

## RBC Canadian Bond Index ETF Fund



### Commentary as at December 31, 2023

Canadian bonds posted gains in 2023, breaking a two-year losing streak. Fixed-income returns were bolstered, particularly in the fourth quarter, by signs that slowdowns in inflation and economic growth, especially in Canada and Europe, would give central banks the cover they needed to bring down their benchmark rates from the highest levels in two decades. In particular, the avoidance of a highly anticipated recession made the job of policymakers more difficult, as fears persisted that lower rates would rekindle inflation.

Slowing inflation and economic growth in the first half of 2023 allowed the Bank of Canada (the “BOC”) to decrease the pace of interest-rate increases. The BOC increased interest rates three times during the period, compared with seven times in 2022, resulting in a benchmark rate of 5.0%. Canada’s 10-year yield ended the year slightly lower at 3.11% but traded in a range between 2.72% and 4.24% – the highest since July 2007.

The portfolio manager has no recent developments to report.

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