE RANGE AND TRADING VOLUME OF UNITS

This information is not yet available because the RBC ETFs are new.

## INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the RBC ETFs and for a prospective investor in an RBC ETF that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of an RBC ETF as capital property, is not affiliated and deals at arm's length with the RBC ETF. This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is also based on the assumptions that (i) none of the issuers of securities held by an RBC ETF will be a foreign affiliate of the RBC ETF or any unitholder, (ii) none of the securities held by an RBC ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by an RBC ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in section 94 of the Tax Act, (iv) none of the securities held by an RBC ETF will be an interest in a non-resident trust that is deemed to be a controlled foreign affiliate of the RBC ETF for the purposes of the Tax Act, (v) no RBC ETF will enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act, and (vi) no unitholder has entered or will enter into a “derivative forward agreement” within the meaning of subsection 248(1) of the Tax Act with respect to the Units or any Basket disposed of in exchange for Units.

### Status of the RBC ETFs

This summary is based on the assumption that each of the RBC ETFs will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. Counsel is advised that each of the RBC ETFs anticipates that it will qualify as a “mutual fund trust” under the Tax Act. If an RBC ETF does not qualify as a “mutual fund trust” under the Tax Act, the income tax consequences would differ materially from those described below.

If an RBC ETF is not a mutual fund trust under the Tax Act throughout a taxation year, the RBC 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, (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 in such year.

If an RBC 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 RBC 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 RBC ETF itself will be treated as a financial institution under those special rules. Under those rules, the RBC 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 RBC ETF cease to be held by financial institutions, the tax year of the RBC 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 RBC ETF and will be distributed to unitholders. A new taxation year for the RBC ETF will then begin and for that and subsequent taxation years, for so long as not more than 50% of the Units of the RBC ETF are held by financial institutions, the RBC ETF will not be subject to these special mark-to-market rules. Initially, following the creation of an RBC ETF, a subsidiary of Royal Bank and/or other financial institutions will hold all the outstanding Units of the RBC ETF. As a result, each RBC ETF that does not qualify as a mutual fund trust will be subject to these special “mark-to-market” rules for so long as more than 50% of the Units of the RBC ETF are held by one or more financial institutions.

Provided that the Units of an RBC ETF are and continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the NEO Exchange and the TSX, or that the RBC ETF qualifies and continues to qualify as a mutual fund trust under the Tax Act or is a registered investment under the Tax Act, the Units of the RBC ETF will be a qualified investment under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units are and continue to be listed on the NEO Exchange or the TSX, as applicable. Any RBC ETF that is a “registered investment” under the Tax Act does not intend to make any investment which would result in the RBC ETF becoming subject to tax under Part X.2 of the Tax Act.

Notwithstanding the foregoing, if Units of an RBC ETF are a “prohibited investment” for a tax-free savings account (“TFSA”), registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered disability savings plan (“RDSP”) or registered education savings plan (“RESP”) that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP or annuitant of the RRSP or RRIF (any such holder, subscriber or annuitant, a “controlling individual”) will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust that does not deal at arm’s length with the controlling individual or in which the controlling individual has a significant interest, which generally means the ownership of 10% or more of the value of the trust’s outstanding units by the controlling individual, either alone or together with persons and partnerships with whom the controlling individual does not deal at arm’s length. However, the Units of an RBC ETF will not be prohibited investments for any TFSA, RRSP or RRIF at any time during the first 24 months after the RBC ETF was established, provided that the RBC ETF substantially complies with NI 81-102 during such time. In addition, Units of

an RBC ETF will not be a “prohibited investment” if the Units are otherwise “excluded property” as defined in the Tax Act for this purpose for TFSAs, RDSPs, RESPs, RRSPs and RRIFs. Generally, Units of an RBC ETF will be “excluded property” for a TFSA, RDSP, RESP, RRSP or RRIF if at the relevant time, (i) at least 90% of the value of all Units of the RBC ETF is owned by persons dealing at arm’s length with the controlling individual; (ii) the controlling individual deals at arm’s length with the RBC ETF; and (iii) certain other criteria set forth in the Tax Act are met. Holders of TFSAs or RDSPs, subscribers of RESPs and annuitants under RRSPs and RRIFs should consult with their tax advisors regarding whether Units of an RBC ETF would be a prohibited investment for such accounts or plans in their particular circumstances.

In the case of an exchange of Units of any RBC ETF for a Basket, a unitholder may receive securities. The securities received by a unitholder as a result of an exchange of Units may or may not be qualified investments for Registered Plans. Unitholders should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such pension plan are invested in accordance with the applicable regulations, investment criteria and statement of investment policies and procedures established for such pension plan.

### Taxation of the RBC ETFs

In computing its income, an RBC ETF will include taxable distributions received and considered to be received on securities held by it and the taxable portion of capital gains realized by the RBC ETF on the disposition of securities held by it. The Master Declaration of Trust governing the RBC ETFs requires that each RBC ETF distribute its net income and net realized capital gains, if any, for each taxation year of the RBC ETF to unitholders to such an extent that the RBC ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the RBC ETF and the capital gains refunds to which the RBC ETF is entitled). If in a taxation year the income for tax purposes of an RBC ETF exceeds the cash available for distribution by the RBC ETF, the RBC ETF will distribute all or a portion of its income through a payment of reinvested distributions.

An RBC ETF will include in computing its income for a taxation year any interest (or amount that is considered to be interest for the purposes of the Tax Act) that accrues or is deemed to accrue to the RBC ETF to the end of the year, or becomes receivable or is received by the RBC ETF before the end of the year, to the extent that such interest (or amount considered to be interest) was not included in computing the RBC ETF’s income for a preceding taxation year.

Losses incurred by an RBC ETF cannot be allocated to unitholders but may be carried forward and deducted by such RBC ETF in future years. The RBC ETFs are subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when an RBC ETF acquires a property (a “**substituted property**”) that is the same or identical to the property sold, within 30 days before and 30 days after the disposition and the RBC ETF, or a person affiliated with the RBC ETF, owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable RBC ETF cannot deduct the loss from the RBC ETF’s capital gains until the substituted property is sold and is not reacquired by the RBC ETF, or a person affiliated with the RBC ETF, within 30 days before and after the sale, which may increase the amount of net realized capital gains of the RBC ETF to be made payable to its unitholders.

Each RBC ETF is required to compute its income and gains for tax purposes in Canadian dollars and may therefore realize foreign exchange gains or losses in respect of investments that are not Canadian dollar denominated. Such foreign exchange gains and losses may be taken into account in computing its income for tax purposes, although in some cases such gains or losses may be offset by hedging transactions.

An RBC ETF may derive income or gains from investments in the United States and other foreign countries and, as a result, may be liable to pay tax to such countries. Such an RBC ETF may designate a portion of its foreign source income in respect of a unitholder so that such income and a portion of the foreign tax paid or considered to be paid by the RBC ETF may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

If appropriate designations are made by an Underlying Fund, real estate investment trust or income trust (“**underlying trusts**”) in which an RBC ETF invests, the nature of distributions from the underlying trust that are derived from taxable dividends received from taxable Canadian corporations (including eligible dividends), foreign source income and capital gains will be preserved in the hands of the RBC ETF that receives the distributions for the purpose of computing its income and making designations with respect to its own distributions to its unitholders. An RBC ETF may also receive distributions of ordinary income from the underlying trusts. The nature of such amounts received by an RBC ETF may be reflected in distributions from that RBC ETF to its unitholders.

## RBC ETFs Holding Derivative Securities

Generally, each RBC ETF holding derivatives as a substitute for direct investment will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the RBC ETF. Subject to the derivative forward agreement rules discussed below, where an RBC ETF uses derivatives to hedge foreign currency exposure with respect to securities held on capital account and the derivatives are sufficiently linked to such securities, gains or losses realized on such derivatives will be treated as capital gains or losses.

Under the derivative forward agreement rules in the Tax Act, the return on any derivative entered into by an RBC ETF that is a “derivative forward agreement” within the meaning of the Tax Act will be taxed as ordinary income rather than capital gains. The derivative forward agreement rules in the Tax Act will generally not apply to a derivative entered into by an RBC ETF in order to closely hedge gains or losses due to currency fluctuations on underlying capital investments of the RBC ETF.

## Taxation of Unitholders

### Distributions

A unitholder will be required to include in the unitholder’s income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains of the RBC ETF, if any, paid or payable to the unitholder in the year and deducted by the RBC ETF in computing its income, whether or not such amounts are reinvested in additional Units, including in the case of unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the RBC ETFs.

The non-taxable portion of any net realized capital gains of an RBC ETF that is paid or payable to a unitholder in a taxation year will not be included in computing the unitholder’s income for the year and, provided appropriate designations are made by the RBC ETF, will not reduce the adjusted cost base of the unitholder’s Units of that RBC ETF. Any other non-taxable distribution, such as a return of capital, will reduce the unitholder’s adjusted cost base. To the extent that a unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder and the unitholder’s adjusted cost base will be nil immediately thereafter.

