

## Canadian pensions rebound sharply in 2009

**Toronto, January 21, 2010** – Resurging global equity markets continued to lift pension assets in the fourth quarter, marking an end to a remarkable year which saw plan sponsors gain back most of their 2008 losses, 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 plans earned 1.9 per cent in the last three months ending December 31, 2009, bringing year-end results to 16.2 per cent. "The speed of the rally, particularly in the second and third quarters caught pensions by surprise, as many remained under-exposed to equities," said Don McDougall, Director of Advisory Services for RBC Dexia. "Then again, after last year's brutal 15.9 per cent drop, it is reassuring to see pension plans claw back to pre-crisis state.

Canadian equities were the top performing asset class as the S&P TSX Composite index posted its best calendar year result since 1979, soaring 35.1 per cent. "All sectors advanced, with most gaining double digits - but the top heavy weightings in financials, energy and the materials sectors accounted for more than 85 per cent of the market's rise this year," noted McDougall. "Amazingly, pensions remained under-weighted to all three major groups throughout the year and still managed to outpace the index by 0.3 per cent on the strength of superior security selection."

Foreign stock markets also staged a solid comeback, lifting the annual MSCI World index to 25.7 per cent in local currency terms. McDougall added, "Unfortunately for unhedged Canadian-based pensions, a stronger loonie against most world currencies slashed the foreign equity returns to 12.6 per cent."

In domestic bonds, Canadian pensions advanced 7.9 per cent in the year, surpassing the DEX Universe index by an impressive 2.5 per cent. In a stark reversal from last year, corporate spreads narrowed throughout 2009 across all maturity categories. "Long-term corporate debt outdid long-term federal credits by a staggering 29.7 per cent for the year," said McDougall.

### About RBC Dexia Investor Services

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide, including Canadian pension funds. Our unique offshore and onshore solutions, combined with the expertise of our 5,400 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 2.3 trillion in client assets under administration.

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