PROSPECTUS

Initial Public Offering May 23, 2019

Global Asset Management

RBC ETF®

This prospectus qualifies the distribution of Units (defined below) of the exchange-traded fund listed below (the "**RBC ETF**"), 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 ETF and is responsible for the day-to-day administration of the RBC ETF. See "Organization and Management Details of the RBC ETF – Manager, Trustee and Portfolio Manager of the RBC ETF".

RBC Canadian Discount Bond ETF

Investment Objectives

RBC Canadian Discount Bond ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of primarily Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds to provide regular income while preserving capital. See "Investment Objectives".

Purchase and Listing of Units

Units of the RBC ETF have been conditionally approved for listing on the Neo Exchange Inc. (the "**Neo Exchange**"). Subject to satisfying the Neo Exchange's original listing requirements in respect of the RBC ETF, Units of the RBC ETF 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 the RBC ETF on the Neo Exchange 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 the RBC ETF must be placed by Authorized Dealers or the Designated Broker. 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 ETF, see "Risk Factors".

In the opinion of counsel, provided that the RBC ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**"), is a registered investment under 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), 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 the RBC ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, the RBC ETF has 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 ETF is 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 the RBC ETF and the most recently filed ETF Facts of the 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 ETF and the name of the exchange-traded fund listed above are trademarks of Royal Bank of Canada.

IMPORTANT TERMS

Authorized Dealers – registered brokers and dealers that enter into an Authorized Dealer Agreement with the RBC ETF and that subscribe for and purchase Units from the RBC ETF, and Authorized Dealer means any one of them.

Basket – as applicable, equities, bonds or other securities as RBC GAM may determine in its discretion from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

BlackRock Canada – BlackRock Asset Management Canada Limited.

Cash Creation Fee – the fee payable in connection with cash-only payments for subscriptions of a Prescribed Number of Units of the RBC ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the 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 RBC ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the 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 the issuers included in the portfolio of the RBC ETF from time to time.

Constituent Securities – means the securities of the Constituent Issuers included in the portfolio of the RBC ETF from time to time.

Designated Broker – a registered broker or dealer that enters into an agreement with the RBC ETF to perform certain duties in relation to the RBC ETF.

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.

IRC – the independent review committee of the RBC ETF as described under "Organization and Management Details of the RBC ETF – Independent Review Committee".

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 the 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 May 22, 2019 governing the RBC ETF, as it may be further amended and/or restated from time to time.

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

Neo Exchange – the Neo Exchange Inc.

Net Asset Value – means the value of the total assets held by the RBC ETF, less an amount equal to the total liabilities of the RBC ETF.

Net Asset Value per Unit – in relation to the RBC ETF, the Net Asset Value of the RBC ETF divided by the total number of Units of the RBC ETF outstanding.

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

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

Prescribed Number of Units – in relation to the 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 ETF – means the RBC Canadian Discount Bond ETF.

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

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

RCDB – RBC Canadian Discount Bond ETF.

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.

Strategic Alliance – as described under "Organization and Management Details of the RBC ETF – Strategic Alliance with BlackRock Canada".

Strategic Alliance ETFs – as described under "Organization and Management Details of the RBC ETF – Strategic Alliance with BlackRock Canada".

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

Trading Day – means a day on which (i) a regular session of the Neo 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.

Unit – means a unit of beneficial interest in the RBC ETF.

U.S. – United States of America.

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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 Canadian Discount Bond ETF
(the "**RBC ETF**")

The 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 ETF.

Offerings: The RBC ETF offers one class of units denominated in Canadian dollars (the "**Units**").

Continuous Distribution: Units of the RBC ETF have been conditionally approved for listing on the Neo Exchange Inc. (the "**Neo Exchange**"). Subject to satisfying the Neo Exchange's original listing requirements in respect of the RBC ETF, Units of the RBC ETF 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 the RBC ETF on the Neo Exchange through registered brokers and dealers in the province or territory where the investor resides.

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

The full legal name of the RBC ETF, as well as its Neo Exchange ticker symbol, is set out below:

LEGAL NAME OF RBC ETF	NEO EXCHANGE TICKER SYMBOL
RBC Canadian Discount Bond ETF	RCDB

Investment Objectives: RBC Canadian Discount Bond ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of primarily Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds to provide regular income while preserving capital. See "Investment Objectives".

Investment Strategies: The investment strategy of the RBC ETF is to invest in and hold a portfolio of securities selected by RBC GAM in order to achieve its investment objective. The RBC ETF is not an index mutual fund and is managed in the discretion of RBC GAM in accordance with its investment objectives and strategies and, as such, is generally more active in nature than an index mutual fund.

RBC Canadian Discount Bond ETF invests in a rules-based actively managed portfolio of primarily short term Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds with an emphasis on bonds which are trading at a price below par. Securities will be selected for the RBC ETF's portfolio using a rules-based investment approach that considers key characteristics, including term to maturity, credit quality, yield to maturity and duration while also considering issuer diversification within the portfolio. The RBC ETF may also invest in short-term fixed-income securities issued in the Canadian or U.S. market by (i) the U.S. government and (ii) U.S. and foreign corporations. Some of the fixed income securities in which the RBC ETF invests may be denominated in U.S. dollars.

The RBC ETF may use derivative instruments to hedge its U.S. dollar exposure back to the Canadian dollar. See "Investment Strategies – Use of Derivative Instruments".

Securities Lending

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

Use of Derivative Instruments

The RBC ETF may invest in or use derivative instruments, including futures contracts and forward contracts, from time to time for 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. See "Investment Strategies – Use of Derivative Instruments".

Risk Factors: There are certain risk factors inherent to an investment in the RBC ETF. These risk factors include the following:

- General Risks of Investments
- Market Risk
- Asset Class Risk
- Credit Risk
- Declining Yield Risk
- Rules-Based Investment Strategy Risk
- Interest Rate Risk
- Concentration Risk
- Risk that Units Will Trade at Prices Other than Net Asset Value per Unit
- Risks Associated with Derivative Instruments
- Currency Risk
- Currency Hedging Risk
- Foreign Investment Risk
- Liquidity Risk
- Tax-Related Risks
- Risk of Adverse Changes in Legislation
- Reliance on the Manager
- Risk of No Active Market for the Units and Lack of Operating History
- Significant Investor Risk
- Securities Lending Transaction Risks
- Cyber Security Risk

See "Risk Factors".