Each RBC ETF will designate to the extent permitted by the Tax Act the portion of the net income distributed to unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends (including eligible dividends) received or considered to be received by the RBC ETF on shares of taxable Canadian corporations and (ii) net taxable capital gains, if any, realized or considered to be realized by the RBC ETF. Any such designated amount will be deemed for tax purposes to be received or realized by unitholders in the year as a taxable dividend (including an eligible dividend) and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends paid to an individual by a taxable Canadian corporation (including the enhanced gross-up and dividend tax credit applicable to dividends designated by the paying corporation as eligible dividends in accordance with the provisions of the Tax Act) will apply to amounts designated by the applicable RBC ETF as such taxable dividends (or as such eligible dividends). Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, each RBC ETF will similarly make designations in respect of its income from foreign sources, if any, so that, for the purpose of computing any foreign tax credit that may be available to a unitholder, the unitholder will generally be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid or considered to be paid by the RBC ETF to that country that is equal to the unitholder’s share of the RBC ETF’s income from sources in that country. Any loss of an RBC ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the unitholders of such RBC ETF.

### Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (including eligible dividends or dividends other than eligible dividends), capital gains, non-taxable amounts or foreign source income, and whether foreign tax has been paid for which the unitholder might be able to claim a foreign tax credit, where those items are applicable.

### **Tax Implications of the RBC ETFs' Distribution Policy**

When a unitholder acquires Units in an RBC ETF, a portion of the price paid may reflect income and realized capital gains of the RBC ETF that have not been distributed, and accrued capital gains that have not been realized, by the RBC ETF. This may particularly be the case near year-end before year-end distributions have been made. When and if such income and realized capital gains are distributed by the RBC ETF, and when and if such accrued capital gains are realized and distributed, such income and gains must be taken into account by the unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the unitholder. If the amounts of such distributions are reinvested in additional Units of the RBC ETF, the amounts will be added to the unitholder's adjusted cost base of its Units.

### **Capital Gains**

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the unitholder to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition. For USD Units, proceeds of disposition and each component of adjusted cost base is calculated in Canadian dollars based on the currency exchange rate at the time of the particular transaction. The adjusted cost base of Units held by a unitholder must be calculated separately for Units of each RBC ETF held by the unitholder. In general, the adjusted cost base of all Units of a particular RBC ETF held by the unitholder is the total amount paid for Units of that RBC ETF (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains, the taxable portion of which was designated as a taxable capital gain by the RBC ETF) such as a return of capital and less the adjusted cost base of any Units of that RBC ETF previously redeemed/exchanged by the unitholder. For the purpose of determining the adjusted cost base of Units of an RBC ETF to a unitholder, when Units of the RBC ETF are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of that RBC ETF owned by the unitholder as capital property immediately before that time.

If an RBC ETF realizes income or capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a unitholder, all or a portion of the amount received by the unitholder may be designated and treated for income tax purposes as a distribution to the unitholder out of such income or capital gains rather than being treated as proceeds of disposition of the Units.

Where Units of an RBC ETF are exchanged by the redeeming unitholder for Baskets, the proceeds of disposition to the unitholder of the Units will be equal to the fair market value of the Baskets so received, plus the amount of any cash received on the exchange, and less any capital gain or income realized by the RBC ETF as a result of the transfer of those Baskets which has been designated by the RBC ETF to the unitholder. The cost for tax purposes of securities acquired by a redeeming unitholder on the exchange or redemption of Units of the RBC ETF for Baskets will generally be the fair market value of such securities at that time. Where, on an exchange of Units for Baskets, a unitholder receives a bond on which interest has accrued but is not payable at the time of the exchange, the unitholder will generally include such interest in income in accordance with the Tax Act, but will be entitled to offset such amount by a deduction for such accrued interest. The unitholder's adjusted cost base for tax purposes of the bond will be reduced by such amount of accrued interest.

One half of any capital gain realized by a unitholder and the amount of any net taxable capital gains realized or considered to be realized by an RBC ETF and designated by the RBC ETF in respect of a unitholder will be included in the unitholder's income as a taxable capital gain. One half of a capital loss realized by a unitholder will be an allowable capital loss that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

In general terms, the following items will be taken into account in calculating the liability, if any, for alternative minimum tax of a unitholder who is an individual or a trust (other than certain specified trusts): (a) net income of the RBC ETF that is paid or payable to the unitholder and is designated as eligible dividends or net realized taxable capital gains, and (b) taxable capital gains that are realized on the disposition of Units by the unitholder.

### **Taxation of Registered Plans**

In general, the amount of a distribution paid or payable to a Registered Plan from an RBC ETF and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a tax-free savings account or a return of contributions from a registered education savings plan or certain withdrawals from a registered disability savings plan) will generally be subject to tax.

## INTERNATIONAL INFORMATION REPORTING

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the “IGA”), and related Canadian legislation, the RBC ETFs and the dealers through which unitholders hold their Units are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding Registered Plans), to the Canada Revenue Agency. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The Canada Revenue Agency will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions and safeguards of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”) an RBC ETF and the dealer through which unitholders hold their Units are required under Canadian legislation to identify and report (commencing in May 2018) to the Canada Revenue Agency certain information, including financial information (e.g. account balances), relating to unitholders of the RBC ETFs (other than Registered Plans) who are individual residents in a country outside Canada (other than the U.S.). Intermediaries and/or entities that hold Units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would then be available for sharing by the Canada Revenue Agency with the countries where such unitholders are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE RBC ETFs

### Manager, Trustee and Portfolio Manager of the RBC ETFs

RBC GAM is the manager, trustee and portfolio manager of the RBC ETFs and is responsible for the operations of the RBC ETFs, including the management of the RBC ETFs’ investment portfolios and the valuation of each RBC ETF’s assets. RBC GAM is the primary investment manager for the RBC® businesses serving the needs of private clients, including the RBC ETFs. RBC GAM is entitled to a management fee for acting as manager, trustee and portfolio manager of the RBC ETFs as described under “Fees and Expenses”. RBC GAM may resign as trustee and manager of any of the RBC ETFs by giving not less than 60 days’ prior written notice to unitholders of that RBC ETF and may resign as portfolio manager of any of the RBC ETFs in accordance with applicable law. RBC GAM may appoint a successor trustee, but if no such successor trustee is appointed within 30 days of RBC GAM’s resignation, the applicable RBC ETF will be terminated and its net assets distributed to unitholders.

The head office address of RBC GAM is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7.

RBC GAM will make available on its website, [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs), daily or more frequently, the following information for each RBC ETF:

- › Net Asset Value;
- › Net Asset Value per Unit; and
- › Units outstanding.

### Duties and Services Provided by the Manager of the RBC ETFs

Pursuant to the Master Declaration of Trust, RBC GAM is responsible for providing managerial, administrative and compliance services to the RBC ETFs, including purchasing and selling portfolio securities on behalf of the RBC ETFs, and providing or arranging for required services to the RBC ETFs including, without limitation:

- (a) authorizing the payment of fees, expenses or disbursements incurred on behalf of the RBC ETFs that are the responsibility of the RBC ETFs;
- (b) preparing reports to unitholders and the securities regulatory authorities, including interim and annual MRFPs and financial statements;
- (c) determining the amount of distributions to be made by the RBC ETFs; and
- (d) negotiating contractual agreements with service providers, including Designated Brokers, Authorized Dealers, Index Providers, custodian and valuation agent, registrar and transfer agent and auditor.



## Executive Officers and Directors of the Manager of the RBC ETFs

The following are the names, municipalities of residence, offices and principal occupations of the directors and executive officers of RBC GAM:

NAME	MUNICIPALITY OF RESIDENCE	POSITION AND OFFICE HELD WITH RBC GAM	CURRENT PRINCIPAL OCCUPATION
Wayne Bossert	Oakville, Ontario	Director	Deputy Chair and Head of Global Ultra-High Net Worth Clients and Canadian Private Banking, Royal Bank
Daniel E. Chornous	Toronto, Ontario	Director and Chief Investment Officer	Chief Investment Officer, RBC GAM
Douglas Coulter	Toronto, Ontario	Director and President, Retail	President, Retail, RBC GAM
Steve Gabor	Vancouver, British Columbia	Chief Financial Officer, RBC GAM	Chief Financial Officer, RBC GAM
Matthew D. Graham	Toronto, Ontario	Chief Operating Officer	Chief Operating Officer, RBC GAM
Douglas A. Guzman	Toronto, Ontario	Director and Chairman	Group Head, Wealth Management & Insurance, Royal Bank
Heidi Johnston	Squamish, British Columbia	Chief Financial Officer, RBC GAM Funds	Chief Financial Officer, RBC GAM Funds, RBC GAM
Daniela Moretti	Toronto, Ontario	Corporate Secretary	Assistant Secretary, Royal Bank
Dave Y. Mun	Toronto, Ontario	Director	Senior Vice President, Performance Management & Investor Relations, Royal Bank
Lawrence A.W. Neilsen	Vancouver, British Columbia	Chief Compliance Officer	Global Head of Compliance, RBC GAM
Chandra Stempien	Toronto, Ontario	Director	Managing Director and Head, Counterparty Credit Risk, Royal Bank
Damon G. Williams	North Vancouver, British Columbia	Director and Chief Executive Officer and Ultimate Designated Person	Chief Executive Officer, RBC GAM

