PRESS RELEASE

Canadian pensions continue to stumble in first quarter

TORONTO, April 18, 2008 — Canadian pension plans lost ground for the third consecutive quarter, as deepening financial woes depressed equity markets worldwide, 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.

Within the CAD 340 billion RBC Dexia universe, Canadian pension funds slipped 1.9 per cent in the quarter ended March 31, pushing losses to -2.7 per cent for the latest 12-month period.

This quarter, global equity was the hardest hit asset class, although a weaker loonie softened the blow for unhedged Canadian-based investors. "The MSCI World Index plunged 11.9 per cent in local currency terms. Performance nearly matched the index, but Canadian pensions lost only 5.5 per cent once exchange rates are taken into account," noted Don McDougall, Director of Advisory Services for RBC Dexia. Over the period, the Canadian dollar depreciated almost 7 per cent against a basket of world currencies, including 2.7 per cent against the US dollar, 10 per cent against the Euro and 13 per cent against the Japanese yen.

The Canadian stock market also retreated, down 2.8 per cent this quarter, but was somewhat cushioned by strong commodity prices. As gold and crude oil reached record highs, materials gained 7.3 per cent and energy was up 1.2 per cent – the only two sectors with positive quarterly returns. "Unfortunately, Canadian pensions had generally reined in their exposure to both growth sectors and underperformed the S&P TSX Composite Index by 1.6 per cent this quarter – and by 3.8 per cent over the year," observed McDougall.

Domestic bonds remained the top quarterly performer, earning 2.8 per cent, but lagging the DEX Universe Bond Index by 0.2 per cent. "Spreads varied considerably," explained McDougall. "Real return bonds generated 5.9 per cent, while longer maturity corporate bonds lost 0.3 per cent."

About RBC Dexia Investor Services

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. We rank among the world's top 10 global custodians, with USD 2.9 trillion in client assets under administration. Our innovative products and services help clients maximize operational efficiency, minimize risk and enhance portfolio returns. And our 4,700 professionals in 15 markets offer proven expertise to enhance clients' business performance.

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