Income Tax Considerations:	This summary of Canadian tax considerations for the RBC ETF 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 *Income Tax Act* (Canada) (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 the RBC ETF (other than the non-taxable portion of any net realized capital gains of the RBC ETF) paid or payable to a unitholder in a taxation year will reduce the adjusted cost base of the unitholder's Units of the 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 the RBC ETF cannot be allocated to, and cannot be treated as a loss of, the unitholders of the 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 the RBC ETF 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 ETF has 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 the RBC ETF through purchases on the Neo 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 the RBC ETF. Units of the RBC ETF 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. 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 the 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 Neo 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 ETF in connection with selling Units on the Neo Exchange. See "Exchange and Redemption of Units – Redemption of Units for Cash".

Distribution Policy:	Cash distributions on Units of the RBC ETF will be made in Canadian dollars. Cash distributions on Units of the RBC ETF are expected to be made monthly. For purposes of the Tax Act, distributions on Units of the RBC ETF are expected to consist primarily of ordinary income sourced from interest payments received or accrued by the RBC ETF but may also include net realized capital gains and returns of capital, in any case, less the expenses of the RBC ETF. To the extent that the expenses of the RBC ETF exceed the income generated by the RBC ETF in any given month, a monthly distribution may not be paid. For each taxation year, the RBC ETF will ensure that its net income and net realized capital gains 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 the 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 RBC ETF at a price equal to the Net Asset Value per Unit and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. See "Distribution Policy".
Termination:	The RBC ETF does 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 ETF".
Eligibility for Investment:	Provided that the Units of the RBC ETF are and continue to be listed on the Neo 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 (as defined herein). 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. 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 the RBC ETF would be a prohibited investment for such accounts or plans in their particular circumstances. See "Income Tax Considerations – Status of the RBC ETF".
Non-Resident Unitholders:	Under certain circumstances, RBC GAM may take steps to limit the number of non-resident unitholders that may invest in the RBC ETF. See "Plan of Distribution – Non-Resident Unitholders".
Organization and Management of the RBC ETF:	*Manager, Trustee and Portfolio Manager* RBC GAM is the manager, trustee and portfolio manager and is responsible for the operations of the RBC ETF, including the management of the RBC ETF's investment portfolio. The address of RBC GAM and the RBC ETF 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 ETF. 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 ETF – Manager, Trustee and Portfolio Manager of the RBC ETF".

Custodian and Valuation Agent

RBC Investor Services Trust ("**RBC IS**") is the custodian and valuation agent of the RBC ETF and provides administrative services to the RBC ETF pursuant to a custodian agreement between RBC GAM, in its capacity as trustee and manager of the RBC ETF, 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 ETF, 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 ETF, including calculating Net Asset Value, net income and net realized capital gains of the RBC ETF. 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 ETF – Custodian and Valuation Agent".

Registrar and Transfer Agent

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

Auditor

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

Securities Lending Agent

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

Documents Incorporated by Reference: During the period in which the RBC ETF is 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 the RBC ETF and the most recently filed ETF Facts of the 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 (English) or fnb.investissements@rbc.com (French) or by contacting a registered dealer. These documents and other information about the RBC ETF are also available from the RBC ETF's website at www.rbcgam.com/etfs and are publicly available at 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 ETF. The value of a unitholder's investment in the RBC ETF will be reduced by the amount of fees and expenses charged to the RBC ETF. See "Fees and Expenses".

Fees and Expenses Payable by the RBC ETF

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 ETF (the "**management fee**"). The fee is based on a percentage of the Net Asset Value of the RBC ETF and is listed below:

RBC ETF	ANNUAL MANAGEMENT FEE
RBC Canadian Discount Bond ETF	0.15%

The management fee for the 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 the RBC ETF at any time at RBC GAM's sole discretion. Where RBC GAM has waived a portion of the management fee payable by the RBC ETF, RBC GAM retains full discretion to increase the management fee in respect of the RBC ETF at any time such that the management fee paid to RBC GAM by the RBC ETF will not exceed the management fee per annum for the RBC ETF as listed above.

RBC GAM, in its capacity as manager of the RBC ETF, manages the day-to-day business of the 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 ETF and as portfolio manager of the RBC ETF, managing the investment portfolio and executing portfolio transactions for the 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 ETF with respect to large investments in the RBC ETF 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 ETF – Management Fee Distributions".

RBC GAM is responsible for 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 ETF – Duties and Services Provided by the Manager of the RBC ETF".

Certain Operating Expenses:	The RBC ETF is also responsible for fees and expenses relating to its independent review committee (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 ETF was established and extraordinary expenses. Effective January 1, 2020, RBC GAM will be responsible for annual fees, meeting fees and reimbursement for expenses to members of the IRC. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETF – Certain Operating Expenses".

Fees and Expenses Payable Directly by Unitholders

Exchange and Redemption Fee:	Unitholders who buy and sell Units of the RBC ETF through the facilities of the Neo Exchange or other exchange do not pay a fee directly to RBC GAM or the RBC ETF in respect of those purchases and sales. Unitholders who exchange or redeem Units of the RBC ETF 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 ETF. 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 the RBC ETF is not yet available because the RBC ETF is new.

OVERVIEW OF THE LEGAL STRUCTURE OF THE RBC ETF

The RBC ETF 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 May 22, 2019 governing the RBC ETF, as it may be further amended and/or restated from time to time (the "**Master Declaration of Trust**").

Units of the RBC ETF have been conditionally approved for listing on the Neo Exchange. Subject to satisfying the Neo Exchange's original listing requirements in respect of the RBC ETF, Units of the RBC ETF 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 the RBC ETF on the Neo Exchange 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 ETF is 155 Wellington Street West, Suite 2200, Toronto, Ontario M5V 3K7.

While the 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 the RBC ETF, as well as its Neo Exchange ticker symbol, is set out below:

LEGAL NAME OF RBC ETF	NEO EXCHANGE TICKER SYMBOL
RBC Canadian Discount Bond ETF	RCDB

INVESTMENT OBJECTIVES

RBC Canadian Discount Bond ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of primarily Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds to provide regular income while preserving capital.