Each of the people listed above has held his or her current position with RBC GAM or one of RBC GAM's predecessor amalgamating entities, RBC Asset Management Inc. and/or Phillips, Hager & North Investment Management Ltd., and his or her principal occupation during the five years preceding the date hereof, except for Wayne Bossert, who from June 2010 to February 2015 was Executive Vice President Sales, Canadian Banking, Royal Bank, Steve Gabor, who prior to December 1, 2017 was Acting Chief Financial Officer, RBC GAM and prior to July 2017 was Vice President, RBC GAM, Matthew D. Graham, who from September 2015 to June 2017 was Chief Operating Officer, International, RBC Global Asset Management (UK) Limited and from June 2009 to September 2015 was Vice President, Institutional Strategy, RBC GAM, Douglas A. Guzman, who from September 2006 to November 2015 was Managing Director, RBC Dominion Securities Inc. and from September 2008 to November 2015 was Head of Global Investment Banking, RBC Dominion Securities Inc., Heidi Johnston, who prior to December 1, 2017 was Acting Chief Financial Officer, RBC GAM Funds and prior to July 2017 was Vice President, RBC GAM, Daniela Moretti, who from March 9, 2018 is Corporate Secretary, RBC GAM and holds various positions with other Royal Bank affiliates, and also serves as Senior Counsel in the Royal Bank Subsidiary Governance Office and as Assistant Secretary for Royal Bank, and prior to September 2017 was Senior Counsel and Assistant Secretary, Royal Bank, Dave Y. Mun, who from June 2014 to June 2016 was Vice President, Finance, Wealth Management, Royal Bank, from July 2012 to June 2014 was Vice President, Finance – Performance Management, Royal Bank and prior thereto held various positions with Royal Bank and RBC Dominion Securities Inc., Chandra Stempien, who from November 2013 to December 2015 was Head of Market, Operational and Trading Credit Risk – Asia Pacific, Royal Bank and from May 2011 to November 2013 was Director, Counterparty Credit Risk Analysis and Measurement, Royal Bank and Damon G. Williams, who from November 2010 to April 2015 was President, Institutional, RBC GAM.

The RBC ETFs do not have directors or officers. RBC GAM, in its capacity as trustee of the RBC ETFs, is not entitled to any remuneration. RBC GAM, in its capacity as manager of the RBC ETFs, is entitled to receive a management fee set out under “Fees and Expenses – Fees and Expenses Payable by the RBC ETFs – Management Fee”.

## Conflicts of Interest

RBC GAM, on behalf of each of the RBC ETFs, has entered or will enter into a Designated Broker Agreement with one or more Designated Brokers pursuant to which the Designated Broker has agreed to perform certain duties relating to the RBC ETFs including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the applicable Exchange’s original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the portfolio of an RBC ETF and when cash redemptions of Units occur; and (iii) to post a liquid two-way market for the trading of Units on the applicable Exchange. RBC Dominion Securities Inc., an affiliate of RBC GAM, has agreed to act as a Designated Broker and Authorized Dealer for the RBC ETFs.

The directors and officers of RBC GAM may be directors, officers, shareholders or unitholders of one or more issuers from which the RBC ETFs may acquire securities. RBC GAM and its affiliates may be managers or portfolio managers of one or more issuers from which the RBC ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the RBC ETFs. Such transactions will only be undertaken upon obtaining any required regulatory approvals.

RBC GAM and its principals and affiliates do not devote their time exclusively to the management of the RBC ETFs. In addition, such persons perform similar or different services for others and may sponsor or establish other investment funds during the same period that they act on behalf of RBC ETFs. Such persons therefore will have conflicts of interest in allocating management time, services and functions to the RBC ETFs and the other persons for which they provide similar services.

## Independent Review Committee

The IRC of the RBC ETFs reviews advisory matters relating to conflicts of interest and provides input on conflict of interest matters in respect of RBC GAM and the RBC ETFs.

In its role as the independent review committee of the RBC ETFs, the IRC will, no less frequently than annually, review and assess the adequacy and effectiveness of:

- › RBC GAM’s policies and procedures relating to conflict of interest matters in respect of the RBC ETFs;
- › any standing instructions it has provided to RBC GAM pertaining to conflict of interest matters in respect of the RBC ETFs;
- › RBC GAM’s and the RBC ETFs’ compliance with any conditions imposed by the IRC in a recommendation or approval; and
- › any subcommittee to which the IRC has delegated any of its functions.

In addition, the IRC will, no less frequently than annually, review and assess the independence of its members, the compensation of its members, its effectiveness and the contribution and effectiveness of its members. The IRC will provide RBC GAM with a report of the results of such assessment.

The IRC will prepare an annual report that describes its activities as the independent review committee of the RBC ETFs. For a copy of this report (when it becomes available), at no cost, call us at 1-855-RBC-ETFS (722-3837) or ask your dealer. You can also get a copy of this report (when it becomes available) on the RBC ETFs website at [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs) or by sending an email to [etfs.investments@rbc.com](mailto:etfs.investments@rbc.com) (English) or [fnb.investissements@rbc.com](mailto:fnb.investissements@rbc.com) (French).

This report and other information about the IRC will also be available at [www.sedar.com](http://www.sedar.com).

The IRC is composed of seven members and each is independent of RBC GAM, the RBC ETFs and entities related to RBC GAM. Set forth below is the name, municipality of residence and principal occupation of each of the members of the IRC:

NAME	MUNICIPALITY OF RESIDENCE	CURRENT PRINCIPAL OCCUPATION
Paul K. Bates	Millgrove, Ontario	Academic and former Investment Industry Executive
Elaine Cousineau Phénix <sup>1</sup>	Montreal, Quebec	President, Phénix Capital Inc.



NAME	MUNICIPALITY OF RESIDENCE	CURRENT PRINCIPAL OCCUPATION
Catherine J. Kloepper	Winnipeg, Manitoba	Senior Vice President, Corporate Services and Chief Financial Officer, Winnipeg Airports Authority Inc.
Charles F. Macfarlane <sup>2</sup>	Toronto, Ontario	Board Director and former Investment Industry Executive and Regulator
Linda S. Petch	Victoria, British Columbia	Principal, Linda S. Petch Governance Services
Mary C. Ritchie	Edmonton, Alberta	President and Chief Executive Officer, Richford Holdings Ltd.
Suomitra Sanatani	Edmonton, Alberta	Corporate Director

Notes:

<sup>1</sup> Chair of the IRC

<sup>2</sup> Vice Chair of the IRC

The IRC acts as the independent review committee of the investment funds managed by RBC GAM, including the RBC ETFs. Each IRC member is entitled to receive an annual fee of \$55,000 (\$65,000 for the Chair), a meeting fee of \$5,000 for each regularly scheduled IRC meeting and a meeting fee of \$1,500 for additional full IRC meetings by conference call. Each member of the IRC is also reimbursed for expenses in connection with performing his or her duties in this regard. These fees and expenses are allocated among all of the investment funds managed by RBC GAM in a manner that is fair and reasonable.

### Policies, Procedures, Practices and Guidelines

RBC GAM has established appropriate policies, procedures, practices and guidelines to ensure the proper management of the RBC ETFs including, as required by NI 81-107, policies and procedures relating to conflicts of interest. The systems used by RBC GAM in relation to the RBC ETFs monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the RBC ETFs, while ensuring compliance with applicable regulatory, compliance and corporate requirements. RBC GAM personnel responsible for compliance, together with management of RBC GAM, ensure that these policies, procedures, practices and guidelines are communicated from time to time to all relevant persons and are updated as necessary (including the systems referred to above) to reflect changing circumstances. RBC GAM also monitors the application of all such policies, procedures, practices and guidelines to ensure their continuing effectiveness.

Compliance with the investment practices and investment restrictions mandated by securities legislation is monitored by RBC GAM on a regular basis.

RBC GAM has also developed a personal trading policy for employees (the “**Policy**”) which is designed to prevent potential, perceived or actual conflicts between the interests of RBC GAM and its staff and the interests of clients and the RBC ETFs. Under the Policy, certain RBC GAM personnel are required to pre-clear certain personal securities transactions in order to ensure that those trades do not conflict with the best interests of the RBC ETFs and have not been offered to the person because of the position they hold in RBC GAM. RBC GAM has also adopted the basic principles set out in the Code of Ethics on Personal Investing established by the Investment Funds Institute of Canada.

### Custodian and Valuation Agent

RBC IS is the custodian and valuation agent of the RBC ETFs and provides administrative services to the RBC ETFs pursuant to a custodian agreement between RBC GAM, in its capacity as trustee and manager of the RBC ETFs, and RBC IS dated as of September 2, 2011 (as amended from time to time, the “**Custodian Agreement**”) and a valuation and administrative services agreement dated September 9, 2011 between RBC GAM, in its capacity as trustee and manager of the RBC ETFs, and RBC IS (as amended from time to time, the “**Valuation and Administrative Services Agreement**”). RBC IS is responsible for certain aspects of the day-to-day administration of the RBC ETFs, including calculating Net Asset Value, net income and net realized capital gains of the RBC ETFs. RBC IS’s principal office is located in Toronto, Ontario. Royal Bank owns 100% of RBC IS and RBC IS is an affiliate of RBC GAM.

## Registrar and Transfer Agent

The registrar and transfer agent for the Units of the RBC ETFs is TSX Trust Company, at its principal offices in Toronto, Ontario.

## Auditor

The auditor of the RBC ETFs is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, located at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

## Securities Lending Agent

RBC IS of Toronto, Ontario is the securities lending agent of each of the RBC ETFs pursuant to an amended and restated securities lending agency agreement between RBC GAM and RBC IS dated June 27, 2011 (the “**Securities Lending Agency Agreement**”). RBC IS is a wholly owned subsidiary of Royal Bank and an affiliate of RBC GAM. In accordance with the Securities Lending Agency Agreement, RBC IS will value the loaned securities and the collateral daily to ensure that the collateral is worth at least 102% of the value of the securities. Pursuant to the terms of the Securities Lending Agency Agreement, RBC IS will indemnify and hold harmless each of the RBC ETFs from any losses which may result from a breach of RBC IS’s standard of care or from its negligence, fraud or wilful misconduct. Either party may terminate the Securities Lending Agency Agreement by giving the other party five business days’ written notice.

