

RBC Emerging Markets Equity Index ETF Fund



Commentary as at December 31, 2023

Emerging-market equities rose in 2023 to halt two years of declines, after subsiding inflation triggered interest-rate cuts and their promise of faster economic growth. The Information Technology sector drove emerging and developed markets, following the U.S., on expectations that advances in artificial intelligence (“AI”) would spur demand for computer chips and other technology needed to fuel AI.

China, the largest constituent of the emerging-market benchmark, was a significant exception to the upbeat story for emerging markets. The removal of the country’s remaining pandemic restrictions was taken by investors as a positive in early 2023, but consumers and businesses did not spend and invest as had been expected, holding back Chinese equity markets. Overall, emerging markets underperformed developed markets.

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