



FIXED-INCOME ETF

RBC 1-5 YEAR LADDERED CORPORATE BOND ETF

September 30, 2023

Portfolio Manager RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on December 7, 2023.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the ETF, its future performance, strategies or prospects, and possible future ETF action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the ETF and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the ETF. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the ETF. You can get a copy of the financial statements at your request, and at no cost, by calling 1-855-RBC-ETFS (722-3837), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at www.rbcgam.com/regulatorydocuments or SEDAR+ at www.sedarplus.ca. Security holders may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of Canadian corporate bonds, divided (“laddered”) into five groupings with staggered maturities from one to five years, which will provide regular income while preserving capital.

The ETF will achieve exposure to Canadian corporate bonds primarily by investing in an equal-weighted portfolio of five RBC Target Maturity Corporate Bond ETFs with remaining terms to maturity of one to five years. At the end of each year, the nearest term RBC Target Maturity Corporate Bond ETF will be sold and proceeds invested into a longer-dated RBC Target Maturity Corporate Bond ETF to maintain the one- to five-year ladder. The portfolio holdings will be rebalanced from time to time. The frequency of the rebalancing may change without notice.

Risk

There were no significant changes to the ETF that materially affected the ETF’s overall level of risk during the reporting period. The risks of investing in the ETF and the suitability of the ETF for investors remain as discussed in the Prospectus.

Results of Operations

The ETF’s net asset value rose to \$110 million as of September 30, 2023, from \$106 million on September 30, 2022. The increase was due to a combination of net inflows and investment returns.

Over the past financial year, the ETF’s units gained 2.5%, which underperformed the 2.9% rise in the benchmark. The ETF’s return is after the deduction of expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of the ETF.

The ETF posted gains over the past 12-month period amid increasingly attractive bond yields, which more than offset bond-price declines tied to the past year’s rise in interest rates. The Bank of Canada (the “BOC”) boosted its benchmark interest rate to 5% from 3.25% during the period as inflation stayed stubbornly above the central bank’s 2% target. Corporate-bond yields rose significantly in early 2023, a sign of investor concern, after the collapse of Silicon Valley Bank and several other midsize U.S. financial institutions.

Corporate bonds with maturities of between one year and five years outperformed federal and provincial bonds of similar maturity due to the extra yield provided by non-government fixed income. Returns on securities with relatively short maturities (1 year to 3 years) exceeded

those on bonds with maturities of more than 3 years as longer-dated bonds were more negatively affected by the overall climb in interest rates. All major sectors recorded similar returns except for infrastructure bonds, which lagged. Corporate-bond returns were aided by a drop in the premium required by investors to hold them, indicating that investors considered corporate yields high enough to offset the risks they carry versus government securities.

Recent Developments

It is highly likely that the BOC and U.S. Federal Reserve are at, or near the end of, the current round of interest-rate hikes. This does not mean that the two central banks will move to cut rates any time soon, as inflation is still well short of the targeted 2%. As a result, bond yields will stay at current levels for the foreseeable future, in the view of the portfolio manager, and could even rise modestly if inflation remains sticky.

Bond-default rates are rising for high-yield bonds but remain low for investment-grade securities. The premiums offered for corporate bonds relative to government securities are attractive on a historical basis, and returns should stay positive over the next six months assuming inflation does not return to the uncomfortably high levels of 2022.

A high percentage of the bonds held in the ETF trades at a discount to par, offering positive tax implications for investors. Investors should continue to expect temporary periods of volatility as the impact of higher interest rates and the unwinding of policies that had helped hold down bond yields filters through the economy and financial system.

Effective December 31, 2022, Charles F. Macfarlane stepped down as a member of the Independent Review Committee (“the IRC”). Effective January 1, 2023, Suromitra Sanatani was appointed as Chair of the IRC. Effective February 1, 2023, Joanne Vézina was appointed as a member of the IRC. Effective March 1, 2023, Enrique Cuyegkeng was appointed as a member of the IRC.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada (“Royal Bank”) and is the manager, trustee and portfolio manager of the ETF. RBC GAM is responsible for the ETF’s day-to-day operations, holds title to the ETF’s property on behalf of its unitholders, and provides investment advice and portfolio management services to the ETF. RBC GAM is paid a management fee by the ETF as compensation for its services. The management fee is calculated and accrued on a daily basis and is based on a percentage of the net asset value of the ETF.



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

Custodian and Valuation Agent

RBC Investor Services Trust (“RBC IS”) is the custodian and valuation agent and holds the assets of the ETF and provides administrative services to the ETF. RBC IS earns a fee for these services, which is paid by the manager from the management fee paid by the ETF.

Designated Broker

RBC GAM has entered into an agreement with RBC Dominion Securities Inc., an affiliate of RBC GAM, to act as designated broker and/or authorized dealer for the distribution of units of the ETF, on terms and conditions that are comparable to arm’s length agreements in the ETF industry. The material terms and conditions of the agreement have been disclosed in the ETF’s Prospectus.