## Designated Brokers

Prior to the initial issuance of Units to the public, RBC GAM will appoint a Designated Broker for each of the RBC ETFs. RBC GAM may appoint other Designated Brokers or change existing Designated Brokers from time to time. All Designated Brokers must be members of the Investment Industry Regulatory Organization of Canada and participants in the applicable Exchange and CDS. See “Purchase of Units – Designated Brokers”.

## Promoter

RBC GAM has taken the initiative in founding and organizing the RBC ETFs and, accordingly, may be considered to be the promoter within the meaning of securities legislation of certain provinces and territories of Canada. RBC GAM, in its capacity as manager, trustee and portfolio manager of the RBC ETFs, receives compensation from the RBC ETFs. See “Fees and Expenses”.

## CALCULATION OF NET ASSET VALUE

The Net Asset Value of each class of Units of an RBC ETF will be equal to the value of the total assets held by the RBC ETF allocated to the class *pro rata*, less an amount equal to the total liabilities of the RBC ETF allocated to the class *pro rata*. Each RBC ETF will calculate the Net Asset Value for each class of Units on a daily basis after the close of the market on each day on which trading takes place on the applicable Exchange (a “**Canadian Trading Day**”), or on such other days as RBC GAM may determine, in its sole discretion.

## Valuation Policies and Procedures

The determination of the Net Asset Value of a class of Units of an RBC ETF will be made on the following basis for the purpose of any issue or redemption of Units by an RBC ETF:

- (a) the value of any cash on hand, on deposit or on call loan, prepaid expenses, cash dividends declared on an ex-dividend basis and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless it is determined that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be the fair value thereof;
- (b) the value of any security which is listed or dealt with on a stock exchange or traded on an over-the-counter market will be (i) in the case of a security which was traded on a Canadian Trading Day, the closing sale price, or (ii) in the case of a security which was not traded on a Canadian Trading Day, the price last determined for such security for the purpose of calculating the Net Asset Value of an RBC ETF; provided, however, that if the security is an underlying RBC ETF, the value of that underlying RBC ETF may be its reported net asset value if RBC GAM, in its discretion, reasonably determines that such net asset value is fair, reasonable and reliable in the relevant circumstances;

- (c) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that an RBC ETF's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (d) the value of a futures contract will be (i) if daily limits imposed by the futures exchange through which the futures contract was issued are not in effect, the gain or loss on the futures contract that would be realized if, on a Canadian Trading Day, the position in the contract were to be closed out; or (ii) if daily limits imposed by the futures exchange through which the futures contract was issued are in effect, based on the current market value of the underlying interest of the futures contract;
- (e) margin paid or deposited on futures contracts will be reflected as an account receivable, and, if not in the form of cash, will be noted as held for margin;
- (f) any market price reported in foreign currency will be translated into Canadian currency at the prevailing rate of exchange, as determined by RBC GAM, on the Canadian Trading Day the Net Asset Value of the applicable RBC ETF is being determined;
- (g) the value of a forward contract or swap will be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (h) all expenses or liabilities (including fees payable to RBC GAM) of an RBC ETF shall be calculated on an accrual basis; and
- (i) notwithstanding the foregoing, the value of the total assets held by an RBC ETF will be the value that RBC GAM determines, in its reasonable discretion, most accurately reflects its value in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth.

The value of any security or property to which the above valuation principles cannot be applied (because no price or yield equivalent quotations are available as provided above, or the current pricing option is not appropriate, or for any other reason), shall be the fair value as determined from time to time by RBC GAM.

### **Net Asset Value per Unit**

The Net Asset Value per Unit of a class of each RBC ETF will be calculated on each Canadian Trading Day, or on such other days as RBC GAM may determine in its sole discretion, after the close of the market by dividing the Net Asset Value of the Units of the applicable RBC ETF by the total number of Units of the class outstanding. The Net Asset Value per Unit and Net Asset Value of each RBC ETF will be determined in the currency in which the Units are denominated and may also be determined in any other currency at the discretion of RBC GAM from time to time.

Each portfolio transaction will be reflected in the computation of Net Asset Value per Unit no later than the computation of Net Asset Value per Unit next made after the date on which the transaction becomes binding. The issue, exchange or redemption of Units of a class will be reflected in the computation of Net Asset Value per Unit of the class next made after the computation made for the purpose of such issue, exchange or redemption.

### **Reporting of Net Asset Value**

The Net Asset Value and Net Asset Value per Unit of each class of each RBC ETF will be displayed daily on the RBC ETFs website at [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs).

## **PLAN OF DISTRIBUTION**

Units of the RBC ETFs will (subject to satisfying the applicable Exchange's original listing requirements) be listed on the NEO Exchange or the TSX, as applicable, and offered on a continuous basis and an investor will be able to buy or sell Units of the RBC ETFs on the applicable Exchange or any other exchange on which the RBC ETFs are traded through registered brokers and dealers in the province or territory where the investor resides.

## Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of an RBC ETF. RBC GAM may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If RBC GAM becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of an RBC ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, RBC GAM may make a public announcement thereof. If RBC GAM determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, then (i) the RBC ETF shall not accept any such subscription or any other subscription for Units from any such non-resident and/or partnership or issue any Units to any such non-resident and/or partnership and (ii) RBC GAM may send a notice to such non-resident unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as RBC GAM may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the unitholders receiving such notice have not sold the specified number of Units or provided RBC GAM with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, RBC GAM may on behalf of such unitholders exchange and/or redeem such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such exchange and/or redemption, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds realized on the exchange and/or redemption of such Units.

Notwithstanding the foregoing, RBC GAM may determine not to take any of the actions described above if RBC GAM has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the RBC ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the RBC ETF as a mutual fund trust for purposes of the Tax Act.

## ATTRIBUTES OF THE SECURITIES

### Description of the Securities Distributed

A Unit of each RBC ETF represents an equal beneficial interest in the applicable RBC ETF. Each RBC ETF is entitled to issue an unlimited number of CAD Units. The RBC U.S. Banks Yield Index ETF is also entitled to issue an unlimited number of USD Units.

The USD Units of the RBC U.S. Banks Yield Index ETF will be identical to the CAD Units of the fund except that the USD Units will be denominated in U.S. dollars whereas the CAD Units will be denominated in Canadian dollars.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. Each of the RBC ETFs is a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units and each RBC ETF is governed by the laws of the Province of Ontario by virtue of the provisions of the Master Declaration of Trust.

### Subscriptions

All orders to purchase Units directly from the RBC ETFs must be placed by Authorized Dealers or Designated Brokers. See "Purchase of Units – Issuance of Units".

### Certain Provisions of the Units

Each Unit of each class of an RBC ETF has identical rights and privileges. Each whole Unit of a class is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by an RBC ETF to unitholders, including distributions of net income and net realized capital gains and distributions upon the termination of the RBC ETF. See "Unitholder Matters". Units are issued only as fully paid and are non-assessable.

## Exchange of Units for Baskets

Unitholders of the RBC ETFs may exchange the Prescribed Number of Units (or an integral multiple thereof) of any RBC ETF on any Trading Day for Baskets and cash. See “Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets and Cash”.

## Redemptions of Units for Cash

On any Trading Day, unitholders may redeem Units of any RBC ETF for cash at a redemption price per Unit equal to 95% of the Net Asset Value of the applicable Units of the class on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the applicable Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to RBC GAM or the RBC ETFs in connection with selling Units on the applicable Exchange. See “Exchange and Redemption of Units – Redemption of Units for Cash”.

Unitholders of an RBC ETF will not have any right to vote Constituent Securities held by such RBC ETF.

## UNITHOLDER MATTERS

### Meetings of Unitholders

Except as otherwise required by law, meetings of unitholders of an RBC ETF will be held if called by RBC GAM upon written notice of not less than 21 days, nor more than 50 days, before the meeting.

### Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of unitholders of an RBC ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the RBC ETF or directly to its unitholders by the RBC ETF or RBC GAM in connection with the holding of Units of the RBC ETF is changed in a way that could result in an increase in charges to the RBC ETF or its unitholders, except where:
  - (a) the RBC ETF is at arm’s length to the person or company charging the fee or expense;
  - (b) the unitholders have received at least 60 days’ prior written notice before the effective date of the change; and
  - (c) the right to notice described in (b) is disclosed in the prospectus of the RBC ETF;
- (ii) a fee or expense, to be charged to an RBC ETF or directly to its unitholders by the RBC ETF or RBC GAM in connection with the holding of Units of the RBC ETF that could result in an increase in charges to the RBC ETF or its unitholders, is introduced;
- (iii) the manager of the RBC ETF is changed, unless the new manager of the RBC ETF is an affiliate of RBC GAM;
- (iv) the fundamental investment objectives of the RBC ETF are changed;
- (v) the RBC ETF decreases the frequency of the calculation of its Net Asset Value per Unit;
- (vi) the RBC ETF undertakes a reorganization with, or transfers its assets to, another mutual fund; if the RBC ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the unitholders of the RBC ETF becoming securityholders in the other mutual fund, unless:
  - (a) the IRC, in its capacity as independent review committee of the RBC ETF, has approved the change in accordance with NI 81-107;
  - (b) the RBC ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is subject to NI 81-102 and NI 81-107 and managed by RBC GAM, or an affiliate of RBC GAM;
  - (c) the unitholders have received at least 60 days’ prior written notice before the effective date of the change;
  - (d) the right to notice described in (c) is disclosed in the prospectus of the RBC ETF; and
  - (e) the transaction complies with certain other requirements of applicable securities legislation;
- (vii) the RBC ETF undertakes a reorganization with, or acquires assets from, another mutual fund; if the RBC ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming unitholders of the RBC ETF, and the transaction would be a material change to the RBC ETF; or

(viii) any matter which is required by the constating documents of the RBC ETF or by the laws applicable to the RBC ETF or by any agreement to be submitted to a vote of the unitholders of the RBC ETF.

