

**RBC DEXIA**  
INVESTOR SERVICES

## Canadian pensions rebound in third quarter

### *RBC Dexia Investor Services releases third quarter investment results of Canadian pension plans*

**TORONTO, October 20, 2006**—Global markets bounced back during the September quarter, boosting Canadian pension fund investments by a solid 4.7 per cent over the period, according to a survey just released by RBC Dexia Investor Services, which maintains the industry's most comprehensive universe of Canadian pension plans and money managers.

"Despite a bumpy ride in the June quarter, pension funds have earned 5.5 per cent year-to-date – a respectable return and comfortably above inflation," noted Don McDougall, Director Advisory Services, RBC Dexia Investor Services. Within the \$340 billion universe, all asset classes produced favourable results, benefiting from encouraging economic news and a stable Canadian dollar in the three months ending September 30.

Global equities were top-performers in the quarter, rising 5.3 per cent in Canadian dollar terms. According to the RBC Dexia survey, Canadian pension funds have outpaced the MSCI World Index over the last quarter and year-to-date.

Domestic bonds posted the best quarterly performance in three years: the median Canadian pension plan earned 4.9 per cent, matching the Scotia Capital Universe Bond Index. Moreover, long bonds (maturities of ten years or more), jumped 8.3 per cent – a 15-year high. "Allocations vary wildly, but long bonds are gaining popularity," observed McDougall. "Defined benefit plans with looming pension liabilities are strategically buying long bonds to better match their future obligations to retirees."

Sliding crude oil prices dampened the Canadian equity market and the energy-heavy S&P TSX Composite Index rose only 1.9 per cent for the quarter. "Fortunately, most Canadian pension funds had already reined in their exposure to the sector, and consequently outperformed the benchmark equity index by a whopping 2.1 per cent for the period," said McDougall.

#### **About RBC Dexia Investor Services**

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Established in January 2006, we are a joint venture equally owned by Royal Bank of Canada and Dexia. We rank among the world's top 10 global custodians, with USD 2.1 trillion in client assets under administration. Our innovative products and services help clients maximize operational efficiency, minimize risk and enhance portfolio returns. And our 4,000 professionals in 15 markets offer proven expertise to enhance clients' business performance.

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