

Canadian pensions ride second quarter stock rally

Toronto, July 20, 2009 – Global equity markets continued to rebound in the June quarter, lifting Canadian pension plan assets by 9.5 per cent over the period, 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 funds have earned year-to-date investment gains of 6.5 per cent. “Given last year’s brutal pull-back, plan sponsors are breathing a sigh of relief to be finally moving into positive territory, especially after the poor January and February start,” noted Don McDougall, Director of Advisory Services for RBC Dexia.

Canadian equity was the top performing asset class as the S&P TSX Composite index gained 20 per cent, its best three-month showing since 1999. “The two largest sectors, Financials (up 34.5 per cent) and Energy (up 21.6 per cent) accounted for most of the increase, remarkably pensions were generally under-exposed to both but still managed to beat the index by 1.0 per cent this quarter on the strength of superior stock selection,” stated McDougall.

Foreign stocks also rallied, driving the MSCI World Index up 16.5 per cent in local currency terms during the quarter. “For unhedged Canadian-based investors, a stronger loonie - particularly against the US dollar - slashed foreign equity returns to 11.0 per cent,” observed McDougall.

In domestic bonds, Canadian pensions continued to gain lost ground on the DEX Universe index as corporate spreads narrowed considerably from their peaks, earning 2.3 per cent in the quarter and 4.3 per cent year-to-date.

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 1.8 trillion in client assets under administration.

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