

## RBC Dexia survey: Canadian Pensions Surge Ahead of Pre-Crisis Levels

**Toronto, January 21, 2011** – Strength in Canadian equities have helped Canadian pension plans surge ahead of their pre-financial crisis levels of 2008, 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, pension assets earned 4.3 per cent in the quarter ending December 2010, improving the full year performance to 10.4 per cent, making this a second consecutive year of double digit returns.

Despite the volatility in the global markets during the past ten years, Canadian pension plans have achieved an average annualized return of 5.4 per cent. "What the last decade has taught us is that diversification and disciplined investing is key over the long run," noted Fay Coroneos, Global Head of Risk & Investment Analytics for RBC Dexia.

Canadian equity markets flourished as nine out of ten TSX sectors experienced double digit annual gains. Even though Canadian Pension plans underperformed the index by 0.4, "it was encouraging to see strong returns not only in energy and materials but also in industrials and the consumer discretionary sectors" added Coroneos.

Foreign equities increased 6.3 per cent over one year. "Returns were muted by the soaring loonie, which gained significantly against the US dollar and was one of the best performers among major world currencies," reported Coroneos. The MSCI World index in local currency increased 10.0 per cent for the year, but was reduced to 5.9 per cent when translated into Canadian dollars.

For the year, domestic bond holdings within Canadian pension plans advanced 7.8 per cent, surpassing the DEX Universe index by 1.1 per cent. "Long-term bonds, with maturity of over ten years, continue to dominate short-term and mid-term bonds in 2010," said Coroneos. "The growing focus on asset-liability matching has resulted in pension plans shifting into the longer end of the yield spectrum, increasing demand for long-term bonds. In light of this, we believe a governance structure which includes the use of a liability-based benchmark will be of great interest for pension plans in 2011."

### 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 5,300 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 2.7 trillion in client assets under administration.

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