

Canadian pensions extend losses to first quarter

TORONTO, April 22, 2009 — Canadian pension plans continued to suffer from the turbulence in the global equity markets in the first quarter of 2009, 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 310 billion RBC Dexia universe, pension assets shrank another 2.5 per cent in the quarter ending March 31, bringing 12-month losses to 16.3 per cent. "Six of the last seven quarters have been negative, with stock markets again testing historic lows," noted Don McDougall, Director of Advisory Services for RBC Dexia. "It has been a bumpy ride, but March finished strong and, so far, April is also looking up."

In the first three months, global equity was the worst performing asset class, losing 9.3 per cent, despite outpacing the MSCI World Index by 0.9 per cent. "Currency was less of a factor this quarter, but continued to have an impact over the year," observed McDougall. "The index has plunged 37.4 per cent in local currency terms for the year, but once exchange rates are taken into account, the weaker loonie helped reduce pension losses to 30.4 per cent."

Canadian stocks fared better, dropping only 2.0 per cent in the quarter, as strengthening commodity shares cushioned the fall. "Pensions remained under-exposed to the better-performing Materials and Energy sectors and consequently lagged the quarterly S&P TSX Composite index by 0.7 per cent," said McDougall. "Over the year, however, active management has paid off handsomely. Pensions beat the index by 1.8 per cent."

Thanks to a late March rally, domestic bonds earned 1.6 per cent for the quarter, ahead of the DEX Universe. "Corporate bonds led this quarter across the maturity spectrum, but 12-month figures still show dramatic underperformance," 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 5,500 professionals in 16 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 1.9 trillion in client assets under administration. rbcdexia.com.

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