



FIXED-INCOME ETF

**RBC SHORT TERM U.S. CORPORATE  
BOND ETF**

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*March 31, 2023*

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

Sub-Advisor: RBC Global Asset Management (U.S.) Inc.,  
Minneapolis, Minnesota

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.

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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.sedar.com](http://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 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 in the U.S. market by U.S. and foreign corporations.

The ETF invests primarily in an actively managed portfolio of high-quality short-duration bonds issued in the U.S. market by U.S. (and, in some cases, foreign) corporations. These bonds are selected by the sub-advisor on the basis of company credit and industry analysis to identify investment opportunities offering higher probabilities of competitive rates of return while simultaneously mitigating interest rate risk.

### Results of Operations

The ETF's net asset value was \$227 million as of March 31, 2023.

Over the past six months, the ETF's CAD units gained 2.3%. 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 USD units, which will usually vary because of foreign exchange rates.

Short-term U.S. investment-grade corporate bonds recorded gains during the six-month period. Bond prices rose with the decline in Treasury yields following the collapse in March of Silicon Valley Bank. The failure of the bank, many of whose customers worked in technology and venture capital, led to concern about the overall health of the banking industry and triggered speculation that the U.S. Federal Reserve (the "Fed") would delay or perhaps end the current round of interest-rate hikes aimed at fighting inflation. The yield on the 2-year U.S. Treasury bond fell  $\frac{1}{4}$  percentage point during the period and the 5-year Treasury yield fell about  $\frac{1}{2}$  point.

Relative performance benefited primarily from security selection in banks given the ETF's focus on larger, higher-rated financial institutions that were able to weather the recent industry turmoil and, in some cases, benefited from deposit inflows as individuals and businesses shifted money from smaller, more exposed banks. Returns were hurt by the portfolio's slightly higher sensitivity to changes in interest rates during a period in which rates rose quickly and significantly.

### Recent Developments

The ETF continues to favour large domestically focused companies that operate in industries less sensitive to changes in the rate of economic growth, as well as companies with stable-to-improving credit profiles and are in the process of reducing debt. The ETF remains overweight in areas where regulations are favourable to

bondholders, such as the Utilities sector and telecommunications. The sub-advisor currently does not anticipate making significant changes to the ETF's positioning.

The sub-advisor notes that, after a year of rapidly rising rates, corporate bonds now offer higher coupons and greater opportunities for attractive income. However, further increases in yields may be limited by the fact that the Fed must pay more attention to maintaining financial stability, even as it remains committed to reining in inflation.

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.

#### *Sub-Advisor*

RBC Global Asset Management (U.S.) Inc. is the sub-advisor and provides investment advice for the ETF. The sub-advisor earns a fee which is calculated and accrued daily as a percentage of the net asset value of the ETF. The sub-advisor is paid by the manager from the management fee paid by the ETF.



***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 <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		
<b>CAD Units</b>												
<b>Mar. 31, 2023</b>	<b>19.94</b>	<b>0.31</b>	<b>(0.04)</b>	<b>(0.20)</b>	<b>0.43</b>	<b>0.50</b>	<b>(0.27)</b>	–	–	–	<b>(0.27)</b>	<b>20.11</b>
Sept. 30, 2022	20.50	0.59	(0.08)	(0.69)	(0.18)	(0.36)	(0.45)	–	–	–	(0.45)	19.94
Sept. 30, 2021	22.00	0.56	(0.08)	(0.31)	(1.36)	(1.19)	–	(0.46)	(0.08)	(0.03)	(0.57)	20.50
Sept. 30, 2020 <sup>3</sup>	21.15	0.52	(0.07)	0.12	0.89	1.46	(0.46)	–	–	(0.01)	(0.47)	22.00
Dec. 31, 2019	21.41	0.68	(0.09)	0.20	(0.49)	0.30	(0.60)	–	(0.10)	–	(0.70)	21.15
Dec. 31, 2018	19.88	0.71	(0.08)	0.01	1.56	2.20	(0.40)	–	–	(0.01)	(0.41)	21.41
<b>USD Units*</b>												
<b>Mar. 31, 2023</b>	<b>14.51</b>	<b>0.23</b>	<b>(0.03)</b>	<b>(0.15)</b>	<b>0.27</b>	<b>0.32</b>	<b>(0.20)</b>	–	–	–	<b>(0.20)</b>	<b>14.86</b>
Sept. 30, 2022	16.18	0.47	(0.06)	(0.54)	(0.03)	(0.16)	(0.36)	–	–	–	(0.36)	14.51
Sept. 30, 2021	16.47	0.44	(0.07)	(0.24)	(0.94)	(0.81)	–	(0.37)	(0.06)	(0.02)	(0.45)	16.18
Sept. 30, 2020 <sup>3</sup>	16.31	0.38	(0.05)	0.09	0.50	0.92	(0.34)	–	–	(0.01)	(0.35)	16.47
Dec. 31, 2019	15.67	0.51	(0.06)	0.15	(0.39)	0.21	(0.45)	–	(0.08)	–	(0.53)	16.31
Dec. 31, 2018	15.86	0.55	(0.06)	0.01	1.74	2.24	(0.31)	–	–	–	(0.31)	15.67

<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.

\* Stated in U.S. dollars.