In addition, the auditors of an RBC ETF may not be changed unless:

- (i) the IRC, in its capacity as the independent review committee of the RBC ETF, has approved the change in accordance with NI 81-107;
- (ii) unitholders have received at least 60 days' prior written notice before the effective date of the change; and
- (iii) the right to notice described in (ii) is disclosed in the prospectus of the RBC ETFs.

Approval of unitholders of an RBC ETF will be deemed to have been given if expressed by resolution passed at a meeting of unitholders of the RBC ETF duly called and held for the purpose of considering the same, by at least a majority of the votes cast.

### Amendments to the Master Declaration of Trust

RBC GAM may amend the Master Declaration of Trust from time to time in writing. Except in the circumstances set out below, RBC GAM must notify unitholders at least 60 days prior to the effective date of any amendments made to the Master Declaration of Trust. None of the following shall occur in respect of an RBC ETF unless duly approved by at least a majority of the unitholders present in person or by proxy at a meeting of unitholders which has been duly called and held for that purpose:

- (a) any modification, amendment, alteration or deletion of the rights, privileges or restrictions attaching to Units set out in the Master Declaration of Trust;
- (b) any change in the fundamental investment objectives of an RBC ETF set out in the Master Declaration of Trust;
- (c) any increase in the amount of fees payable by an RBC ETF; and
- (d) any other matter in respect of which applicable securities legislation would require a unitholder vote to be held.

Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of unitholders.

Pursuant to the Master Declaration of Trust, RBC GAM is not required to provide notice with respect to any amendment to the Master Declaration of Trust that is (i) made to ensure continuing compliance with Canadian securities legislation and other applicable laws in effect from time to time; (ii) intended to provide additional protection for unitholders; or (iii) intended to deal with minor or clerical matters or to correct typographical mistakes, ambiguities or manifest omissions or errors or any amendment which, in the opinion of RBC GAM, is not prejudicial to unitholders and is necessary or desirable.

### Permitted Mergers

An RBC ETF may, without unitholder approval, enter into a merger or other similar transaction with any Canadian mutual fund which has a similar investment objective, valuation procedure and fee structure (a "**Permitted Merger**"), subject to:

- (a) approval of the merger by the IRC, in its capacity as the independent review committee of the applicable RBC ETF;
- (b) compliance with certain merger pre-approval conditions set out in Section 5.6 of NI 81-102; and
- (c) written notice being provided to unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective Net Asset Values for the purpose of such transaction.

### Reporting to Unitholders

The fiscal year-end of the RBC ETFs is December 31. The RBC ETFs will deliver or make available to unitholders (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each unitholder will also be mailed annually, by his or her broker, no later than March 31, information necessary to enable such unitholder to complete an income tax return with respect to amounts paid or payable by one or more RBC ETFs in respect of the preceding taxation year of such RBC ETF(s).

## TERMINATION OF THE RBC ETFs

Each RBC ETF may be terminated by RBC GAM without unitholder approval on not less than 60 days' notice to unitholders. RBC GAM may also terminate an RBC ETF in the event that the Index Provider ceases to calculate the Index or the respective License Agreement is terminated, as described above under "The Indices – Termination of the Indices". The rights of unitholders to exchange and redeem Units will cease as and from the Termination Date of the applicable RBC ETF so fixed by RBC GAM. Upon termination on the Termination Date of an RBC ETF, the portfolio securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the RBC ETF shall be distributed *pro rata* among the unitholders of the RBC ETF.

## PRINCIPAL HOLDERS OF SECURITIES

CDS & Co., the nominee of CDS, is the registered owner of the Units of all of the RBC ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, an RBC ETF or another investment fund managed by RBC GAM or an affiliate thereof may beneficially own, directly or indirectly, more than 10% of the Units of a class of an RBC ETF.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

RBC GAM, on behalf of the RBC ETFs, may enter into various Authorized Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Authorized Dealers may subscribe for Units of one or more of the RBC ETFs as described under "Purchase of Units – Issuance of Units".

RBC GAM will receive fees for its services to the RBC ETFs. See "Fees and Expenses".

RBC Dominion Securities Inc, an affiliate of RBC GAM, is an investor in Aequitas Innovations Inc., owning approximately 15%. Aequitas Innovations Inc. is the parent company of the NEO Exchange. Units of the RBC ETFs will be listed on the NEO Exchange. Trades in units of exchange-traded funds managed by RBC GAM may be routed to the NEO Exchange.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

As portfolio manager for the RBC ETFs, RBC GAM has responsibility for the investment management of the RBC ETFs, including the exercise of voting rights attaching to securities held by the RBC ETFs. In the case of certain sub-advised RBC ETFs, RBC GAM has delegated the investment management responsibility and the related obligation to exercise the RBC ETF's voting rights to the sub-advisor of the RBC ETF. In the discussion below, "RBC ETF(s)" may also refer to Underlying Fund(s).

Each RBC ETF has proxy voting policies and procedures that apply to securities held by the RBC ETF to which voting rights are attached. RBC GAM has established proxy voting policies, procedures and guidelines (the "Proxy Voting Guidelines") for securities held by the RBC ETFs to which voting rights are attached. The Proxy Voting Guidelines provide that each RBC ETF's voting rights will be exercised in accordance with the best interests of the RBC ETF.

Certain sub-advisors have established their own proxy voting policies and procedures for the RBC ETFs sub-advised by them and others have adopted the Proxy Voting Guidelines. For sub-advisors who have established their own proxy voting policies and procedures, RBC GAM reviews such policies and procedures on an annual basis.

Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

The Proxy Voting Guidelines set out the principles of corporate governance that RBC GAM will follow to determine whether and how to vote on any matter for which an RBC ETF receives proxy materials. The Proxy Voting Guidelines establish guidelines relating to the voting of securities of an issuer for the following categories of matters: board of directors, management and director compensation, takeover bid protection, shareholder rights and shareholder proposals. While RBC GAM will generally vote the RBC ETFs' proxies in accordance with



the Proxy Voting Guidelines, there may be circumstances where it believes it is in the best interests of an RBC ETF to vote differently than the manner contemplated by the guidelines. The ultimate decision as to the manner in which the RBC ETFs' proxies will be voted rests with RBC GAM. Any matters not covered by the Proxy Voting Guidelines, including business issues specific to the issuer or issues raised by shareholders of the issuer, will be assessed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

RBC GAM has retained Institutional Shareholder Services Inc. to provide administrative and proxy voting services to the RBC ETFs. RBC GAM also has a Proxy Voting Policy which includes procedures to ensure that voting rights are exercised in accordance with the best interests of the RBC ETFs.

If the potential for a conflict of interest arises in connection with proxy voting, the Proxy Voting Policy provides for consideration of the issue by the IRC of the RBC ETFs and provision of its recommendation to RBC GAM.

For sub-advisors following their own proxy voting policies and procedures, such policies and procedures guide the sub-advisor in determining whether and how to vote on any matter for which the sub-advised RBC ETF receives proxy materials.

The Proxy Voting Guidelines and each sub-advisor's proxy voting policy, as applicable, are available on request, at no cost, by calling 1-855-RBC-ETFS (722-3837) or by writing to RBC Global Asset Management Inc., 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7. The Proxy Voting Guidelines are also available from the RBC GAM website at [www.rbcgam.com](http://www.rbcgam.com).

The proxy voting record for each RBC ETF for the most recent 12-month period ended June 30 of each year will be available at no cost to any unitholder of the RBC ETF upon request at any time after August 31 of that year. The proxy voting record for each RBC ETF will also be available from the RBC ETFs website at [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs).

## Voting Rights and Fund of Funds Investments

Each of the RBC U.S. Equity (CAD Hedged) Index ETF, RBC International Equity (CAD Hedged) Index ETF and RBC U.S. Banks Yield (CAD Hedged) Index ETF may invest in other Underlying Funds, including, in some cases, another RBC ETF. If a unitholder meeting is called for an Underlying Fund that is managed by us or an affiliate, you will have the voting rights that come with the units of the Underlying Fund and we will not vote the units of the Underlying Fund.

## MATERIAL CONTRACTS

The following table summarizes the material contracts for the RBC ETFs. These contracts are available for inspection at the offices of the RBC ETFs at the address above.

