



FIXED-INCOME ETF

RBC 6-10 YEAR LADDERED CANADIAN CORPORATE BOND ETF

June 30, 2020

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 August 11, 2020.

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/en/ca 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.



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 successive maturities ranging from six to ten years, that will provide regular income while preserving capital.

The ETF will achieve exposure to Canadian corporate bonds primarily by investing in a portfolio of five sub-portfolios of bonds with targeted weights and remaining terms to maturity ranging from six to ten years. The sub-portfolios may deviate at times from their targeted weights due to market fluctuations and from their remaining terms to maturity due to a possible lack of availability of bonds of the desired maturity. Bond exposure is obtained by direct investment in corporate bonds (and government bonds, if necessary, due to a lack of availability of corporate bonds of the desired maturity). Bonds must meet screening criteria before being considered for a sub-portfolio. The decision to invest in each bond is based on RBC GAM’s assessment of each bond’s key characteristics including term to maturity, credit quality, yield to maturity and duration, with consideration given to issuer diversification. The portfolio manager considers environmental, social and governance (ESG) factors where material to the investment decision. Each sub-portfolio will have a remaining term to maturity ranging from six to ten years. At the end of each year, the nearest term sub-portfolio will be sold, and proceeds rolled into a new ten-year sub-portfolio in order to maintain the six-to ten-year ladder. If there are not enough ten-year bonds to facilitate a one-time roll, the ETF may need to gradually roll from five- to ten-year bonds over time as the supply of bonds increases.

Results of Operations

The ETF’s net asset value was \$4 million as of June 30, 2020.

Over the past six months, the ETF’s units gained 7.4%. 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.

Canadian bonds recorded their best half-year gains in almost a quarter-century, with yields falling to record-low levels in the first half of 2020, as the COVID-19 outbreak prompted major central banks and politicians to unleash unprecedented fiscal and monetary stimulus. In March, the Bank of Canada (the “BOC”) cut its benchmark interest rate by 1.5 percentage points to 0.25% in a bid to stabilize the financial system and shield the economy from the economic downturn. By the end of the first half of 2020, Canadian yields had pushed back up but remained near the lows.

Corporate bonds with maturities of between six and 10 years had their best returns in at least a decade, outpacing shorter-dated corporate bonds. However, corporate bonds underperformed similar-maturity federal and provincial debt given the safe-haven appeal of government securities after economic growth plunged in the wake of the pandemic. Long-maturity bonds outperformed shorter-maturity ones. Bonds in sectors most negatively affected by the economic impact of the pandemic, such as Energy and Real Estate, performed poorly, while bonds of companies in telecommunications and infrastructure offered attractive returns.

Recent Developments

The portfolio manager expects all major central banks to keep benchmark interest rates unchanged for at least the next 12 months unless the economic recovery proceeds at a much faster pace than the portfolio manager expects. As the pandemic subsides longer term, it would be reasonable to expect yields to rise from current levels, in the view of the portfolio manager.

Valuations of non-government bonds are more attractive than at the end of 2019, and there is room for the gap between yields on government bonds and non-government bonds to narrow in what would be an optimistic sign for the economic outlook. A reduced supply of new bonds and investors’ search for higher yields will also support the corporate-bond market, in the view of the portfolio manager. The BOC has said it would consider pushing interest rates below zero if the economic backdrop worsens significantly.

The financial year-end of the ETFs managed by RBC GAM (the “RBC ETFs”) has been changed from December 31 to September 30. As a result, the 2020 financial year for the RBC ETFs will be for the period from January 1, 2020 to September 30, 2020 as they transition to the new year-end. The change in financial year does not change the RBC ETFs’ tax year-end, which remains December 15 or December 31, as applicable.

Effective January 1, 2020, Ms. Ruth Corbin was appointed as a member of the Independent Review Committee.

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.

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 these 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 variable fee based on the value of assets under custody and a fixed fee for other valuation and administrative services.

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.



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 June 30, 2020), and for the past five 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	Total	Year/Period
June 30, 2020	20.47	0.32	(0.03)	(0.01)	0.78	1.06	(0.30)	—	—	—	(0.30)	21.66
Dec. 31, 2019	19.64	0.66	(0.06)	0.89	0.66	2.15	(0.74)	—	—	—	(0.74)	20.47
Dec. 31, 2018	20.03	0.66	(0.05)	(0.04)	(0.16)	0.41	(0.56)	—	—	—	(0.56)	19.64
Dec. 31, 2017 ³	20.00 [†]	0.14	(0.01)	0.05	(0.04)	0.14	(0.12)	—	(0.04)	—	(0.16)	20.03

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 September 8, 2017.

[†] 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 (\$)
June 30, 2020	4 332	200	0.28	0.28	—	48.83	21.66	21.70
Dec. 31, 2019	3 071	150	0.28	0.28	—	144.71	20.47	20.72
Dec. 31, 2018	13 750	700	0.28	0.28	—	31.11	19.64	19.58
Dec. 31, 2017 ⁴	3 004	150	0.29	0.29	—	129.53	20.03	19.99

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 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 From September 8, 2017.

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 6-10 Year Laddered Canadian Corporate Bond ETF	0.25%



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 October 19, 2017.

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 the six-month period ended June 30, 2020.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2020

Investment Mix

	% of Net Asset Value
Canadian Bonds	
Energy	26.2
Financials	24.9
Infrastructure	15.8
Real Estate	13.5
Communication Services	12.0
Industrials	6.6
Other Net Assets	1.0

Top 25 Holdings

	% of Net Asset Value
Great-West Lifeco Inc. 3.337% Feb 28, 2028	3.8
Hydro One Inc. 3.020% Apr 05, 2029	3.7
Ontario Power Generation Inc. 3.215% Apr 08, 2030	3.7
Bank of Nova Scotia 3.100% Feb 02, 2028	3.6
Greater Toronto Airports Authority 2.730% Apr 03, 2029	3.2
OMERS Realty Corp. 3.244% Oct 04, 2027	3.1
Bank of Montreal 2.700% Dec 09, 2026	3.0
Bank of Nova Scotia 2.620% Dec 02, 2026	2.9
Toronto-Dominion Bank 4.859% Mar 04, 2031	2.8
Enbridge Inc. 3.200% Jun 08, 2027	2.6
OMERS Realty Corp. 3.628% Jun 05, 2030	2.6
AIMCo Realty Investors LP 3.043% Jun 01, 2028	2.5
Bank of Montreal 3.190% Mar 01, 2028	2.4
AltaLink LP 2.747% May 29, 2026	2.3
Hydro One Inc. 2.160% Feb 28, 2030	2.2
Shaw Communications Inc. 2.900% Dec 09, 2030	2.1
Alectra Inc. 2.488% May 17, 2027	2.1
Rogers Communications Inc. 3.250% May 01, 2029	2.0
bcIMC Realty Corp. 3.000% Mar 31, 2027	2.0
Enbridge Pipelines Inc. 3.000% Aug 10, 2026	2.0
Toronto-Dominion Bank 3.060% Jan 26, 2032	2.0
Brookfield Property Finance ULC 3.930% Jan 15, 2027	1.8
North West Redwater Partnership 4.250% Jun 01, 2029	1.8
Canadian National Railway Co. 3.000% Feb 08, 2029	1.7
Pembina Pipeline Corp. 3.310% Feb 01, 2030	1.6
Top 25 Holdings	63.5

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/en/ca.