



FIXED-INCOME ETF

RBC CANADIAN DISCOUNT BOND ETF

March 31, 2023

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

The Board of Directors of RBC Global Asset Management Inc. approved this interim management report of fund performance on May 10, 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 interim management report of fund performance ("MRFP") contains financial highlights but does not contain either the complete interim financial statements or 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.sedar.com. 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.



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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 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.

The 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 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 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 ETF invests may be denominated in U.S. dollars.

The ETF may use derivative instruments to hedge its U.S. dollar exposure back to the Canadian dollar.

Results of Operations

The ETF's net asset value was \$822 million as of March 31, 2023.

Over the past six months, the ETF's units gained 2.7%. The ETF's return is after the deduction of fees and expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of the ETF.

The ETF recorded gains during the six-month period as investors benefited from an overall rise in bond yields. Rates set by the Bank of Canada (the "BOC") climbed as faster-than-expected inflation prompted the central bank to raise its benchmark interest rate to 4.5% in March 2023 from 3.25% as recently as September 2022.

While BOC-set rates increased, yields on corporate bonds maturing in two to five years actually fell slightly during the six months on expectations that slowing economic growth will force the BOC to begin lowering rates by the end of 2023.

Corporate bonds with maturities of between one year and five years outperformed federal and provincial bonds due to their extra yield. Bank-issued fixed income underperformed after the collapse of a U.S. bank in early March led to concerns that the problems would spread to other financial institutions. Worries about the Financials sector were partially offset by the outperformance of telecommunications providers.

Performance was boosted by the ETF's overweight position in corporate bonds, which had the highest returns during the period. Also aiding performance was the portfolio manager's decision to limit exposure to changes in interest rates, offsetting some of the negative impact of the rise in government-bond yields. Every bond held in the ETF had a price below par as of March 31, 2023.

Recent Developments

Many investors believe that the BOC and U.S. Federal Reserve are approaching the end of the current round of interest-rate hikes, and that the central banks may begin cutting rates by the end of this year to deal with stress in the banking system and an economic recession. The portfolio manager disagrees, believing that both central banks are likely to leave rates unchanged through the end of 2023. The BOC, in fact, may be forced to hike its benchmark rate one more time by the end of the summer due to the risk of sticky inflation, a strong labour market and a robust domestic and global economic expansion.

The portfolio manager notes that bond-default rates remain low and valuations are cheap on a historical basis. Given the current level of corporate-bond yields and attractive valuations, returns are likely to stay positive over the next six months. Investors should continue to expect elevated volatility as the impact of higher rates and quantitative tightening filters through to 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.

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.



March 31, 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 six months (noted by March 31, 2023), and for the past five financial years or for the periods since inception. This information is derived from the ETF's unaudited interim financial statements and 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		
Mar. 31, 2023	19.14	0.13	(0.02)	(0.02)	0.44	0.53	(0.12)	—	—	—	(0.12)	19.53
Sept. 30, 2022	20.45	0.25	(0.03)	(0.14)	(1.01)	(0.93)	(0.22)	—	(0.04)	—	(0.26)	19.14
Sept. 30, 2021	20.62	0.32	(0.03)	0.15	(0.35)	0.09	(0.29)	—	(0.13)	(0.02)	(0.44)	20.45
Sept. 30, 2020 ³	19.97	0.29	(0.03)	0.10	0.52	0.88	(0.27)	—	—	—	(0.27)	20.62
Dec. 31, 2019 ⁴	20.00 [†]	0.21	(0.02)	—	(0.09)	0.10	(0.16)	—	—	—	(0.16)	19.97

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.

⁴ From May 22, 2019.

[†] Initial offering net asset value per unit.

