



11/8/ RBC Investor Services' Canadian pension plans near flat in Q2 2024

TORONTO, July 31, 2024 - RBC Investor Services (RBCIS) reports a positive return of 1.1% for its clients' defined (DB) pension plans during the second quarter of 2024, and a 4.4% return for the first half of 2024. This analysis, which RBCIS reports on following each quarter, encompasses various client plans across private and public sectors.

Global equities for client plans generated gains of 3.1%, slightly underperforming the MSCI World Index, which returned 3.8% and was led by the Information Technology (12.6%) and Communication Services (9.3%) sectors. Similar to Q1, growth style stocks outpaced their value counterparts with the MSCI World Growth up 7.5% compared to MSCI World Value - 0.1%. From a regional perspective, U.S. equities outperformed their international counterparts, as evidenced by the S&P 500's gain of 5.4%, primarily driven by the robust performance of the Information Technology sector versus the MSCI EAFE's 0.7% return.

Canadian equities for RBCIS DB pension plans lagged their global counterparts and experienced a negative return of 0.6%, aligning with the TSX Composite Index's - 0.5% return. Weakness in the Financials (-1.2%) and Industrials (-3.4%) sectors overshadowed gains in the Materials (+7.4%) sector.

Turning to the Canadian fixed income asset class, RBCIS DB pension plans returned 0.8% aligning with the FTSE Canada Universe Bond Index, which experienced a return of 0.9%, rebounding from its negative return in Q1, primarily due to the Bank of Canada's interest rates adjustment in June. Short-term FTSE Canada Universe bonds (1.2%) outperformed long-term bonds that remained nearly flat with a 0.2% return.

"This analysis emphasizes the complexities of the Canadian pension landscape, and the importance of diversifying, and proactive risk management," said Isabelle Tremblay, director, Client Solutions, Asset Owner Segment Lead at RBCIS. "The market continues to experience volatility due to ongoing geopolitical tensions. Inflation trended favourably in Q2 following the June Bank of Canada rate cut. With the consecutive rate adjustment announced in July, plan managers are continuing to adapt their strategies and navigate the evolving environment."

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Media contact

[Brianna Sommerville](#), RBC

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