

## RBC Canadian Index Fund



### Commentary as at December 31, 2023

Canadian equities rose in 2023 but underperformed most major markets given Canada's concentrated exposure to stocks in the Financials and Energy sectors and a relatively low number of high-flying technology companies. Most of the index gains came in the latter half of 2023 as investors grew more optimistic that two years of uncomfortably high inflation had been brought under control.

In this environment, speculation arose that the Bank of Canada (the "BOC") would begin to roll back interest rates in a bid to rejuvenate an economy weakened by soaring mortgage rates and high consumer-debt levels. Inflation, however, remained at 3.1% near year-end, above the 2% target, and the BOC's benchmark interest rate stood at 5%. Weaker growth, both domestic and global, led Canada's banks to increase their reserves for loan losses and kept energy prices in check.

The portfolio manager has no recent developments to report.

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