Ratios and Supplemental Data

As at	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) ¹	MER Before Absorption (%) ¹	Trading Expense Ratio (%) ²	Portfolio Turnover Rate (%) ³	Net Asset Value Per Unit (\$)	Closing Market Price (\$)
Mar. 31, 2023	822 397	42 100	0.17	0.17	—	8.85	19.53	19.52
Sept. 30, 2022	489 870	25 600	0.17	0.17	—	28.10	19.14	19.09
Sept. 30, 2021	169 711	8 300	0.16	0.16	—	48.35	20.45	20.47
Sept. 30, 2020 ⁴	107 236	5 200	0.17	0.17	—	43.41	20.62	20.64
Dec. 31, 2019 ⁵	77 868	3 900	0.17	0.17	—	39.76	19.97	19.96

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 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.

³ 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.

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.

⁵ From May 22, 2019.

Management Fees

RBC GAM is the manager, trustee and portfolio manager of the ETF. The management fee of the ETF is calculated at the annual percentage, before GST/HST, of the daily net asset value of the ETF.

Management Fees	
RBC Canadian Discount Bond ETF	0.15%



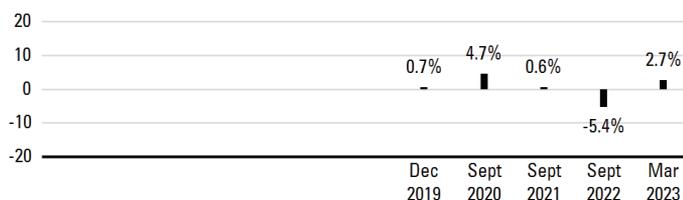
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PAST PERFORMANCE

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 or interim period.



The ETF's units have been available for sale to unitholders since June 12, 2019.

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, the nine-month period ended September 30, 2020, the 12-month periods ended September 30, 2021 and 2022 and the six-month period ended March 31, 2023.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at March 31, 2023

Investment Mix

	% of Net Asset Value
Corporate Bonds	57.6
Federal Bonds	40.8
Provincial Bonds	1.0
Cash/Other	0.6

Top 25 Holdings

	% of Net Asset Value
Canadian Government Bond 1.000% Jun 01, 2027	8.7
Canadian Government Bond 0.250% Apr 01, 2024	5.4
Canada Housing Trust No. 1 1.100% Dec 15, 2026	5.0
Canadian Government Bond 0.250% Aug 01, 2023	5.0
Canadian Government Bond 1.250% Mar 01, 2027	4.1
Canadian Government Bond 0.500% Nov 01, 2023	3.6
Toronto-Dominion Bank 1.128% Dec 09, 2025	3.4
Canadian Imperial Bank of Commerce 1.100% Jan 19, 2026	3.2
BCI QuadReal Realty 1.056% Mar 12, 2024	3.1
Canadian Government Bond 0.250% Mar 01, 2026	3.0
Canadian Imperial Bank of Commerce 2.010% Jul 21, 2030	3.0
VW Credit Canada Inc. 1.500% Sep 23, 2025	2.9
Inter Pipeline Ltd. 2.734% Apr 18, 2024	2.5
John Deere Financial Inc. 1.090% Jul 17, 2024	2.3
Bell Telephone Co. of Canada or Bell Canada 1.650% Aug 16, 2027	2.2
Canadian Government Bond 0.500% Sep 01, 2025	2.1
Canadian Government Bond 1.750% Dec 01, 2053	2.0
Laurentian Bank of Canada 1.150% Jun 03, 2024	2.0
Canada Housing Trust No. 1 0.950% Jun 15, 2025	1.9
Royal Bank of Canada 2.140% Nov 03, 2031	1.9
Bank of Montreal 2.077% Jun 17, 2030	1.9
Glacier Credit Card Trust 1.388% Sep 22, 2025	1.9
Intact Financial Corp. 1.207% May 21, 2024	1.9
North West Redwater Partnership / NWR Financing Co. Ltd. 1.200% Dec 01, 2023	1.6
Bank of Nova Scotia 1.400% Nov 01, 2027	1.6
Top 25 Holdings	76.2

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.