INVESTMENT STRATEGIES

The investment strategy of the RBC ETF is to invest in and hold a portfolio of securities selected by RBC GAM in order to achieve its investment objective. The RBC ETF is not an index mutual fund and is managed in the discretion of RBC GAM in accordance with its investment objectives and strategies and, as such, is generally more active in nature than an index mutual fund.

RBC Canadian Discount Bond ETF invests in a rules-based actively managed portfolio of primarily short term Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds with an emphasis on bonds which are trading at a price below par. Securities will be selected for the RBC ETF's portfolio using a rules-based investment approach that considers key characteristics, including term to maturity, credit quality, yield to maturity and duration while also considering issuer diversification within the portfolio. The RBC ETF may also invest in short-term fixed-income securities issued in the Canadian or U.S. market by (i) the U.S. government and (ii) U.S. and foreign corporations. Some of the fixed income securities in which the RBC ETF invests may be denominated in U.S. dollars.

The RBC ETF may use derivative instruments to hedge its U.S. dollar exposure back to the Canadian dollar. See "Investment Strategies – Use of Derivative Instruments".

Securities Lending

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

The RBC ETF may lend securities that it holds 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 *Income Tax Act* (Canada) (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 the 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 the 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

The RBC ETF may invest in or use derivative instruments, including futures contracts and forward contracts, from time to time for 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. "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, the RBC ETF may use derivative instruments to hedge its U.S. dollar exposure back to the Canadian dollar.

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.

INVESTMENT RESTRICTIONS

The RBC ETF is subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The RBC ETF is 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 objectives of the RBC ETF would require the approval of unitholders. See "Unitholder Matters – Matters Requiring Unitholder Approval".

The RBC ETF is also restricted from undertaking any activity that would result in the 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 ETF

Management Fee

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

RBC ETF	ANNUAL MANAGEMENT FEE
RBC Canadian Discount Bond ETF	0.15%

The management fee for the 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 the RBC ETF at any time at RBC GAM's sole discretion. Where RBC GAM has waived a portion of the management fee payable by the RBC ETF, RBC GAM retains full discretion to increase the management fee in respect of the RBC ETF at any time such that the management fee paid to RBC GAM by the RBC ETF will not exceed the management fee per annum for the RBC ETF as listed above.

RBC GAM, in its capacity as manager of the RBC ETF, manages the day-to-day business of the 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 ETF and as portfolio manager of the RBC ETF, managing the investment portfolio and executing portfolio transactions for the RBC ETF.

RBC GAM is responsible for 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 ETF – Duties and Services Provided by the Manager of the RBC ETF".

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 the 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 the 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 ETF 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 the 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 ETF. RBC GAM may use part of the management fee of the 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 of Canada ("**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 ETF.

Certain Operating Expenses

The RBC ETF is 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 ETF was established and extraordinary expenses.

Effective January 1, 2020, RBC GAM will be responsible for annual fees, meeting fees and reimbursement for expenses to members of the IRC.

Fees and Expenses Payable Directly by Unitholders

Exchange and Redemption Fee

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

Unitholders who exchange or redeem Units of the RBC ETF 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 ETF.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The annual returns, management expense ratio and trading expense ratio of the RBC ETF is not yet available because the RBC ETF is new.

RISK FACTORS

There are certain risk factors inherent to an investment in the RBC ETF. These risk factors include the following:

General Risks of Investments

An investment in the 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, the condition of bond markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities held by the RBC ETF may also change from time to time.

The risks inherent in investments in 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 RBC ETF and thus in the value of Units of the RBC ETF). Fixed-income securities are susceptible to general interest rate fluctuations and to changes in investors' perception 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.

Market Risk

Market risk is the risk of being invested in the fixed-income markets. The market value of the RBC ETF's investments will rise and fall based on specific company developments and 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.

Asset Class Risk

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

Credit Risk

The RBC ETF may be subject to credit risk. Credit risk is a measure of an issuer's financial strength and reflects the possibility that a borrower, or the counterparty to a derivatives contract, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies and governments that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Securities that have a low credit rating have high credit risk. Credit rating downgrades and defaults (failure to make interest or principal payment) may potentially reduce the RBC ETF's income and unit price. A deterioration of an issuer's financial strength may also affect the issuer's ability to make dividend payments.

Declining Yield Risk

The RBC ETF invests in bonds. As the bonds held by the RBC ETF mature, the RBC ETF's yield will generally tend to move toward the yield of cash and cash equivalents and thus may be lower than the yields of the bonds previously held by the RBC ETF and/or prevailing yields for bonds in the market.

Rules-Based Investment Strategy Risk

The RBC ETF is managed using a rules-based investment process, an investment approach in which mathematical or statistical models are used as inputs for investment decisions. Rules-based investment strategies employ a disciplined approach to the use of statistical tools and models to select individual stocks. Although these are generally considered positive characteristics, they also introduce unique risks. The mathematical and statistical models that guide the disciplined stock selection are reliant on historical data. When markets behave in an unpredictable manner, rules-based models can generate unanticipated results that may impact the performance of the RBC ETF.

Interest Rate Risk

The RBC ETF will invest directly in bonds and fixed-income securities and accordingly, the biggest influence on the RBC ETF's value will be changes in the general level of interest rates. If interest rates fall, the value of the RBC ETF's Units will tend to rise. If interest rates rise, the value of the RBC ETF's Units will tend to fall. Depending on the RBC ETF's holdings, short-term interest rates can have a different influence on the RBC ETF's value than long-term interest rates. If the RBC ETF invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the RBC ETF's value will be changes in the general level of long-term interest rates. If the RBC ETF invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the RBC ETF's value will be changes in the general level of shorter-term interest rates.

Concentration Risk

To the extent that the 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. The RBC ETF 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 ETF, which may, in turn, have an effect on the RBC ETF's ability to satisfy redemption requests. This may also lower the diversification of the RBC ETF and may make the general risk of fixed-income investments and the volatility of Net Asset Value of the RBC ETF relatively greater.