### Ratios and Supplemental Data

As at	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Trading Expense Ratio (%) <sup>2</sup>	Portfolio Turnover Rate (%) <sup>3</sup>	Net Asset Value Per Unit (\$)	Closing Market Price (\$)
<b>CAD Units</b>								
<b>Mar. 31, 2023</b>	<b>2 011</b>	<b>100</b>	<b>0.41</b>	<b>0.41</b>	–	<b>26.52</b>	<b>20.11</b>	<b>20.29</b>
Sept. 30, 2022	4 985	250	0.40	0.40	–	54.80	19.94	19.79
Sept. 30, 2021	7 175	350	0.40	0.40	–	51.96	20.50	20.50
Sept. 30, 2020 <sup>4</sup>	9 900	450	0.40	0.40	–	34.42	22.00	21.98
Dec. 31, 2019	10 575	500	0.40	0.40	–	35.65	21.15	21.36
Dec. 31, 2018	10 704	500	0.40	0.40	–	52.62	21.41	21.46



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**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data (cont.)**

As at	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Trading Expense Ratio (%) <sup>2</sup>	Portfolio Turnover Rate (%) <sup>3</sup>	Net Asset Value Per Unit (\$)	Closing Market Price (\$)
<b>USD Units*</b>								
Mar. 31, 2023	166 464	11 200	0.41	0.41	—	26.52	14.86	14.82
Sept. 30, 2022	168 325	11 600	0.40	0.40	—	54.80	14.51	14.57
Sept. 30, 2021	220 894	13 650	0.40	0.40	—	51.96	16.18	16.20
Sept. 30, 2020 <sup>4</sup>	248 697	15 100	0.40	0.40	—	34.42	16.47	16.46
Dec. 31, 2019	171 259	10 500	0.40	0.40	—	35.65	16.31	16.32
Dec. 31, 2018	94 046	6 000	0.40	0.40	—	52.62	15.67	15.67

<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 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>3</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>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.

\* Stated in U.S. dollars.

**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.

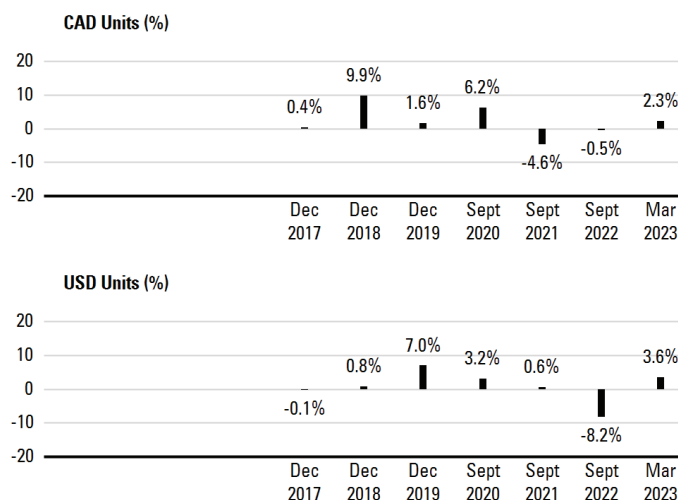
	Management Fees
CAD Units	0.35%
USD Units	0.35%

**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, 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.



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
United States	80.1
United Kingdom	4.1
Switzerland	2.9
Netherlands	2.3
Australia	1.7
Norway	1.7
France	1.3
Japan	1.2
Canada	0.8
Jersey	0.8
Finland	0.7
Other Global Bonds	0.7
Cash/Other	1.7

### Top 25 Holdings

	% of Net Asset Value
Charter Communications Operating LLC / Charter Communications Operating Capital 4.908% Jul 23, 2025	2.2
American Tower Corp. 3.650% Mar 15, 2027	2.0
Citigroup Inc. 5.610% Sep 29, 2026	1.9
Wells Fargo & Co. 3.908% Apr 25, 2026	1.9
Morgan Stanley 4.210% Apr 20, 2028	1.7
Australia & New Zealand Banking Group Ltd. 4.400% May 19, 2026	1.7
Bank of America Corp. 4.376% Apr 27, 2028	1.7
Bank of America Corp. 1.319% Jun 19, 2026	1.6
Capital One Financial Corp. 2.636% Mar 03, 2026	1.6
Crown Castle Inc. 2.900% Mar 15, 2027	1.5
American Electric Power Co. Inc. 1.000% Nov 01, 2025	1.4
Morgan Stanley 2.720% Jul 22, 2025	1.3
Var Energi ASA 7.500% Jan 15, 2028	1.3
Broadcom Inc. 3.459% Sep 15, 2026	1.3
Goldman Sachs Group Inc. 3.750% May 22, 2025	1.2
Intel Corp. 4.875% Feb 10, 2028	1.2
United States Treasury Note 3.875% Nov 30, 2027	1.2
Microchip Technology Inc. 0.972% Feb 15, 2024	1.2
EQT Corp. 5.700% Apr 01, 2028	1.2
Mitsubishi UFJ Financial Group Inc. 5.017% Jul 20, 2028	1.2
Take-Two Interactive Software Inc. 3.700% Apr 14, 2027	1.2
HSBC Holdings Plc. 2.099% Jun 04, 2026	1.1
JPMorgan Chase & Co. 1.045% Nov 19, 2026	1.1
VICI Properties LP 4.750% Feb 15, 2028	1.1
Wells Fargo & Co. 2.188% Apr 30, 2026	1.1
<b>Top 25 Holdings</b>	<b>35.9</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).