

## RBC Dexia survey: Canadian pensions pull back in second quarter

**Toronto, July 22, 2010** – Faltering global equity markets contributed to a decline in pension assets in the June 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. The decline in the second quarter comes after four consecutive quarters of positive returns.

Within the CAD 340 billion RBC Dexia universe, Canadian pension plans lost 3.2 per cent in the three months ending June 30, 2010, erasing first quarter gains while bringing year-to-date results into negative territory at 1.4 per cent.

"After an encouraging four successful quarters of positive returns, it was difficult for Canadian pension plans to hold their ground in the second quarter," said Don McDougall, Director of Advisory Services for RBC Dexia.

Non-Canadian equities was the hardest hit asset class, dropping 8.3 per cent in the quarter while only outperforming the MSCI World Index by 0.2 per cent. Exchange rates were a key factor again this quarter as the MSCI World Index fell by 11.2 per cent in local currency terms, but a weaker Canadian dollar against most major currencies helped soften the blow for unhedged pensions.

"Currency moves have tended to cancel themselves out so far this year but volatility in the foreign exchange markets continues to create challenges for Canadian pension plans," noted McDougall.

Canadian equity markets fared little better, losing 5.5 per cent in the quarter as most sectors retreated. The top heavy Financials sector fell 9.8 per cent and accounted for the majority of the decline. Pensions also lagged the S&P TSX Composite Index by 1.1 per cent in the quarter largely because of poor performance in the Materials sector, likely caused by an under-exposure to gold stocks.

Bonds provided some relief, earning 3.1 per cent while surpassing the DEX Universe bond index by 0.2 per cent for the quarter. As well, corporate bonds lagged government debt for the first time in six quarters. McDougall added, "Longer duration bonds outperformed in the quarter allowing pension plans with liability matching strategies to do better."

### 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.

**For more information, contact:**

Jason Graham, Toronto, 416.955-5800 [jason.graham@rbcdexia.com](mailto:jason.graham@rbcdexia.com)

Alex Clelland, London, +44 (0)20 7002 2009 [alex.clelland@rbcdexia.com](mailto:alex.clelland@rbcdexia.com)

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