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

The Units of the RBC ETF may trade below, at, or above the Net Asset Value per Unit. The Net Asset Value per Unit will fluctuate with changes in the market value of the RBC ETF's holdings. The trading prices of the Units will fluctuate in accordance with changes in the RBC ETF's Net Asset Value per Unit, as well as market supply and demand on the Neo Exchange. 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 or premiums 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 incur a loss.

Risks Associated with Derivative Investments

The 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 the RBC ETF wants to complete the derivative contract, which could prevent the 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 the RBC ETF from completing the derivative contract; (iv) the RBC ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the 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 the 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 the 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.

Currency Risk

The RBC ETF is valued in Canadian dollars. However, if the RBC ETF purchases foreign securities it may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. The RBC ETF may also purchase foreign currencies as an investment. 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 the RBC ETF. For example, if the Canadian dollar rises relative to the U.S. dollar, the RBC ETF's U.S. holdings will be worth fewer Canadian dollars. This decline in value may reduce, or even eliminate, any return the RBC ETF has earned. Currency exposure may increase the volatility of foreign investments relative to Canadian investments.

Currency Hedging Risk

The RBC ETF may seek to hedge its direct U.S. dollar 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 the RBC ETF 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 the RBC ETF's currency hedge is reset on a monthly basis, based on the size of the RBC ETF's exposure to a currency at a certain point in time, the size of each currency hedge could be greater or less than the RBC ETF's total exposure in that currency intra-month and currency risk may develop or increase between resets. Furthermore, while the RBC ETF may 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 the RBC ETF's returns even when the hedge works as intended. The effectiveness of the RBC ETF's currency hedging strategy will also generally be affected by both the volatility of the securities included in its portfolio, and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility may reduce the effectiveness of the RBC ETF's currency hedging strategy and may impact the costs associated with hedging transactions. The effectiveness of the RBC ETF'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 U.S. dollar interest rates may further impact the effectiveness of the RBC ETF's currency hedging strategy. There can be no assurance that if the RBC ETF hedges its currency exposure that the RBC ETF's hedging transactions will be effective. The RBC ETF'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 RBC ETF will bear the costs associated with any such hedging transactions, regardless of any gain or loss experienced on the hedging transactions.

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, the RBC ETF may experience larger and more frequent price changes in the short term compared to other funds which do not hold foreign investments.

Pursuant to U.S. tax rules, unitholders of the RBC ETF may be required to provide identity and residency information to the RBC ETF, which may be provided by the RBC ETF to U.S. tax authorities in order to avoid a U.S. withholding tax being imposed on U.S. and certain non-U.S. source income and proceeds of disposition received by the RBC ETF or on certain amounts (including distributions) paid by the RBC ETF to certain unitholders.

Liquidity Risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by the RBC ETF 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 the RBC ETF.

Tax-Related Risks

If the RBC ETF was 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 the RBC ETF in filing its tax return and the Canada Revenue Agency could reassess the 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 the 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 ETF presently qualifies, and is expected to continue to qualify, as an "investment fund".

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 the RBC ETF or by its 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 the RBC ETF or its unitholders. For example, changes to tax legislation or the administration thereof could adversely affect the taxation of the RBC ETF or the issuers in which it invests.

Reliance on the Manager

The RBC ETF will be dependent on the ability of RBC GAM to effectively manage the RBC ETF in a manner consistent with its investment objectives, strategies and restrictions. There is no certainty that the individuals who are responsible for providing administration and portfolio management services to the RBC ETF will continue to be employed by RBC GAM.

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

The RBC ETF is a newly organized exchange-traded fund with no previous operating history. Although the RBC ETF will, subject to satisfying the Neo Exchange's original listing requirements, be listed on the Neo Exchange, there can be no assurance that an active public market for the Units will develop or be sustained.

Significant Investor Risk

A significant portion of the Units of the RBC ETF may be held by a single investor, including by another exchange-traded fund managed by RBC GAM. 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. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units at the Net Asset Value per Unit, RBC GAM believes that large discounts to the Net Asset Value per Unit should not be sustained. If a unitholder purchases Units at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units 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.

Securities Lending Transaction Risks

The 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 the RBC ETF.

In a securities lending transaction, the 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.

The 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.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, mutual funds like the RBC ETF 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 the 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 the 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 the 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 the RBC ETF's third-party service providers (e.g. administrators, transfer agents and custodians) or of issuers that the RBC ETF invests in can also subject the RBC ETF to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the RBC ETF has 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 ETF does not directly control the cyber security systems of issuers or third-party service providers.

No Guarantee

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

Risk Ratings of the RBC ETF

RBC GAM assigns a risk rating to the exchange-traded funds that it manages 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 the exchange-traded funds it manages in accordance with NI 81-102. The investment risk level of a fund is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. Just as historical performance may not be indicative of future returns, a fund'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 exchange-traded fund that it manages 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.

Each fund'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 fund. For those funds 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 fund (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 a fund's risk based on other qualitative factors. As a result, RBC GAM may place the fund in a higher risk rating category, as appropriate. RBC GAM will review the risk rating for the exchange-traded funds it manages on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies.

A copy of the methodology used by RBC GAM to identify the investment risk level of the RBC ETF is available on request, at no cost, by calling 1-855-RBC-ETFS (722-3837). The risk rating set forth in the table below does 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 Canadian Discount Bond ETF	Low

The RBC Canadian Discount Bond ETF's risk classification is based on the return of the FTSE Canada Short Term Overall Bond Index. The FTSE Canada Short Term Overall Bond Index is a market capitalization weighted index consisting of a broadly diversified portfolio which may include federal, provincial, corporate and municipal bonds issued by Canadian issuers. Bonds eligible for inclusion in the FTSE Canada Short Term Overall Bond Index are primarily public, investment-grade fixed income securities issued in Canada. The securities consist primarily of semi-annual pay fixed rate bonds with an investment grade rating and a remaining effective term to maturity of at least one year and no more than five years.

