



FIXED-INCOME ETF

**RBC TARGET 2023
CORPORATE BOND INDEX ETF**

June 30, 2018

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 9, 2018.

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-ETF (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/etf/reports 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 income for a limited period of time ending on its termination date by replicating, to the extent possible, the investment results that correspond generally to the performance, before fees and expenses, of the FTSE TMX Canada 2023 Maturity Corporate Bond Index*. The FTSE TMX Canada 2023 Maturity Corporate Bond Index is designed to represent the performance of a held-to-maturity portfolio consisting of, primarily, Canadian dollar-denominated investment grade corporate bonds with effective maturities in 2023.

The ETF intends to invest at least 90% of its assets in and hold the securities that comprise the FTSE TMX Canada 2023 Maturity Corporate Bond Index and/or securities that have economic characteristics that are substantially similar to those that comprise the index.

Results of Operations

The ETF's net asset value was \$91 million as of June 30, 2018.

Over the past six months, the ETF's CAD units gained 0.1%. 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 fixed-income bonds recorded modest total returns during the first half of 2018, with corporate bonds slightly outperforming government and provincial bonds. Economic growth continued to accelerate. As a result, the Bank of Canada (the "BOC") raised rates once during the period while the U.S. Federal Reserve (the "Fed") hiked rates twice. Bonds recovered from significant declines early in the period, when strengthening economic growth and concern about faster inflation prompted the BOC and the Fed to boost short-term interest rates. However, the potential for a global trade war and political developments in Europe led to worries about economic growth, pulling down bond yields and lifting prices.

Corporate bonds with five years left until maturity had modest positive total returns during the first half of 2018, as the portfolio generated sufficient income to offset a decline in bond prices.

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Recent Developments

The Canadian bond market is torn between the forces of strong global economic growth and higher oil prices, both of which tend to push up yields, and the threat of a trade war and unsettled European politics, which should pull yields down. In this uncertain environment, the portfolio manager expects Canadian bond returns in the second half of the year to be consistent with those in the first half.

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 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, 2018), 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. For financial years beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For financial years prior to January 1, 2014, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). "Net Assets," for the periods prior to 2014, are calculated in accordance with GAAP, and "Net Asset Value" is derived from the valuation method disclosed in the RBC Funds Annual Information Form and is used for transactional purposes (see Ratios and Supplemental Data). All other calculations for the purposes of this MRFP are made using Net Asset Value. There is no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

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		
June 30, 2018	19.26	0.31	(0.03)	(0.12)	(0.14)	0.02	(0.28)	–	–	–	(0.28)	19.00
Dec. 31, 2017	19.56	0.63	(0.06)	(0.05)	(1.63)	(1.11)	(0.30)	–	–	(0.24)	(0.54)	19.26
Dec. 31, 2016 ³	20.00 [†]	0.24	(0.02)	(0.06)	(0.48)	(0.32)	(0.16)	–	–	(0.02)	(0.18)	19.56

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 14, 2016.

[†] 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, 2018	91 189	4 800	0.29	0.29	–	23.52	19.00	18.94
Dec. 31, 2017	93 419	4 850	0.29	0.29	–	40.66	19.26	19.31
Dec. 31, 2016 ⁴	3 912	200	0.29	0.29	–	11.25	19.56	19.61

¹ The management expense ratio ("MER") is based on expenses 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 14, 2016.

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 Target 2023 Corporate Bond Index ETF	0.25%
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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 September 20, 2016.

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, 2018.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2018

Investment Mix

	% of Net Asset Value
Corporate Bonds	
Financials	53.0
Energy	12.2
Industrials	11.1
Communication	9.7
Real Estate	8.0
Infrastructure	5.1
Other Net Assets	0.9

Top 25 Holdings*

	% of Net Asset Value
HSBC Bank Canada 2.542% Jan 31, 2023	9.5
Sun Life Financial Inc., FRN 3.050% Sep 19, 2028	8.0
Royal Bank of Canada 2.333% Dec 05, 2023	7.9
Toronto-Dominion Bank 1.909% Jul 18, 2023	7.8
TransCanada PipeLines Ltd. 3.690% Jul 19, 2023	7.6
Manulife Financial Corp., FRN 3.317% May 09, 2028	5.9
Brookfield Asset Management Inc. 4.540% Mar 31, 2023	5.7
AltaLink LP 3.668% Nov 06, 2023	5.1
Wells Fargo Canada Corp. 3.460% Jan 24, 2023	5.0
OMERS Realty Corp. 3.358% Jun 05, 2023	5.0
TELUS Corp. 3.350% Mar 15, 2023	5.0
VW Credit Canada Inc. 3.250% Mar 29, 2023	4.9
Enbridge Inc. 3.940% Jun 30, 2023	4.6
Industrial Alliance Insurance & Financial Services Inc., FRN 3.300% Sep 15, 2028	4.0
First Capital Realty Inc. 3.900% Oct 30, 2023	3.0
Bell Canada 3.350% Mar 22, 2023	2.9
Saputo Inc. 2.827% Nov 21, 2023	2.9
Loblaw Companies Ltd. 4.860% Sep 12, 2023	2.5
Bell Canada 4.700% Sep 11, 2023	1.8
Total	99.1

* 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/etfs.