CONTRACT	PURPOSE	DATED
Master Declaration of Trust	The creation, issue, trading, exchange and redemption of Units of the RBC ETFs are provided for in the Master Declaration of Trust made by RBC GAM.	April 20, 2018
Custodian Agreement	RBC IS is custodian of the RBC ETFs.	September 2, 2011, as amended on February 29, 2012, August 23, 2012, January 2, 2014, September 15, 2014, April 15, 2015, January 6, 2016, August 15, 2016, August 1, 2017, August 25, 2017, February 27, 2018 and April 20, 2018

CONTRACT	PURPOSE	DATED
Valuation and Administrative Services Agreement	RBC IS is the valuation agent of the RBC ETFs and provides certain administrative services to the RBC ETFs, including fund accounting.	September 9, 2011, as amended on February 29, 2012, August 23, 2012, January 2, 2014, September 15, 2014, April 15, 2015, January 6, 2016, August 15, 2016, August 1, 2017, August 25, 2017, February 27, 2018 and April 20, 2018
Framework Agreement – FTSE, FTSE TMX and Frank Russell Company	The agreement containing the basic terms of the license relationship between FTSE/FTSE TMX and the applicable related RBC ETFs.	June 30, 2017, as amended on March 1, 2018
Funds/Products Agreement – FTSE, FTSE TMX and Frank Russell Company	The right to use the FTSE Indices and the FTSE TMX Indices and certain related trademarks as a basis for the operation of the related RBC ETFs.	June 30, 2017, as amended on March 1, 2018
Solactive Index License Agreement	The right to use the Solactive U.S. Banks Yield Index and the Solactive U.S. Banks Yield (CAD Hedged) Index and certain trademarks as a basis for the operation of the related RBC ETFs.	September 23, 2016, as amended on July 12, 2017 and February 26, 2018

## License Agreements

### FTSE

RBC GAM has entered into a framework agreement and a funds/products agreement each dated June 30, 2017 with FTSE, FTSE TMX and Frank Russell Company, as applicable, (as amended from time to time, collectively, the “**FTSE License Agreement**”) under which RBC GAM has the right, on and subject to the terms of the FTSE License Agreement, to use the FTSE Indices as a basis for the operation of the RBC U.S. Equity (CAD Hedged) Index ETF and RBC International Equity (CAD Hedged) Index ETF (collectively, the “**FTSE RBC ETFs**”), and to use certain trademarks in connection with these Indices and the FTSE RBC ETFs. The initial term of the FTSE License Agreement will expire on the twelve-month anniversary of the Commencement Date (as defined therein), but the FTSE License Agreement may be terminated prior to that date in certain circumstances. Following the expiration of the initial term, the FTSE License Agreement will be automatically renewed on an annual basis unless the agreement is terminated earlier in accordance with its terms. If the FTSE License Agreement is terminated for any reason, RBC GAM will no longer be able to operate the FTSE RBC ETFs based on the FTSE Indices.

The RBC U.S. Equity (CAD Hedged) Index ETF and RBC International Equity (CAD Hedged) Index ETF are not in any way sponsored, endorsed, sold or promoted by FTSE or the London Stock Exchange Group companies (“**LSEG**”) (together, the “**FTSE Licensor Parties**”) and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE USA Hedged 100% to CAD Index and FTSE Developed ex North America Hedged 100% to CAD Index (collectively, the “**FTSE Indices**” and each, a “**FTSE Index**”) (upon which the RBC U.S. Equity (CAD Hedged) Index ETF and RBC International Equity (CAD Hedged) Index ETF, respectively, is based), (ii) the figure at which each FTSE Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the FTSE Index for the purpose to which it is being put in connection with the RBC U.S. Equity (CAD Hedged) Index ETF or RBC International Equity (CAD Hedged) Index ETF, as applicable.

None of the FTSE Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the FTSE Indices to RBC GAM or to its clients. The FTSE Indices are calculated by FTSE or its agent. None of the FTSE Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in a FTSE Index or (b) under any obligation to advise any person of any error therein.

All rights in the FTSE Indices vest in FTSE. “FTSE” is a trademark of FTSE and is used under licence.

## Solactive AG

Under the terms of the Solactive Index License Agreement with Solactive AG, RBC GAM has agreed to include the following language in this prospectus:

The Bank Yield Index ETFs are not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive U.S. Banks Yield Index or the Solactive U.S. Banks Yield (CAD Hedged) Index (collectively the “**Solactive Indices**” and each, a “**Solactive Index**”) and/or index trademark or the index price at any time or in any other respect. The Solactive Indices are calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that each Solactive Index is calculated correctly. Irrespective of its obligations towards the Bank Yield Index ETFs, Solactive AG has no obligation to point out errors in the Solactive Indices to third parties, including but not limited to investors and/or financial intermediaries of the financial instrument. Neither publication of the Solactive Indices by Solactive AG nor the licensing of the Solactive Indices or index trademark for the purpose of use in connection with the financial instrument constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Bank Yield Index ETFs.

## EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the RBC ETFs and RBC GAM, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations”. As of the date hereof, partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the RBC ETFs.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the RBC ETFs, has consented to the inclusion of its report on the RBC ETFs dated April 25, 2018. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the RBC ETFs within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

## EXEMPTIONS AND APPROVALS

Each RBC ETF has received exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (a) to permit the redemption of less than the Prescribed Number of Units of an RBC ETF at a price equal to 95% of the Net Asset Value of the applicable Units on the effective date of redemption;
- (b) to relieve the RBC ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve the RBC ETFs from the requirement to include in the prospectus a statement respecting purchasers’ statutory rights of withdrawal and remedies of rescission as prescribed in item 36.2 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus*;
- (d) to enable the purchase by a unitholder of more than 20% of the Units of any RBC ETF through purchases on the applicable Exchange without regard to the takeover bid requirements of applicable Canadian securities legislation provided that any such unitholder, and any person acting jointly or in concert with the unitholder, undertakes to RBC GAM not to vote more than 20% of the Units of that RBC ETF at any meeting of unitholders;
- (e) to permit an RBC ETF to borrow cash for a period not longer than 45 days and, if required by the lender, provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to unitholders that represents amounts that have not yet been received by that RBC ETF and, in any event, does not exceed 5% of the net assets of such RBC ETF;
- (f) to permit an RBC ETF to purchase equity securities in respect of which a related party has acted as underwriter where a prospectus has not been filed, provided that: (i) the issuer is a reporting issuer in Canada and (ii) the conditions which apply to purchasers where a prospectus has been filed are complied with;

- (g) to permit an RBC ETF to purchase equity securities distributed in the United States and the United Kingdom, European Union, Switzerland, Norway, Australia, Hong Kong and Singapore (collectively, the “other jurisdictions”) provided that: (i) any related party that is involved in the distribution is regulated in respect of its underwriting activities in Canada, the United States or such other jurisdictions, (ii) the securities issued in the distribution must be listed on a recognized exchange and if the securities are acquired during the 60-day period after the distribution they are acquired on a recognized exchange and (iii) the conditions which apply to the purchase of equity securities distributed in Canada in respect of which a related party has acted as underwriter are complied with;
- (h) to permit the RBC ETFs to purchase a security of an underlying ETF or enter into a specified derivatives transaction with respect to an underlying ETF even though, immediately after the transaction, more than 10% of the Net Asset Value of the RBC ETF would be invested, directly or indirectly, in the securities of the underlying ETF;
- (i) to permit the RBC ETFs to purchase securities of an underlying ETF such that, after the purchase, the RBC ETF would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the underlying ETF; or (ii) the outstanding equity securities of the underlying ETF;
- (j) to permit the RBC ETFs to invest in exchange-traded mutual funds that are not subject to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*; and
- (k) to permit each RBC ETF to pay brokerage commissions in relation to its purchase and sale on a recognized exchange of exchange-traded mutual funds that are managed by the Filer or an affiliate of the Filer.

The practices described in paragraphs (e) to (g) above must be carried out in accordance with NI 81-107 in respect of standing instructions of the IRC and reporting to securities regulatory authorities.

The practices described in paragraphs (h) to (k) above are permitted, provided that: (i) an RBC ETF does not short sell securities of an underlying ETF; (ii) the underlying ETF does not rely on exemptive relief from: (A) the requirements of section 2.3 of NI 81-102 regarding the purchase of physical commodities; (B) the requirements of sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or (C) subsections 2.6(a) or 2.6(b) of NI 81-102 with respect to the use of leverage; (iii) each RBC ETF and each underlying ETF is not a commodity pool governed by National Instrument 81-104 – *Commodity Pools* and neither the RBC ETF nor the underlying ETFs will use leverage; (iv) in connection with the relief from subsection 2.1(1) allowing an RBC ETF to invest more than 10% of its Net Asset Value in the securities of an underlying ETF, the RBC ETF shall, for each investment it makes in securities of an underlying ETF, apply subsections 2.1(3) and 2.1(4) of NI 81-102 as if those provisions applied to an RBC ETF's investments in securities of an underlying ETF, and accordingly limit an RBC ETF's indirect holdings in securities of an issuer held by one or more underlying ETFs to no more than 10% of the RBC ETF's Net Asset Value; and (v) the relief from paragraphs 2.5(2)(e) and 2.5(2)(f) will only apply to the brokerage fees incurred for the purchase and sale of securities of underlying ETFs by the RBC ETF.

## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Quebec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The Purchaser should refer to the applicable provisions of the province or territory for the particulars of these rights or consult with a legal advisor.

## DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the RBC ETFs are in continuous distribution, additional information will be available in:

- (a) the most recently filed comparative annual financial statements of the RBC ETFs, together with the accompanying report of the auditor;
- (b) any interim financial statements of the RBC ETFs filed after the most recently filed comparative annual financial statements of the RBC ETFs;
- (c) the most recently filed annual MRFP of the RBC ETFs;
- (d) any interim MRFP of the RBC ETFs filed after the most recently filed annual MRFP of the RBC ETFs; and
- (e) the most recently filed ETF Facts of each RBC ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this prospectus just as if they were printed as part of this prospectus. These documents may be obtained upon request, at no cost, by calling 1-855-RBC-ETFS (722-3837), by emailing RBC GAM at [etfs.investments@rbc.com](mailto:etfs.investments@rbc.com) (English) or [fnb.investissements@rbc.com](mailto:fnb.investissements@rbc.com) (French) or by contacting a registered dealer. These documents and other information about the RBC ETFs are also available from the RBC ETFs website at [www.rbcgam.com/etfs](http://www.rbcgam.com/etfs) and are publicly available at [www.sedar.com](http://www.sedar.com). Any documents set forth above, if filed by an RBC ETF after the date of this prospectus and before the termination of distribution of such RBC ETF, are deemed to be incorporated by reference in this prospectus.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.

# INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of

RBC U.S. Equity (CAD Hedged) Index ETF

RBC International Equity (CAD Hedged) Index ETF

RBC U.S. Banks Yield Index ETF

RBC U.S. Banks Yield (CAD Hedged) Index ETF

(collectively, the "Funds" or individually the "Fund")

We have audited the accompanying statement of financial position of each Fund as at April 25, 2018 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together "the financial statement").

## **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement of each Fund in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement of each Fund that is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement of each Fund based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement of each Fund is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement of each Fund. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement of each Fund, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement of each Fund.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statement of each Fund presents fairly, in all material respects, the financial position of each Fund as at April 25, 2018 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

(SIGNED) "*PricewaterhouseCoopers LLP*"

Chartered Professional Accountants, Licensed Public Accountants

April 25, 2018

# RBC U.S. EQUITY (CAD HEDGED) INDEX ETF

## STATEMENT OF FINANCIAL POSITION

As at April 25, 2018

### Assets

Cash .....	\$	20.00
Net assets attributable to holders of redeemable units, issued and outstanding (1 Unit) .....	\$	20.00

### Notes:

- (1) RBC U.S. Equity (CAD Hedged) Index ETF (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust dated as of April 20, 2018. The address of RBC Global Asset Management Inc. ("RBC GAM"), the manager, trustee and portfolio manager of the Fund, is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7. RBC GAM is a wholly owned subsidiary of Royal Bank of Canada.

RBC Investor Services Trust ("RBC IS") is the custodian and valuation agent of the Fund and provides administrative services to the Fund pursuant to a custodian agreement and a valuation and administrative services agreement between RBC GAM, in its capacity as manager and trustee of the Fund, and RBC IS dated as of September 2, 2011 and September 9, 2011, respectively, each as amended.

This statement of financial position as at April 25, 2018 was authorized for issue by RBC GAM on April 25, 2018.

- (2) RBC GAM subscribed for one unit of the Fund at \$20.00 per unit on April 20, 2018.
- (3) The statement of financial position of the Fund is prepared in accordance with relevant requirements of the International Financial Reporting Standards ("IFRS"). The following is a summary of significant accounting policies used by the Fund:

### Use of Estimates

The preparation of the statement of financial position in accordance with IFRS requires RBC GAM to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

### Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are classified at fair value through profit or loss ("FVTPL"). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as of the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost.

### Classification of Redeemable Units

The Fund 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 Fund. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the Fund, in the net assets of the Fund.

Unitholders of the Fund will generally be able to sell (rather than redeem) units of the Fund at the full market price on the Aequitas NEO Exchange Inc. through a registered broker or dealer subject only to customary brokerage commissions. No fees or expenses are paid by a unitholder to RBC GAM or the Fund in connection with selling units on the Aequitas NEO Exchange Inc. Alternatively, on any trading day, unitholders of the Fund may redeem units of the Fund for cash at a redemption price per unit equal to 95% of the net asset value of the units on the effective day of the redemption. Consequently, the Fund's outstanding redeemable units, which are puttable instruments, are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.



Cash distributions on units of the Fund are expected to be made on a quarterly basis. Distributions on units of the Fund are expected to consist primarily of interest income and dividend income or foreign investment income but may also include net realized capital gains and returns of capital. To the extent that the expenses of the Fund exceed the income generated by the Fund in any given quarter, a quarterly distribution may not be paid.

For each taxation year, the Fund will ensure that the net income and net realized capital gains of the Fund have been distributed to unitholders of the Fund. To the extent that any net income or net realized capital gains have not been distributed, the amount not distributed will be paid as a reinvested distribution, and the additional units issued will be immediately consolidated.

#### **Valuation of Fund Units for Transaction Purposes**

Net asset value per unit of the Fund is calculated at the end of each day on which RBC GAM is open for business by dividing the net asset value of the Fund by the outstanding units.

- (4) A total annual management fee of 0.09% per year of the net asset value per unit of the Fund, plus applicable taxes, will be paid to RBC GAM for acting as manager, trustee and portfolio manager. The total annual management fee includes the management fee payable to RBC GAM by the Fund as well as the underlying product fees payable to RBC GAM by the underlying funds in which the Fund invests. The total annual management fee will be calculated and accrued daily and generally paid monthly, but in any case not less than quarterly.

Unitholders of the Fund who exchange or redeem units of the Fund directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange or redemption fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of units of the Fund.

Except for the total annual management fee and certain operating fees, RBC GAM is responsible for the Fund's fees and expenses, including, the fees payable to the custodian and valuation agent and the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses.

To the extent the Fund invests in underlying funds, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, the Fund 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.

- (5) Cash is comprised of cash on deposit and is stated at its carrying value.

Approved on behalf of the Board of Directors of the Trustee,

**RBC GLOBAL ASSET MANAGEMENT INC.**

(SIGNED) "*Douglas Coulter*"  
Director

(SIGNED) "*Daniel E. Chornous*"  
Director

# RBC INTERNATIONAL EQUITY (CAD HEDGED) INDEX ETF

## STATEMENT OF FINANCIAL POSITION

As at April 25, 2018

### Assets

Cash .....	\$	20.00
Net assets attributable to holders of redeemable units, issued and outstanding (1 Unit) .....	\$	20.00

### Notes:

- (1) RBC International Equity (CAD Hedged) Index ETF (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust dated as of April 20, 2018. The address of RBC Global Asset Management Inc. ("RBC GAM"), the manager, trustee and portfolio manager of the Fund, is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7. RBC GAM is a wholly owned subsidiary of Royal Bank of Canada.

RBC Investor Services Trust ("RBC IS") is the custodian and valuation agent of the Fund and provides administrative services to the Fund pursuant to a custodian agreement and a valuation and administrative services agreement between RBC GAM, in its capacity as manager and trustee of the Fund, and RBC IS dated as of September 2, 2011 and September 9, 2011, respectively, each as amended.

This statement of financial position as at April 25, 2018 was authorized for issue by RBC GAM on April 25, 2018.

- (2) RBC GAM subscribed for one unit of the Fund at \$20.00 per unit on April 20, 2018.
- (3) The statement of financial position of the Fund is prepared in accordance with relevant requirements of the International Financial Reporting Standards ("IFRS"). The following is a summary of significant accounting policies used by the Fund:

### Use of Estimates

The preparation of the statement of financial position in accordance with IFRS requires RBC GAM to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

### Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are classified at fair value through profit or loss ("FVTPL"). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as of the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost.

### Classification of Redeemable Units

The Fund 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 Fund. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the Fund, in the net assets of the Fund.

Unitholders of the Fund will generally be able to sell (rather than redeem) units of the Fund at the full market price on the Aequitas NEO Exchange Inc. through a registered broker or dealer subject only to customary brokerage commissions. No fees or expenses are paid by a unitholder to RBC GAM or the Fund in connection with selling units on the Aequitas NEO Exchange Inc. Alternatively, on any trading day, unitholders of the Fund may redeem units of the Fund for cash at a redemption price per unit equal to 95% of the net asset value of the units on the effective day of the redemption. Consequently, the Fund's outstanding redeemable units, which are puttable instruments, are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Cash distributions on units of the Fund are expected to be made on a quarterly basis. Distributions on units of the Fund are expected to consist primarily of interest income and dividend income or foreign investment income but may also include net realized capital gains and returns of capital. To the extent that the expenses of the Fund exceed the income generated by the Fund in any given quarter, a quarterly distribution may not be paid.

For each taxation year, the Fund will ensure that the net income and net realized capital gains of the Fund have been distributed to unitholders of the Fund. To the extent that any net income or net realized capital gains have not been distributed, the amount not distributed will be paid as a reinvested distribution, and the additional units issued will be immediately consolidated.

#### **Valuation of Fund Units for Transaction Purposes**

Net asset value per unit of the Fund is calculated at the end of each day on which RBC GAM is open for business by dividing the net asset value of the Fund by the outstanding units.

- (4) A total annual management fee of 0.20% per year of the net asset value per unit of the Fund, plus applicable taxes, will be paid to RBC GAM for acting as manager, trustee and portfolio manager. The total annual management fee includes the management fee payable to RBC GAM by the Fund as well as the underlying product fees payable to RBC GAM by the underlying funds in which the Fund invests. The total annual management fee will be calculated and accrued daily and generally paid monthly, but in any case not less than quarterly.

Unitholders of the Fund who exchange or redeem units of the Fund directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of units of the Fund.

Except for the total annual management fee and certain operating fees, RBC GAM is responsible for the Fund's fees and expenses, including, the fees payable to the custodian and valuation agent and the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses.

To the extent the Fund invests in underlying funds, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, the Fund 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.

- (5) Cash is comprised of cash on deposit and is stated at its carrying value.

