

## Canadian pension plans continue to gain more ground in first quarter

**Toronto, April 19, 2007** — Bolstered by yet another quarter of healthy equity returns, Canadian pension funds maintained their positive momentum during the first quarter, according to a report by RBC Dexia Investor Services, which maintains the industry's most comprehensive universe of Canadian pension plans and money managers.

Within the CAD 340 billion RBC Dexia universe, pension funds earned 1.8 per cent in the quarter ended March 31, 2007. "On the heels of two very strong back-to-back quarters, this is a fairly respectable start to the new year," noted Don McDougall, Director Advisory Services, RBC Dexia.

"Since hitting their low-point in March of 2003, pensions have benefited from impressive equity numbers and consequently, have performed extremely well," added McDougall. "The median Canadian plan has realized a healthy 14.1 per cent annualized return over the past four years." In the past 12 months, performance averaged 10.8 per cent.

Canadian equities were the dominant asset class over the four-year period, generating a whopping 23.7 per cent annualized gain and outpacing the S&P TSX Composite by 1.3 per cent. Domestic equities continued to fare well in the first quarter of 2007, climbing 3.4 per cent and lifting their one-year performance to 14.1 per cent.

Foreign stocks also did their part, pushing the four-year MSCI World Index to 14.2 per cent in Canadian dollar terms. Moreover, by limiting exposure to the underperforming US market, Canadian pensions outpaced the industry benchmark by more than a full percentage point, gaining 15.4 per cent for the period. Over the past 12 months, performance was a solid 14.7 per cent.

Domestic bonds continued to post lacklustre results in Q1. The median pension fund earned 0.9 per cent for the quarter, matching the Scotia Capital Universe Bond Index. Over the past four years, however, Canadian plans have averaged a more impressive 6.7 per cent return on fixed income.

### 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 2.3 trillion in client assets under administration. Our innovative products and services help clients maximize operational efficiency, minimize risk and enhance portfolio returns. And our more than 4,300 professionals in 15 markets offer proven expertise to enhance clients' business performance.

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