

Canadian pensions recover more ground in third quarter

Toronto, October 21, 2009 – Stable global credit markets and rebounding equities continued to rejuvenate Canadian pension fund returns in the third quarter, 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 plans earned 7.2 per cent in the quarter ending September 30, 2009, boosting year-to-date results to 14.3 per cent. "Two solid back-to-back quarters doesn't necessarily make a recovery, but it's good to see some positive momentum," said Don McDougall, Director of Advisory Services for RBC Dexia.

Domestic stocks remained the top performing asset class for Canadian pensions, growing 10.6 per cent in the quarter and 29.6 per cent over the year-to-date. "Advances were fairly broad, but the top heavy weightings in financials, energy and the materials sectors accounted for more than two thirds of the increase so far this year," noted McDougall. "Remarkably, pensions kept pace with the S&P TSX Composite index in the quarter despite being underexposed to all three key sectors."

In foreign equity, currency losses continue to overshadow global stock market gains. Year-to-date, the MSCI World index climbed 20.3 per cent in local currency terms, but pension plans only increased by 10.5 per cent once converted into Canadian dollars. "The stronger loonie has held us back in 2009, but we weren't complaining last year when its weakness went a long way to soften our losses," observed McDougall.

Canadian bonds also contributed, advancing 3.4 per cent in the quarter and 8.2 per cent year-to-date. "Pension plans easily recouped all of last year's underperformance, outpacing the DEX Universe index by a huge 2.6 per cent over nine months, as corporate spreads narrowed even further during the quarter," 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 2.0 trillion in client assets under administration.

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