DISTRIBUTION POLICY

Cash distributions on Units of the RBC ETF will be made in Canadian dollars. Cash distributions on Units of the RBC ETF are expected to be made monthly. For purposes of the Tax Act, distributions on Units of the RBC ETF are expected to consist primarily of ordinary income sourced from interest payments received or accrued by the RBC ETF but may also include net realized capital gains and returns of capital, in any case, less the expenses of the RBC ETF. To the extent that the expenses of the RBC ETF exceed the income generated by the RBC ETF in any given month, a monthly distribution 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, the RBC ETF will ensure that its net income and net realized capital gains 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 the 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 at a price equal to the Net Asset Value per Unit and the Units will be immediately consolidated such that the number of outstanding Units of the RBC ETF following the distribution will equal the number of Units of the RBC ETF 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 compliance with NI 81-102, the 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 Broker

RBC GAM, on behalf of the RBC ETF, will enter into a Designated Broker Agreement with the Designated Broker pursuant to which the Designated Broker will agree to perform certain duties relating to the RBC ETF including, without limitation (i) subscribing for a sufficient number of Units to satisfy the Neo Exchange's original listing requirements; (ii) subscribing for Units on an ongoing basis in connection with the rebalancing of assets held by the RBC ETF 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 Neo Exchange.

Authorized Dealers

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

Issuance of Units

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

No fees will be payable by the RBC ETF to an Authorized Dealer or the 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 the Designated Broker to offset any expenses incurred in issuing the Units.

On any Trading Day, an Authorized Dealer or the Designated Broker may place a subscription order in the form and at the location prescribed by the 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 ETF. The Prescribed Number of Units will be made available by RBC GAM on each Trading Day to Authorized Dealers and the Designated Broker. 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 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 the RBC ETF, the RBC ETF generally will issue to the Authorized Dealer or the Designated Broker, as applicable, the Prescribed Number of Units (or an integral multiple thereof) within two Trading Days from the Trading Day of the subscription. The RBC ETF 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 the RBC ETF, an Authorized Dealer or the 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 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 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 the Designated Broker is received by the RBC ETF on or after the date of declaration of a distribution by the RBC ETF payable in cash and before the ex-dividend date on the Neo 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 ETF".

Buying and Selling Units

As the Units of the RBC ETF will be (subject to satisfying the Neo Exchange's original listing requirements) listed on the Neo Exchange, investors may trade Units in the same way in which other securities listed on the Neo Exchange are traded, including by using market orders and limit orders. An investor may buy or sell Units on the Neo Exchange or any other exchange on which the RBC ETF is 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 ETF in connection with the buying or selling of Units on the Neo Exchange or other exchange.

Registration and Transfer through CDS

Units of the RBC ETF may only be held through CDS. Unitholders in the RBC ETF will not have the right to receive certificates for Units. CDS is the owner of record for all Units of the 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 ETF allows 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 ETF 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 ETF has the option to terminate registration of the Units through the book-entry only system or book-based system, 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 ETF has 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 the RBC ETF through purchases on the Neo 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 the RBC ETF.

Units of the RBC ETF 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. See "Income Tax Considerations" and "Exemptions and Approvals".

EXCHANGE AND REDEMPTION OF UNITS

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

Unitholders of the RBC ETF may exchange the Prescribed Number of Units (or an integral multiple thereof) 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 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 the Designated Broker the Prescribed Number of Units and Basket for the 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 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 ex-dividend date 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 Neo 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. See "Exemptions and Approvals".

If securities of any issuers in which the 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 the 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 Neo 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 ETF in connection with selling Units on the Neo 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 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 by the second Trading Day after the effective day of the redemption. See "Exemptions and Approvals". 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, the 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 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 the 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 is 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 ETF, 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 ETF.

Short-Term Trading

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

PRICE RANGE AND TRADING VOLUME OF UNITS

This information is not yet available because the RBC ETF is 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 ETF and for a prospective investor in the 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 the 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 the RBC ETF will be a foreign affiliate of the RBC ETF or any unitholder, (ii) none of the securities held by the RBC ETF will be (a) a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (b) an interest in a non-resident trust other than an "exempt foreign trust" as defined in section 94 of the Tax Act, (c) 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, or (d) an offshore investment fund property that would require the RBC ETF to include significant amounts in its income pursuant to section 94.1 of the Tax Act, (iii) the RBC ETF will not enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act, and (iv) 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 ETF

This summary is based on the assumption that the RBC ETF 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 the RBC ETF anticipates that it will qualify as a "mutual fund trust" under the Tax Act at all material times. If the 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 the 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 the 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 is held by financial institutions, the RBC ETF will not be subject to these special mark-to-market rules. Initially, following the creation of the 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, if the RBC ETF does not qualify as a mutual fund trust it 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 the 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, 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. If the RBC ETF is a "registered investment" under the Tax Act it will avoid making any investment which would result in it becoming subject to tax under Part X.2 of the Tax Act.

Notwithstanding the foregoing, if Units of the 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 the RBC ETF will not be prohibited investments for any TFSA, RRSP, RESP, RDSP 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 the 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 the 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 the 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 the 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 ETF

In computing its income, the 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 ETF requires that the 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 the 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.

The 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 the RBC ETF cannot be allocated to unitholders but may be carried forward and deducted by the RBC ETF in future years. The RBC ETF is 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 the 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 RBC ETF cannot deduct the loss from its 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.

The 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.

The RBC ETF may derive income or gains from investments in the United States and, as a result, may be liable to pay tax to the United States. The 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.

RBC ETF Holding Derivative Securities

Generally, when the RBC ETF holds derivatives as a substitute for direct investment it 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 the RBC ETF uses derivatives to hedge its U.S. dollar 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 the 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 the 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 ETF.

The non-taxable portion of any net realized capital gains of the 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 the 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.

The 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, if any) 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 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, the 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 the RBC ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the unitholders of the 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 ETF's Distribution Policy

When a unitholder acquires Units in the 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. The adjusted cost base of Units held by a unitholder must be calculated separately for Units of the 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 the 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 the RBC ETF previously redeemed/exchanged by the unitholder. For the purpose of determining the adjusted cost base of Units of the 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 the RBC ETF owned by the unitholder as capital property immediately before that time.

