



FIXED-INCOME ETF

## RBC PH&N SHORT TERM CANADIAN BOND ETF

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March 31, 2025

**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 6, 2025.

### 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.

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*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](http://www.rbcgam.com/regulatorydocuments) or SEDAR+ at [www.sedarplus.ca](http://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 regular monthly income with the potential for modest capital growth by investing primarily in a well-diversified portfolio of short-term fixed-income securities issued by Canadian corporations and governments.

The ETF invests primarily in an actively managed portfolio of high-quality, short-duration Canadian corporate and government bonds, treasury bills and term deposits. Fixed-income securities are selected on the basis of the portfolio manager's assessment of each security's key characteristics including term to maturity, credit quality, yield to maturity and duration, with consideration given to issuer diversification, in order to build a diversified portfolio with competitive risk-adjusted rates of return.

### Results of Operations

The ETF's net asset value was \$11 million as of March 31, 2025.

Over the past six months, the ETF's units gained 2.2%. 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 short-term bonds posted gains during the period as the income available from elevated yields added to the positive impact of an overall increase in prices of fixed-income securities. Bond yields, which move in the opposite direction of prices, declined, primarily in the second half of the period, as the constant threat of tariffs from the new U.S. administration cast doubt on the outlook for the Canadian economy.

Given elevated fixed-income volatility over the period, the ETF's overall sensitivity to interest rates was largely managed so that changes in market interest rates would not have a significant impact on relative returns. This approach reflected the portfolio manager's view that there was little immediate visibility into the long-term direction of interest rates. While there were instances during the period where the portfolio manager adjusted this positioning to take advantage of short-term market developments, these changes had a fairly neutral impact on the ETF's relative performance.

During the first half of the period, the ETF held a position in short-term U.S. Treasury bonds as the price of these securities had reached historically attractive levels relative to Government of Canada bonds. The Treasury bonds underperformed during the period and had a negative impact on the ETF's relative performance. The portfolio manager's continued preference for high-quality corporate bonds, which offer greater yields than Government of Canada bonds, was a key contributor to the ETF's performance.

### Recent Developments

Against the backdrop of elevated uncertainty, the portfolio manager is proceeding with caution. One reflection of this thinking is a decision to favour issuers with higher credit quality, whose earnings are less sensitive to changes in economic conditions. This approach is expected to offer a degree of safety to help shield the ETF from the potential for market volatility. As a result, the portfolio manager believes the ETF remains well-positioned to withstand a market with elevated volatility and uncertainty. The portfolio manager also believes that the current elevated level of bond yields should provide a helpful tailwind for returns.

### 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.



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### ***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.



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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 six months (noted by March 31, 2025), 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 <sup>1</sup>					Annual Distributions <sup>2</sup>					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	
<b>Mar. 31, 2025</b>	<b>20.07</b>	<b>0.27</b>	<b>(0.04)</b>	<b>0.63</b>	<b>(0.45)</b>	<b>0.41</b>	<b>(0.34)</b>	—	—	—	<b>(0.34)</b>	<b>20.17</b>
Sep. 30, 2024	19.06	0.71	(0.08)	0.17	0.89	1.69	(0.68)	—	—	—	(0.68)	20.07
Sep. 30, 2023	19.26	0.62	(0.08)	(0.39)	0.15	0.30	(0.51)	—	—	—	(0.51)	19.06
Sep. 30, 2022	20.53	0.44	(0.08)	(0.62)	(0.62)	(0.88)	(0.27)	—	(0.19)	—	(0.46)	19.26
Sep. 30, 2021	20.81	0.29	(0.08)	0.20	(0.43)	(0.02)	(0.26)	—	(0.30)	(0.01)	(0.57)	20.53
Sep. 30, 2020 <sup>3</sup>	20.01	0.34	(0.06)	0.29	0.51	1.08	(0.31)	—	—	—	(0.31)	20.81

<sup>1</sup> 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.

