

CANADIAN PENSION PLANS OFF TO STRONG START IN 2006

RBC Dexia Investor Services releases first-quarter investment results of Canadian pension plans

TORONTO, April 21, 2006 — Canadian pension funds earned a healthy 4.0 per cent in the quarter ending March 2006, marking the 12th successive quarter of positive investment returns, according to a survey just released by RBC Dexia Investor Services which maintains the industry's most comprehensive universe of Canadian pension plan and money managers.

“Since the low-point in March 2003, stock markets across the world have been on a tear,” noted Don McDougall, Director Advisory Services, RBC Dexia Investor Services. “The average Canadian pension plan has realized a robust 15.8 per cent annualized return over three years.” In the latest 12 months, performance averaged 14.9 per cent.

Surging commodity prices have propelled domestic equities to record highs. Canadian pension plans have generally reined in their exposure to resources – and consequently under-performed the S&P TSX composite index by 0.6 per cent in the most recent quarter (1.1 per cent for the year). “Nevertheless, it’s still an excellent result,” observed McDougall. “Most plan sponsors would gladly accept the median one-year return of 27.0 per cent.”

Global equity markets have also roared, pushing the MSCI World index up 6.7 per cent for the quarter and 13.9 percent for the year. Moreover, under-exposure to the U.S. market helped Canadian pension plans outpace this benchmark by 0.8 per cent for the quarter (1.3 per cent for the year). According to the RBC Dexia Investor Services survey, the median Canadian pension plan has increased foreign equity allocations by 2 per cent over the last quarter. “The repeal of the Foreign Property Rule last June has paved the way for more global diversification. That’s been good for pensions, although the strong loonie has tempered foreign returns for many unhedged Canadian plans,” explained McDougall.

Canadian fixed income didn’t fare as well. Speculation about further interest rate hikes triggered a modest sell-off, resulting in a 0.4 per cent loss on the quarter, in line with the Scotia Capital Universe Bond Index. Over the year, however, pension plans have averaged a respectable 5.2 per cent return on Canadian bonds.

About RBC Dexia Investor Services

RBC Dexia Investor Services offers institutional investors worldwide an integrated suite of products, including global custody, fund and pension administration, securities lending, shareholder services, analytics and other related services. With approximately US\$2.0 trillion (€1.7 trillion) in client assets under custody*, RBC Dexia Investor Services ranks among the world's top 10 global custodians. RBC Dexia Investor Services is a joint venture equally owned by Royal Bank of Canada and Dexia. Headquartered in London, the company has 3,800 employees who serve clients from offices in 15 countries on four continents. RBC Dexia Investor Services is the brand name under which RBC Dexia Investor Services Limited and its affiliates conduct their global custody and investment administration business. RBC Dexia Investor Services Limited is a holding company that provides strategic direction and management oversight to its affiliates. Operations are conducted mainly by the legal entities RBC Dexia Investor Services Bank in Luxembourg and RBC Dexia Investor Services Trust in Canada, and their affiliates and branches around the world. Visit the RBC Dexia Investor Services website at www.rbcdexia-is.com.

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* Includes in-house assets of Royal Bank of Canada (as of October 31, 2005) and Dexia (as of September 30, 2005)