If the 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 the 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 the 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 the 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

The RBC ETF is required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units of the RBC ETF continue to be registered in the name of CDS, the RBC ETF should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the Canada Revenue Agency in respect of its unitholders. However, dealers through which unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders (and, if applicable, the controlling person(s) of a unitholder) may be requested to provide information to their dealer to identify U.S. persons holding Units. If a unitholder, or its controlling person(s), is a "Specified U.S. Person" (including a U.S. citizen who is a resident of Canada) or if a unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the unitholder's investments held in the financial account maintained by the dealer to be reported to the Canada Revenue Agency, unless the investments are held within a Registered Plan. The Canada Revenue Agency will then provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS Rules**"). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries other than the U.S. ("**Reportable Jurisdictions**") or by certain entities any of whose "controlling persons" are residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of unitholders (and, if applicable, of the controlling persons of such unitholders) who are residents of Reportable Jurisdictions to the Canada Revenue Agency annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, unitholders will be required to provide such information regarding their investment in the RBC ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

ORGANIZATION AND MANAGEMENT DETAILS OF THE RBC ETF

Manager, Trustee and Portfolio Manager of the RBC ETF

RBC GAM is the manager, trustee and portfolio manager of the RBC ETF and is responsible for the operations of the RBC ETF, including the management of the RBC ETF's investment portfolio and the valuation of the RBC ETF's assets. RBC GAM is the primary investment manager for the RBC® businesses serving the needs of private clients, including the RBC ETF. RBC GAM is entitled to a management fee for acting as manager, trustee and portfolio manager of the RBC ETF as described under "Fees and Expenses – Fees and Expenses Payable by the RBC ETF – Management Fee". RBC GAM may resign as trustee and manager of the RBC ETF by giving not less than 60 days' prior written notice to unitholders of the RBC ETF and may resign as portfolio manager of the RBC ETF 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 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, daily or more frequently, the following information for the RBC ETF:

› Net Asset Value;

› Net Asset Value per Unit; and

› Units outstanding.

Duties and Services Provided by the Manager of the RBC ETF

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

(a) authorizing the payment of fees, expenses or disbursements incurred on behalf of the RBC ETF that are the responsibility of the RBC ETF;

(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 ETF; and

(d) negotiating contractual agreements with service providers, including the Designated Broker, Authorized Dealers, custodian and valuation agent, registrar and transfer agent and auditor.

Executive Officers and Directors of the Manager of the RBC ETF

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

NAME	MUNICIPALITY OF RESIDENCE	POSITION AND OFFICE HELD WITH RBC GAM	CURRENT PRINCIPAL OCCUPATION
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	Senior Counsel, Subsidiary Governance Officer, Royal Bank
Dave Y. Mun	Toronto, Ontario	Director	Senior Vice President, Strategy, Performance Enablement & Marketing, Royal Bank
Lawrence A.W. Neilsen	Vancouver, British Columbia	Chief Compliance Officer	Global Head of Compliance, RBC Global Asset Management
Chandra Stempien	Toronto, Ontario	Director	Vice President, Stress Testing & Credit Analysis and Management, Royal Bank
Damon G. Williams	Toronto, Ontario	Director, 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 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 2017 was Acting Chief Financial Officer, RBC GAM Funds and prior to July 2017 was Vice President, RBC GAM, Daniela Moretti, who from March 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 2016 to March 2019 was Senior Vice President, Performance Management & Investor Relations, Royal Bank, 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 prior to November 2018 was Vice President, Global Head of Counterparty Credit Risk, Royal Bank, from January 2016 to 2018 was Managing Director and Head Counterparty Credit Risk, Royal Bank, from November 2013 to December 2015 was Head of Market, Operational and Trading Credit Risk – Asia Pacific, Royal Bank and Damon G. Williams, who from November 2010 to April 2015 was President, Institutional, RBC GAM.

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

Conflicts of Interest

RBC GAM, on behalf of the RBC ETF, will enter into a Designated Broker Agreement with the Designated Broker pursuant to which the Designated Broker will agree to perform certain duties relating to the RBC ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the Neo 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 the 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 Neo Exchange.

The directors and officers of RBC GAM may be directors, officers, shareholders or unitholders of one or more issuers from which the RBC ETF may acquire securities. RBC GAM and its affiliates may be managers or portfolio managers of one or more issuers from which the RBC ETF may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the RBC ETF. 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 ETF. 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 ETF. Such persons therefore will have conflicts of interest in allocating management time, services and functions to the RBC ETF and the other persons for which they provide similar services.

Independent Review Committee

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

In its role as the independent review committee of the RBC ETF, 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 ETF;

› any standing instructions it has provided to RBC GAM pertaining to conflict of interest matters in respect of the RBC ETF;

› RBC GAM's and the RBC ETF's 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 ETF. 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 ETF's website at www.rbcgam.com/etfs or by sending an email to etfs.investments@rbc.com (English) or fnb.investissements@rbc.com (French).

This report and other information about the IRC will also be available at www.sedar.com.

The IRC is composed of five members and each is independent of RBC GAM, the RBC ETF 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
Catherine J. Kloepfer[1]	Winnipeg, Manitoba	Senior Vice President, Corporate Services and Chief Financial Officer, Winnipeg Airports Authority Inc.
Charles F. Macfarlane[2]	Toronto, Ontario	Board Director and former Investment Industry Executive and Regulator
Mary C. Ritchie	Edmonton, Alberta	President and Chief Executive Officer, Richford Holdings Ltd.
Suromitra Sanatani	Edmonton, Alberta	Corporate Director

Notes:
[1] Vice Chair of the IRC
[2] Chair of the IRC

The IRC acts as the independent review committee of the investment funds managed by RBC GAM, including the RBC ETF. 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 ETF 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 ETF monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the RBC ETF, 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 ETF. 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 ETF 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.