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

<sup>3</sup> 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 (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>	Closing Market Price (\$)
<b>Mar. 31, 2025</b>	<b>20.17</b>	<b>10,587</b>	<b>525</b>	<b>0.39</b>	<b>0.39</b>	<b>188.25</b>	—	<b>20.15</b>
Sep. 30, 2024	20.07	37,632	1,875	0.39	0.39	312.49	—	20.06
Sep. 30, 2023	19.06	35,263	1,850	0.39	0.39	235.05	—	19.07
Sep. 30, 2022	19.26	37,556	1,950	0.39	0.39	229.29	—	19.25
Sep. 30, 2021	20.53	49,268	2,400	0.39	0.39	199.53	—	20.51
Sep. 30, 2020 <sup>4</sup>	20.81	45,775	2,200	0.39	0.39	172.85	—	20.80

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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. 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 0.35% annually, before GST/HST, of the daily net asset value of the ETF.



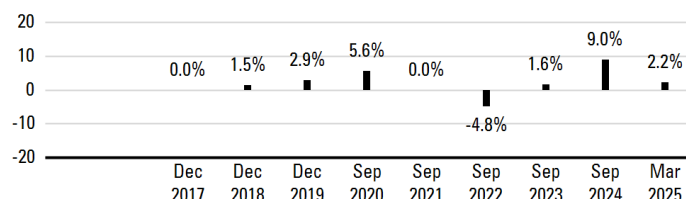
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## PAST PERFORMANCE

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 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 September 30 (nine-month period ended September 30, 2020) and the six-month period ended March 31, 2025.

## SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at March 31, 2025

### Investment Mix

	% of Net Asset Value
Corporate Bonds	40.1
Federal Bonds	36.9
Mortgage-Backed Securities	7.6
Provincial/Municipal Bonds	6.5
International Bonds	4.1
Cash/Other	4.8

### Top 25 Holdings

	% of Net Asset Value
Canadian Government Bond 2.750% May 01, 2027	29.6
Province of Ontario 2.050% Jun 02, 2030	4.1
National Housing Act MBS (97530112) 3.721% Oct 01, 2029	3.3
Canadian Government Bond 3.500% Mar 01, 2028	3.0
Canadian Imperial Bank of Commerce 4.950% Jun 29, 2027	2.7
Canada Housing Trust No. 1 2.900% Dec 15, 2029	2.5
Brookfield Renewable Partners ULC 3.752% Jun 02, 2025	2.1
National Housing Act MBS (97530007) 3.350% Oct 01, 2029	1.8
Coastal Gaslink Pipeline LP 4.691% Sep 30, 2029	1.6
Bank of Montreal 4.537% Dec 18, 2028	1.6
Royal Bank of Canada 5.096% Apr 03, 2034	1.5
Verizon Communications Inc. 2.375% Mar 22, 2028	1.4
Government of Canada T-Bill 2.663% May 07, 2025	1.4
John Deere Financial Inc. 4.380% Jul 11, 2028	1.3
Enbridge Inc. 3.200% Jun 08, 2027	1.3
National Grid Electricity Transmission Plc. 2.301% Jun 22, 2029	1.3
National Housing Act MBS (97530466) 3.350% Dec 01, 2027	1.1
Royal Bank of Canada 4.279% Feb 04, 2035	1.0
Province of Ontario 1.350% Dec 02, 2030	1.0
Toronto-Dominion Bank 4.859% Mar 04, 2031	1.0
Groupe Nouveau Pont Ile-Aux-Tourtes Inc. 5.131% Jul 31, 2030	1.0
National Housing Act MBS (97530467) 3.350% Dec 01, 2027	1.0
OMERS Realty Corp. 5.381% Nov 14, 2028	0.9
TransCanada PipeLines Ltd. 7.340% Jul 18, 2028	0.9
Enbridge Gas Inc. 7.600% Oct 29, 2026	0.8
<b>Top 25 Holdings</b>	<b>69.2</b>

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](http://www.rbcgam.com/regulatorydocuments).