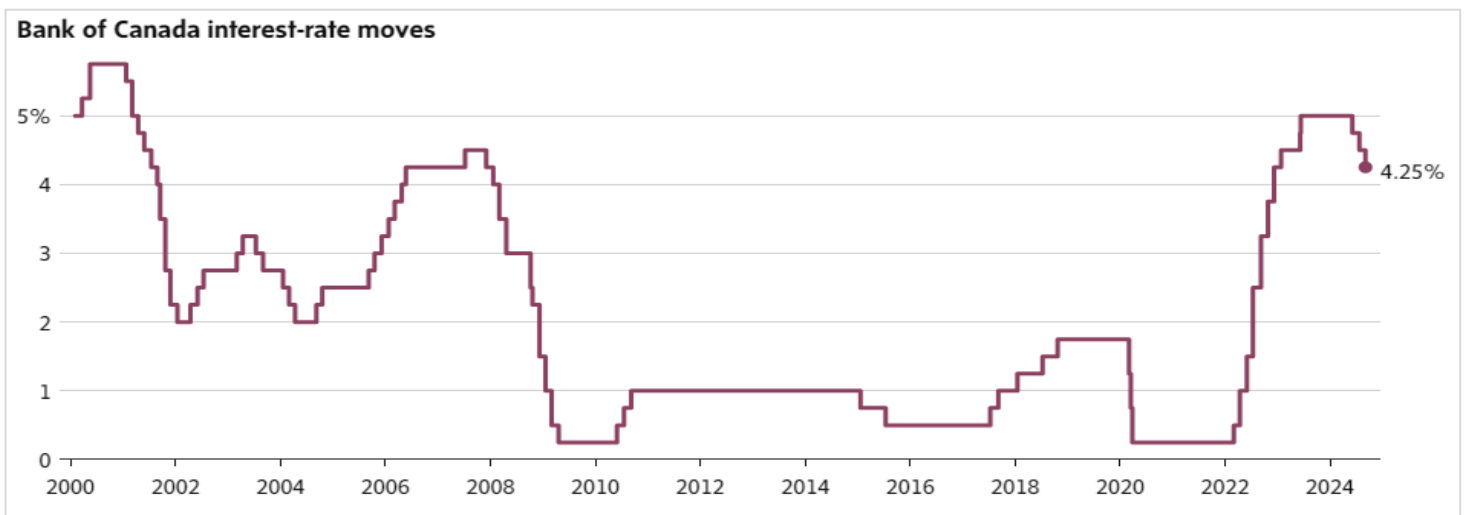


# How interest rates affect bond funds

In this newsletter, we regularly discuss anticipated changes in financial markets and their potential impact on investors. One aspect of economic markets that we continually monitor is interest rates, as they can have a significant effect on the returns of bond funds in your portfolios.

## What's happening with interest rates?

The Bank of Canada began reducing rates in April this year. The rate had been at 5% for some time before 0.25% reductions in June, July and September this year. The rate was further reduced by 0.50% on October 23, 2024 and now stands at 3.75%.



## Lower interest rates will bring better bond returns

Due to these decreases in interest rates bond returns have improved. There is an inverse relationship between interest rates and bond returns. As interest rates come down, bond returns will come up. On a year-to-date basis Canadian Bonds have had a return of 4.3% and a one year return of 13.0% at September 30, 2024.

## Positioning for retiring members

As always, we suggest that members review their portfolio on a periodic basis to ensure it is well-positioned to withstand market conditions and volatility.

We urge members who are closer to retirement to review on a more frequent basis, with the assistance of one of our licensed investment representatives.

To discuss your retirement portfolio and investment strategy, contact Reuter Benefits by phone at 1-800-666-0142 or by email at [retire@reuterbenefits.com](mailto:retire@reuterbenefits.com).