Strategic Alliance with BlackRock Canada

RBC GAM and BlackRock Asset Management Canada Limited ("**BlackRock Canada**") have entered into a strategic alliance with regard to their ETF businesses in Canada whereby the ETF families offered by RBC GAM and BlackRock Canada are brought together under one brand – RBC iShares (the "**Strategic Alliance**"). The Strategic Alliance is a long-term contractual strategic alliance without the establishment of a joint venture entity. Under the Strategic Alliance, each of RBC GAM and BlackRock Canada provides the other party with support and certain services in relation to administration, distribution support, marketing and management of the ETFs managed by each of RBC GAM and BlackRock Canada (collectively, the "**Strategic Alliance ETFs**"). In connection with the provision of these mutual services, each of RBC GAM and BlackRock Canada provides the other with certain limited information, review and consent rights in relation to the Strategic Alliance ETFs. In addition, as consideration for these mutual services provided as part of the Strategic Alliance, RBC GAM and BlackRock Canada agree to share management fee revenue earned from the Strategic Alliance ETFs. Although RBC GAM and BlackRock Canada provide services to each other, the two firms continue to maintain separate fund management and portfolio advisory responsibilities for the Strategic Alliance ETFs for which they serve as investment fund manager or portfolio advisor. The Strategic Alliance Agreement contemplates that RBC GAM and BlackRock Canada will work together on new product development and ongoing review and rationalization of the product lineup.

Custodian and Valuation Agent

RBC IS is the custodian and valuation agent of the RBC ETF and provides administrative services to the RBC ETF pursuant to a custodian agreement between RBC GAM, in its capacity as trustee and manager of the RBC ETF, 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 ETF, 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 ETF, including calculating Net Asset Value, net income and net realized capital gains of the RBC ETF. 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 ETF is TSX Trust Company at its principal offices in Toronto, Ontario.

Auditor

The auditor of the RBC ETF 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 the RBC ETF 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 the RBC ETF 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 Broker

RBC GAM will appoint the Designated Broker for the RBC ETF. RBC GAM may change the Designated Broker from time to time. The Designated Broker must be a member of the Investment Industry Regulatory Organization of Canada and a participant in the Neo Exchange and CDS. See "Purchase of Units – Designated Broker".

Promoter

RBC GAM has taken the initiative in founding and organizing the RBC ETF 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 ETF, receives compensation from the RBC ETF. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETF – Management Fee".

CALCULATION OF NET ASSET VALUE

The Net Asset Value of the Units of the RBC ETF will be equal to the value of the total assets held by the RBC ETF less an amount equal to the total liabilities of the RBC ETF. The RBC ETF will calculate the Net Asset Value and Net Asset Value per Unit on a daily basis after the close of the market on each day on which trading takes place on the Neo 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 and Net Asset Value per Unit of the RBC ETF will be made on the following basis for the purpose of any issue or redemption of Units by the RBC ETF:

(a) cash is comprised of cash and deposits with banks and is recorded at amortized cost. The carrying amount of cash approximates its fair value because it is short term in nature;

(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 the RBC ETF; provided, however, that in circumstances where the closing price is not within the bid-ask spread, RBC GAM will determine the points within the bid-ask spread that are most representative of the fair value;

(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 the 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 RBC ETF is being determined;

(g) the value of a forward contract or swap will be the gain or loss that would arise as a result of closing the position at the valuation date;

(h) the value of bonds and mortgage-backed securities will be the closing price quoted by major dealers or independent pricing vendors in such securities;

(i) the value of short-term investments will be their fair value, which will be approximated at cost plus accrued interest;

(j) warrants will be valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation;

(k) all expenses or liabilities (including fees payable to RBC GAM) of the RBC ETF shall be calculated on an accrual basis; and

(l) notwithstanding the foregoing, the value of the total assets held by the 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.

The RBC ETF has procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

RBC GAM also has procedures where the RBC ETF primarily employs a market-based approach, which may use related or comparable assets or liabilities, NAV per Unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. The RBC ETF may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Net Asset Value per Unit

The Net Asset Value per Unit of the 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 RBC ETF by the total number of Units of the RBC ETF outstanding. The Net Asset Value and Net Asset Value per Unit of the RBC ETF will be determined in Canadian dollars 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 the RBC ETF will be reflected in the computation of Net Asset Value per Unit of the RBC ETF 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 the RBC ETF will be displayed daily on the RBC ETF's website at www.rbcgam.com/etfs.

PLAN OF DISTRIBUTION

Units of the RBC ETF will (subject to satisfying the Neo Exchange's original listing requirements) be listed on the Neo Exchange, and offered on a continuous basis and an investor will be able to buy or sell Units of the RBC ETF on the Neo Exchange or any other exchange on which the RBC ETF is 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 the 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 the 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 the RBC ETF represents an equal beneficial interest in the RBC ETF. The RBC ETF is entitled to issue an unlimited number of Units.

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. The RBC ETF will be a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units and 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 ETF must be placed by Authorized Dealers or the Designated Broker. See "Purchase of Units – Issuance of Units".

Certain Provisions of the Units

Each Unit of the RBC ETF has identical rights and privileges. Each whole Unit 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 the 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 ETF 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".

Redemptions of Units for Cash

On any Trading Day, unitholders may redeem Units of the 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 Neo 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 ETF in connection with selling Units on the Neo Exchange. See "Exchange and Redemption of Units – Redemption of Units for Cash".

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

UNITHOLDER MATTERS

Meetings of Unitholders

Except as otherwise required by law, meetings of unitholders of the 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 the 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 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 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 the 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 ETF.

Approval of unitholders of the 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 the 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 the RBC ETF set out in the Master Declaration of Trust;

(c) any increase in the amount of fees payable by the 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; (iii) intended to deal with minor or clerical matters or to correct typographical mistakes, ambiguities or manifest omissions or errors; or (iv) any amendment which, in the opinion of RBC GAM, is not prejudicial to unitholders and is necessary or desirable.

Permitted Mergers

The 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 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 ETF is December 31. The RBC ETF 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 the RBC ETF in respect of the preceding taxation year of the RBC ETF.

TERMINATION OF THE RBC ETF

The RBC ETF may be terminated by RBC GAM without unitholder approval on not less than 60 days' notice to unitholders. The rights of unitholders to exchange and redeem Units will cease as and from the termination date of the RBC ETF so fixed by RBC GAM. Upon termination on the termination date of the 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 the RBC ETF, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, the 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 the RBC ETF.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

RBC GAM will receive fees for its services to the RBC ETF. See "Fees and Expenses – Fees and Expenses Payable by the RBC ETF – Management Fee".

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. Subject to satisfying the Neo Exchange's original listing requirements in respect of the RBC ETF, Units of the RBC ETF 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 ETF, RBC GAM has responsibility for the investment management of the RBC ETF, including the exercise of voting rights attaching to securities held by the RBC ETF.

