

RBC Dexia survey: Canadian Pensions Take Hit in the Third Quarter

Toronto, October 21, 2011 – Turbulent world equity markets severely impacted pension plans 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 \$340 billion RBC Dexia universe, Canadian pension assets fell 5.5 per cent in the three months ending September 30, 2011, sinking year-to-date performance into negative territory at -3.2 per cent. "Ongoing uncertainty over Europe's sovereign debt crisis, a US downgrade and mounting fears of slower global economic growth drove pensions to their lowest quarterly result since the 2008 financial crisis," said Don McDougall, Director of Advisory Services for RBC Dexia.

Global equity markets were hit hard as weakness in European bank shares led the quarterly decline, dropping the MSCI World index by almost 10 per cent. "Exchange rates were a key factor this quarter as a weaker Canadian dollar against most major currencies – particularly the US dollar, helped reduce the loss to Canadian investors," noted McDougall. "As well, pension plans further lagged the benchmark by 1.2 per cent".

Canadian equity was the worst performing asset class for Canadian plans as the S&P TSX Composite lost 12.0 per cent in the quarter and 11.9 per cent year-to-date. "The pull back actually started in April followed by six consecutive months of negative returns on Canadian stocks" observed McDougall. "Pensions trailed the S&P TSX Composite by 1.6 per cent for both the quarter and nine months."

Bonds thrived as investors sought refuge, advancing 5.1 per cent in the quarter and 7.6 per cent year-to-date. McDougall added, "Fixed income strength continued to come from declining long-term bond yields as the DEX Long Term bond index had its best three-month showing in 20 years, advancing by 9.8 per cent over the quarter."

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 15 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management practices.

Equally owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 3.0 trillion in client assets under administration.

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