Approved on behalf of the Board of Directors of the Trustee,

**RBC GLOBAL ASSET MANAGEMENT INC.**

(SIGNED) "*Douglas Coulter*"  
Director

(SIGNED) "*Daniel E. Chornous*"  
Director

# RBC U.S. BANKS YIELD INDEX ETF

## STATEMENT OF FINANCIAL POSITION

As at April 25, 2018

### Assets

Cash .....	\$	20.00
Net assets attributable to holders of redeemable units, issued and outstanding (1 Unit) .....	\$	20.00

### Notes:

- (1) RBC U.S. Banks Yield Index ETF (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust dated as of April 20, 2018. The address of RBC Global Asset Management Inc. ("RBC GAM"), the manager, trustee and portfolio manager of the Fund, is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7. RBC GAM is a wholly owned subsidiary of Royal Bank of Canada.

RBC Investor Services Trust ("RBC IS") is the custodian and valuation agent of the Fund and provides administrative services to the Fund pursuant to a custodian agreement and a valuation and administrative services agreement between RBC GAM, in its capacity as manager and trustee of the Fund, and RBC IS dated as of September 2, 2011 and September 9, 2011, respectively, each as amended.

This statement of financial position as at April 25, 2018 was authorized for issue by RBC GAM on April 25, 2018.

- (2) RBC GAM subscribed for one unit of the Fund at \$20.00 per unit on April 20, 2018.
- (3) The statement of financial position of the Fund is prepared in accordance with relevant requirements of the International Financial Reporting Standards ("IFRS"). The following is a summary of significant accounting policies used by the Fund:

### Use of Estimates

The preparation of the statement of financial position in accordance with IFRS requires RBC GAM to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

### Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are classified at fair value through profit or loss ("FVTPL"). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as of the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost.

### Classification of Redeemable Units

The Fund 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 Fund. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the Fund, in the net assets of the Fund.

Unitholders of the Fund will generally be able to sell (rather than redeem) units of the Fund at the full market price on the Toronto Stock Exchange through a registered broker or dealer subject only to customary brokerage commissions. No fees or expenses are paid by a unitholder to RBC GAM or the Fund in connection with selling units on the Toronto Stock Exchange. Alternatively, on any trading day, unitholders of the Fund may redeem units of the Fund for cash at a redemption price per unit equal to 95% of the net asset value of the units on the effective day of the redemption. Consequently, the Fund's outstanding redeemable units, which are puttable instruments, are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Cash distributions on units of the Fund are expected to be made on a monthly basis. Distributions on units of the Fund are expected to consist primarily of interest income and dividend income or foreign investment income but may also include net realized capital gains and returns of capital. To the extent that the expenses of the Fund exceed the income generated by the Fund in any given month, a monthly distribution may not be paid.

For each taxation year, the Fund will ensure that the net income and net realized capital gains of the Fund have been distributed to unitholders of the Fund. To the extent that any net income or net realized capital gains have not been distributed, the amount not distributed will be paid as a reinvested distribution, and the additional units issued will be immediately consolidated.

#### **Valuation of Fund Units for Transaction Purposes**

Net asset value per unit of the Fund is calculated at the end of each day on which RBC GAM is open for business by dividing the net asset value of the Fund by the outstanding units.

- (4) A management fee of 0.29% per year of the net asset value per unit of the Fund, plus applicable taxes, will be paid to RBC GAM for acting as manager, trustee and portfolio manager. The management fee will be calculated and accrued daily and generally paid monthly, but in any case not less than quarterly.

Unitholders of the Fund who exchange or redeem units of the Fund directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of units of the Fund.

Except for management fees and certain operating fees, RBC GAM is responsible for the Fund's fees and expenses, including, the fees payable to the custodian and valuation agent and the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses.

To the extent the Fund invests in underlying funds, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, the Fund 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.

- (5) Cash is comprised of cash on deposit and is stated at its carrying value.

Approved on behalf of the Board of Directors of the Trustee,

**RBC GLOBAL ASSET MANAGEMENT INC.**

(SIGNED) *"Douglas Coulter"*  
Director

(SIGNED) *"Daniel E. Chornous"*  
Director

# RBC U.S. BANKS YIELD (CAD HEDGED) INDEX ETF

## STATEMENT OF FINANCIAL POSITION

As at April 25, 2018

### Assets

Cash .....	\$	20.00
Net assets attributable to holders of redeemable units, issued and outstanding (1 Unit) .....	\$	20.00

### Notes:

- (1) RBC U.S. Banks Yield (CAD Hedged) Index ETF (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust dated as of April 20, 2018. The address of RBC Global Asset Management Inc. ("RBC GAM"), the manager, trustee and portfolio manager of the Fund, is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7. RBC GAM is a wholly owned subsidiary of Royal Bank of Canada.

RBC Investor Services Trust ("RBC IS") is the custodian and valuation agent of the Fund and provides administrative services to the Fund pursuant to a custodian agreement and a valuation and administrative services agreement between RBC GAM, in its capacity as manager and trustee of the Fund, and RBC IS dated as of September 2, 2011 and September 9, 2011, respectively, each as amended.

This statement of financial position as at April 25, 2018 was authorized for issue by RBC GAM on April 25, 2018.

- (2) RBC GAM subscribed for one unit of the Fund at \$20.00 per unit on April 20, 2018.
- (3) The statement of financial position of the Fund is prepared in accordance with relevant requirements of the International Financial Reporting Standards ("IFRS"). The following is a summary of significant accounting policies used by the Fund:

### Use of Estimates

The preparation of the statement of financial position in accordance with IFRS requires RBC GAM to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

### Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are classified at fair value through profit or loss ("FVTPL"). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as of the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost.

### Classification of Redeemable Units

The Fund 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 Fund. Each unit outstanding shall participate pro rata in any distributions made, other than management fee distributions, and in the event of termination of the Fund, in the net assets of the Fund.

Unitholders of the Fund will generally be able to sell (rather than redeem) units of the Fund at the full market price on the Toronto Stock Exchange through a registered broker or dealer subject only to customary brokerage commissions. No fees or expenses are paid by a unitholder to RBC GAM or the Fund in connection with selling units on the Toronto Stock Exchange. Alternatively, on any trading day, unitholders of the Fund may redeem units of the Fund for cash at a redemption price per unit equal to 95% of the net asset value of the units on the effective day of the redemption. Consequently, the Fund's outstanding redeemable units, which are puttable instruments, are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Cash distributions on units of the Fund are expected to be made on a monthly basis. Distributions on units of the Fund are expected to consist primarily of interest income and dividend income or foreign investment income but may also include net realized capital gains and returns of capital. To the extent that the expenses of the Fund exceed the income generated by the Fund in any given month, a monthly distribution may not be paid.

For each taxation year, the Fund will ensure that the net income and net realized capital gains of the Fund have been distributed to unitholders of the Fund. To the extent that any net income or net realized capital gains have not been distributed, the amount not distributed will be paid as a reinvested distribution, and the additional units issued will be immediately consolidated.

#### **Valuation of Fund Units for Transaction Purposes**

Net asset value per unit of the Fund is calculated at the end of each day on which RBC GAM is open for business by dividing the net asset value of the Fund by the outstanding units.

- (4) A total annual management fee of 0.29% per year of the net asset value per unit of the Fund, plus applicable taxes, will be paid to RBC GAM for acting as manager, trustee and portfolio manager. The total annual management fee includes the management fee payable to RBC GAM by the Fund as well as the underlying product fees payable to RBC GAM by the underlying funds in which the Fund invests. The total annual management fee will be calculated and accrued daily and generally paid monthly, but in any case not less than quarterly.

Unitholders of the Fund who exchange or redeem units of the Fund directly through RBC GAM may be charged, at RBC GAM's discretion, an exchange fee of up to 0.05% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of units of the Fund.

Except for the total annual management fee and certain operating fees, RBC GAM is responsible for the Fund's fees and expenses, including, the fees payable to the custodian and valuation agent and the registrar and transfer agent and certain legal, audit, printing, stock exchange and regulatory fees and expenses.

To the extent the Fund invests in underlying funds, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, the Fund 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.

- (5) Cash is comprised of cash on deposit and is stated at its carrying value.

Approved on behalf of the Board of Directors of the Trustee,

**RBC GLOBAL ASSET MANAGEMENT INC.**

(SIGNED) "*Douglas Coulter*"  
Director

(SIGNED) "*Daniel E. Chornous*"  
Director



**CERTIFICATE OF THE RBC ETFs, THE TRUSTEE,  
MANAGER AND PROMOTER**

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

Dated: April 25, 2018.

**RBC GLOBAL ASSET MANAGEMENT INC.  
as Trustee and Manager of the RBC ETFs**

(SIGNED) "*Damon G. Williams*"  
Chief Executive Officer

(SIGNED) "*Heidi Johnston*"  
Chief Financial Officer,  
RBC GAM Funds

**On behalf of the Board of Directors of RBC Global Asset Management Inc.**

(SIGNED) "*Douglas Coulter*"  
Director

(SIGNED) "*Daniel E. Chornous*"  
Director

**RBC GLOBAL ASSET MANAGEMENT INC.  
as Promoter of the RBC ETFs**

(SIGNED) "*Damon G. Williams*"  
Chief Executive Officer

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RBC Global Asset Management Inc.  
P.O. Box 7500, Station A  
Toronto, Ontario  
M5W 1P9

Customer Service: 1-855-RBC-ETFS (722-3837)  
Dealer Services: 1-800-662-0652



**Global Asset  
Management**

The RBC ETFs are managed by RBC Global Asset Management Inc.

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