



RBC Global Bond Index ETF Fund

Commentary as at December 31, 2023

Government fixed-income securities in developed markets delivered strong returns after a year-end rally led to the first annual gain for bonds since 2020. The plunge in bond yields, which move in the opposite direction of prices, came after major central banks signaled they were nearing the end of interest-rate hikes required to tame inflation. Bond yields touched multi-decade highs in October but retreated as both inflation and the economies outside the U.S. cooled. The U.S. 10-year yield ended 2023 at 3.87%, near where it started the year but trading in a 170-basis-point range between 3.30% and 5.02% – the highest since July 2007.

The U.S. Federal Reserve (the “Fed”) raised short-term benchmark interest rates in smaller increments than it had in 2022 – a total of four to a range of 5.25% to 5.50%. The European Central Bank delivered six rate hikes, putting the policy rate at 4.5% to head off inflation, even as its largest economy, Germany, descended into a recession. In the UK, the Bank of England’s policy rate rose to 5.25% amid persistent demands for higher wages and widespread labour disruptions, with the most recent increase coming in August. The Bank of Japan remained an outlier by holding rates at ultra-low levels.

The portfolio manager has no recent developments to report.

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