The 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 ETF to which voting rights are attached. The Proxy Voting Guidelines provide that the RBC ETF's voting rights will be exercised in accordance with the best interests of the RBC ETF.

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 the 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 ETF's proxies in accordance with the Proxy Voting Guidelines, there may be circumstances where it believes it is in the best interests of the RBC ETF to vote differently than the manner contemplated by the guidelines. The ultimate decision as to the manner in which the RBC ETF's 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 ETF. 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 ETF.

If the potential for a conflict of interest arises in connection with proxy voting, the Proxy Voting Policy provides for an escalation process, including the requirement that the proxy voting for related parties be reviewed and a positive recommendation be provided by the IRC.

The Proxy Voting Guidelines 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.

The proxy voting record for the 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 the RBC ETF will also be available from the RBC ETF's website at www.rbcgam.com/etfs.

MATERIAL CONTRACTS

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

CONTRACT	PURPOSE	DATED
Master Declaration of Trust	The creation, issue, trading, exchange and redemption of Units of the RBC ETF is provided for in the Master Declaration of Trust made by RBC GAM.	May 22, 2019.
Custodian Agreement	RBC IS is custodian of the RBC ETF.	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, April 20, 2018, August 16, 2018, April 5, 2019 and May 22, 2019.
Valuation and Administrative Services Agreement	RBC IS is the valuation agent of the RBC ETF and provides certain administrative services to the RBC ETF, 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, April 20, 2018, August 16, 2018, April 5, 2019 and May 22, 2019.

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the RBC ETF 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 ETF.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the RBC ETF, has consented to the incorporation by reference of its report on the RBC ETF dated May 23, 2019. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the RBC ETF within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The 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 the 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 ETF from the requirement that a prospectus contain a certificate of the underwriters;

(c) to relieve the RBC ETF 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 a class of Units of the RBC ETF through purchases on the Neo 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 a class of Units of the RBC ETF at any meeting of unitholders; and

(e) to permit the 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 the RBC ETF and, in any event, does not exceed 5% of the net assets of the RBC ETF.

The practice described in paragraph (e) 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.

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 ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages 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 securities legislation 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 ETF is in continuous distribution, additional information will be available in:

(a) the most recently filed comparative annual financial statements of the RBC ETF, together with the accompanying report of the auditor;

(b) any interim financial statements of the RBC ETF filed after the most recently filed comparative annual financial statements of the RBC ETF;

(c) the most recently filed annual MRFP of the RBC ETF;

(d) any interim MRFP of the RBC ETF filed after the most recently filed annual MRFP of the RBC ETF; and

(e) the most recently filed ETF Facts of the 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 (English) or fnb.investissements@rbc.com (French) or by contacting a registered dealer. These documents and other information about the RBC ETF are also available from the RBC ETF's website at www.rbcgam.com/etfs and are publicly available at www.sedar.com. Any documents set forth above, if filed by the RBC ETF after the date of this prospectus and before the termination of distribution of the 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 Canadian Discount Bond ETF
(the "ETF")

Our opinion

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the ETF as at May 23, 2019 in accordance with those requirements of International Financial Reporting Standards ("IFRS") relevant to preparing a statement of financial position.

What we have audited

The ETF's financial statement comprises the statement of financial position as at May 23, 2019 and the notes to the financial statement, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statement section of our report.

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

Independence

We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw to users' attention the fact that the financial statement does not comprise a full set of financial statements prepared in accordance with IFRS. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statement

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

In preparing a financial statement, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

Auditor's responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(SIGNED) *"PricewaterhouseCoopers LLP"*
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 23, 2019

RBC CANADIAN DISCOUNT BOND ETF
STATEMENT OF FINANCIAL POSITION

As at May 23, 2019

Assets

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

Notes:

(1) RBC Canadian Discount Bond ETF (the "**Fund**") was established under the laws of the Province of Ontario by a Master Declaration of Trust dated as of May 22, 2019. 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. RBC IS is a wholly owned subsidiary of Royal Bank of Canada.

The Fund seeks to provide unitholders with exposure to the performance of a diversified portfolio of primarily Canadian government and corporate bonds which at the time of purchase are trading below the weighted average price of the universe of Canadian short term bonds to provide regular income while preserving capital.

This statement of financial position as at May 23, 2019 was authorized for issue by RBC GAM on May 23, 2019.

(2) RBC GAM subscribed for one unit of the Fund at $20.00 per unit on May 22, 2019. In compliance with NI 81-102, the Fund will not issue units to the public until orders aggregating not less than $500,000 have been received and accepted by the Fund from investors other than RBC GAM or its directors, officers or securityholders.

(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 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 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 monthly basis. Distributions on units of the Fund are expected to consist primarily of ordinary income sourced from interest payments received or accrued by the RBC ETF but may also include net realized capital gains and returns of capital, in any case, less the expenses of the RBC ETF. 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 the Fund 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 Fund in cash will be paid as a "reinvested distribution". Reinvested distributions will be automatically reinvested in additional units at a price equal to the net asset value per unit and the units will be immediately consolidated such that the number of outstanding units of the Fund following the distribution will equal the number of units of the Fund outstanding prior to the distribution.

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) An annual management fee of 0.15% 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 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 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.

Where RBC GAM has waived a portion of the management fee payable by the Fund, RBC GAM retains full discretion to increase the management fee in respect of the Fund at any time such that the management fee paid to RBC GAM by the Fund will not exceed the management fee per annum for the Fund.

The Fund is also responsible for fees and expenses relating to its independent review committee (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 Fund was established and extraordinary expenses. Effective January 1, 2020, RBC GAM will be responsible for annual fees, meeting fees and reimbursement for expenses to members of the IRC.

(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) *"Damon G. Williams"*	(SIGNED) *"Daniel E. Chornous"*
Director	Director

CERTIFICATE OF THE RBC ETF, 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: May 23, 2019.

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

(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 ETF

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

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RBC Global Asset Management Inc.
P.O. Box 7500, Station A
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Global Asset Management

The RBC ETF is managed by RBC Global Asset Management Inc.

Printed in Canada
112284 (05-2019)