Securities Lending Agent

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

Brokers and Dealers

The ETF has established standard brokerage and dealing agreements at market rates with related parties. For the periods ended September 30, 2023 and 2022, the related-party commissions were \$11,000 (2022 – \$0) or 100% (2022 – 0%) of the total transaction costs paid for this ETF.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the ETF relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

Related-Party Trading Activities

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

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



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FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the past five financial years or for the periods since inception. This information is derived from the ETF's audited annual financial statements.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Sept. 30, 2023	17.59	0.44	(0.01)	(0.29)	0.31	0.45	(0.44)	–	–	(0.05)	(0.49)	17.54
Sept. 30, 2022	19.24	0.42	–	(0.25)	(1.44)	(1.27)	(0.43)	–	–	–	(0.43)	17.59
Sept. 30, 2021	19.66	0.53	–	(0.06)	(0.43)	0.04	(0.45)	–	–	(0.01)	(0.46)	19.24
Sept. 30, 2020 ³	19.06	0.39	–	0.04	0.53	0.96	(0.38)	–	–	–	(0.38)	19.66
Dec. 31, 2019	18.78	0.55	–	(0.12)	0.42	0.85	(0.53)	–	–	–	(0.53)	19.06

¹ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

² Distributions are either paid in cash, reinvested in additional units of the ETF, or both.

³ The financial year-end of the ETF was changed from December 31 to September 30 in 2020 and therefore the information disclosed is for the nine-month period ended September 30, 2020.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³	Closing Market Price (\$)
Sept. 30, 2023	17.54	110 473	6 300	0.27	0.27	38.73	0.01	17.55
Sept. 30, 2022	17.59	105 550	6 000	0.30	0.30	33.80	0.01	17.60
Sept. 30, 2021	19.24	131 804	6 850	0.27	0.27	28.84	0.01	19.22
Sept. 30, 2020 ⁴	19.66	133 680	6 800	0.28	0.28	3.67	–	19.67
Dec. 31, 2019	19.06	155 348	8 150	0.28	0.28	25.93	0.01	19.11

¹ The management expense ratio ("MER") is based on the direct expenses charged to the ETF and the ETF's proportionate share of the expenses of underlying funds, if any, for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

² The ETF's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

³ The trading expense ratio represents total commissions and other portfolio transaction costs of the ETF and the ETF's proportionate share of such costs of underlying funds expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ The financial year-end of the ETF was changed from December 31 to September 30 in 2020 and therefore the information disclosed is for the nine-month period ended September 30, 2020.

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the ETF. Effective April 13, 2023, a management fee is charged indirectly and directly to the ETF: indirectly as this ETF invests in the units of other RBC ETFs and the other RBC ETFs pay management fees; and directly for other portfolio manager activities. The total management fee will not exceed 0.25%, before GST/HST, of the daily net asset value of the ETF.

Before April 13, 2023, no direct management fee was charged to the ETF.

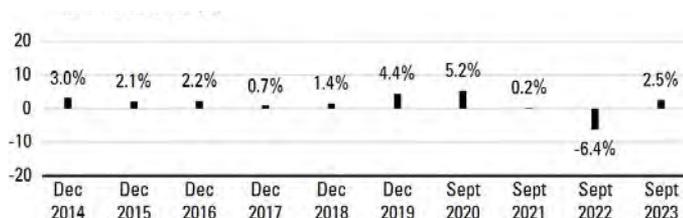


PAST PERFORMANCE

The performance information shown assumes that all distributions made by the ETF in the periods shown were reinvested in additional units of the ETF and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the ETF may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the ETF's performance for each of the years shown, and illustrates how the ETF's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



Annual Compound Returns (%)

The table shows the annual compound returns of the ETF for each of the periods indicated ended on September 30, 2023, compared with the following benchmark:

FTSE Canada Short Term Corporate Bond Index

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
ETF	2.5	-1.3	1.3	—	1.5
Benchmark	2.9	-0.7	1.7	—	1.9

The Benchmark and/or broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to benchmark and/or broad-based indexes.

The ETF's units have been available for sale to unitholders since January 15, 2014.

Inception dates are not provided for Funds that have been in existence for more than 10 years.

For the 12-month periods ended December 31 and September 30 (nine-month period ended September 30, 2020).

INDEX DESCRIPTIONS

FTSE Canada Short Term Corporate Bond Index This index measures the performance of investment-grade Canadian corporate bonds with terms to maturity of more than one year and fewer than five years.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at September 30, 2023

Investment Mix

	% of Net Asset Value
Financials	69.9
Energy	10.1
Infrastructure	6.0
Industrials	4.8
Real Estate	4.4
Communication Services	4.0
Cash/Other	0.8

Top 25 Holdings*

	% of Net Asset Value
RBC Target 2024 Corporate Bond Index ETF	20.2
RBC Target 2025 Corporate Bond Index ETF	20.2
RBC Target 2026 Corporate Bond Index ETF	20.1
RBC Target 2027 Corporate Bond Index ETF	19.8
RBC Target 2028 Corporate Bond Index ETF	19.7
Total	100.0

* The ETF holds fewer than 25 holdings.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the ETF and a quarterly update is available at www.rbcgam.com/regulatorydocuments.

The Prospectus and other information about the underlying funds are available on the investment fund's designated website and on SEDAR+ at www.sedarplus.ca.