



FIXED-INCOME ETF

RBC TARGET 2027 GOVERNMENT 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 income, for a limited period of time ending on the ETF's termination date, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date. RBC GAM's decision to invest in each Canadian government or agency bond is based on RBC GAM's assessment of each bond's term to maturity, credit quality, yield to maturity, issue size, liquidity, and an overall emphasis on issuer diversification.

The ETF will terminate on or about September 30, 2027.

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 was launched on May 10, 2023, and its net asset value was \$20 million as of September 30, 2023. Investment performance is not provided for a fund that has been available for less than one year.

Recent Developments

It is highly likely that the Bank of Canada 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.

Returns should stay positive over the next six months given current bond yields, and 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.

The federal government has announced that it might stop issuing mortgage bonds by folding them into regular Government of Canada borrowing programs. The proposal, subject to final approval, would be intended to reduce government borrowing costs. An update on the status of the proposal is due in the fall of 2023. The impact of any change on returns is impossible to predict at this time, in the view of the portfolio manager.

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.

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.



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.



September 30, 2023

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, 2023³	20.00[†]	0.20	(0.01)	(0.02)	(0.55)	(0.38)	(0.18)	–	–	–	(0.18)	19.09

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 From April 20, 2023.

[†] Initial offering net asset value per unit.

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, 2023⁴	19.09	20 045	1 050	0.18	0.18	19.33	–	19.10

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 From April 20, 2023.

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the ETF. RBC GAM is paid a management fee per annum of the net asset value by the ETF as compensation for its services. The management fee of the ETF is calculated at 0.15% annually, before GST/HST, of the daily net asset value of the ETF.



PAST PERFORMANCE

Investment performance in respect of an ETF that has been available for less than one year is not provided. The ETF was launched May 10, 2023.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at September 30, 2023

Investment Mix

	% of Net Asset Value
Federal Bonds	54.9
Provincial Bonds	44.5
Cash/Other	0.6

Top 25 Holdings*

	% of Net Asset Value
Canada Housing Trust No. 1 2.350% Jun 15, 2027	15.2
Canadian Government Bond 1.250% Mar 01, 2027	12.2
Canadian Government Bond 2.750% Sep 01, 2027	10.8
Province of Ontario 2.600% Jun 02, 2027	10.6
Province of Quebec 2.750% Sep 01, 2027	9.5
Canada Housing Trust No. 1 3.600% Dec 15, 2027	8.8
Canadian Government Bond 1.000% Jun 01, 2027	6.4
Province of Alberta 2.550% Jun 01, 2027	5.1
Province of Ontario 1.850% Feb 01, 2027	4.5
OMERS Finance Trust 1.550% Apr 21, 2027	3.0
Ontario Teachers' Finance Trust 1.100% Oct 19, 2027	2.0
Province of British Columbia 2.550% Jun 18, 2027	1.9
Province of Saskatchewan 2.650% Jun 02, 2027	1.8
Province of Ontario 1.050% Sep 08, 2027	1.7
CDP Financial Inc. 3.800% Jun 02, 2027	1.5
CPPIB Capital Inc. 2.850% Jun 01, 2027	1.5
Province of Manitoba 2.600% Jun 02, 2027	1.5
Province of New Brunswick 2.350% Aug 14, 2027	1.4
Cash & Cash Equivalents	0.6
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.