



# RBC Investor Services reports Canadian DB pension plans return 8.2% in Q4, ending the year up 9.1%

**TORONTO, Jan. 31, 2024** - RBC Investor Services (RBCIS) reported strong financial performance for their Canadian Defined Benefit (DB) pension plans, as they achieved an 8.2% median return in Q4 and closed the year with an impressive 9.1% return as of December 31, 2023 – significantly rebounding from the -10.3% return reported in 2022. This analysis encompasses various client plans across private and public sectors.

Marijana Jovanovic, managing director, head of Product Development at RBCIS, stated, "This quarter represents the third-best performance in over two decades, with notable quarters in Q2 2020 and Q2 2009. Positive returns in both fixed income and equity markets during Q4 were driven by investor optimism over potential near-term interest rate cuts amid decreasing inflationary pressures."

Jovanovic emphasized the nuanced landscape, noting, "Potential future inflation arising from the Red Sea crisis introduces uncertainties impacting global trade and supply chains. Geopolitical tensions, notably conflicts in the Middle East and Ukraine are also under consideration as plan managers adapt their strategies to navigate this environment."

Global equities delivered a 7.9% return for the quarter and a 16.3% annual return, trailing the MSCI World Index's 8.7% return for the quarter and 20.5% annual return. Within the benchmark, Information Technology emerged as the top-performing sector, boasting a 14.6% return for the quarter and an impressive 49.2% return for the year. Real Estate secured the second spot for the quarter with a solid 14.3% return, while Communication Services claimed the second-highest performing sector for the year with a 41.7% return. Growth stocks significantly outperformed their value counterparts – the MSCI World Growth index returned 33.3% over the year compared to 8.5% for the MSCI World Value index.

Canadian equities aligned with the positive trend, posting a 7.5% return in Q4 (10.9% for the year), closely tracking the 8.1% Q4 return for the TSX Composite Index (11.8% for the year). The divergence in global and Canadian equities performance was primarily attributed to the fact that the Canadian market has lower exposure to the in-favour growth-style stocks.

The Canadian fixed income asset class benefited from declining yields and tightening credit spreads and showcased robust performance with a quarterly return of 10.9% (7.8% over the 12-month period), outshining the FTSE Canada Universe Bond Index, which returned 8.3% and 6.7% respectively. Specifically, interest rate-sensitive long-term bonds stole the spotlight with a 14.8% return for the quarter and a commendable 9.5% return over the year. Conversely, short-term bonds within the benchmark returned 4.1% for the quarter and 5.0% for the year.

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## About RBC Investor Services

RBC Investor Services delivers asset servicing solutions to Canadian asset managers and asset owners, investment counsellors and other financial institutions. Part of Royal Bank of Canada, Canada's largest bank and one of the top 15 banks globally, our focus is on safeguarding the assets of our clients and supporting their growth.

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