

Canadian pensions recoup some ground in second quarter

TORONTO, July 18, 2008 — Soaring energy stocks lifted Canadian pension plans into positive territory in the second quarter despite lingering global credit concerns, 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 earned 1.0 per cent in the quarter ended June 30, trimming six month losses to 1.0 per cent. "Albeit modest, after posting three consecutive negative quarters, it's a welcome reprieve, especially considering the weakness in other global markets," said Don McDougall, Director of Advisory Services for RBC Dexia.

Canada's energy rich equity market continued to buck the worldwide trend as high-flying oil prices made the S&P TSX Composite Index one of the best performers in the world – up a whopping 9.1 per cent for the quarter. Energy stocks were up 22.9 per cent for the quarter, accounting for more than three quarters of the gain, while one individual stock – Potash Corporation of Saskatchewan – accounted for most of the rest. "Unfortunately, with advances so narrowly focussed, Canadian pensions had a difficult time keeping pace and underperformed the composite benchmark by 0.9 per cent this quarter – and by 3.0 per cent over the year-to-date," observed McDougall.

Global stocks continued to be the worst-performing asset class, slipping 3.4 per cent in the quarter while underperforming the MSCI World Index by 0.6 per cent. "In local currency terms, the index has plunged 12.8 per cent since the beginning of the year, but pension plans have lost only 9.0 per cent once exchange rates are taken into account," noted McDougall.

Canadian pension plans also saw their fixed income holdings lose 0.3 per cent over the quarter, as mounting speculation over inflation kept domestic bonds in the red throughout the period but managed to outperform the DEX Universe Bond Index by 0.4 per cent. "Fortunately for those holding real return bonds, they unsurprisingly flourished in this type of environment, gaining an impressive 10.7 per cent over six months," said McDougall.

About RBC Dexia Investor Services

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 4,800 professionals in 15 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management processes. Equally-owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 2.9 trillion in client assets under administration.

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