

## RBC Dexia survey: Canadian pensions post lacklustre gains in turbulent year

**Toronto, January 23, 2012** – Canadian pension plans ended the year barely in positive territory thanks to an impromptu October market rally which helped lift retirement assets by 4.2 per cent in the fourth 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 pensions earned just 0.5 per cent for the year ended December 31, 2011. "It's been a tumultuous year for global markets," said Don McDougall, Director of Advisory Services for RBC Dexia. "We had a natural disaster in Japan, geopolitical tensions in the Middle East, a stubborn US recovery with its ensuing political backlash, sputtering Chinese growth and the ever lingering European debt crisis - most pensions will be pleased it's over."

Canadian equity was the hardest hit asset class during the year as the S&P TSX Composite index dropped 8.7 per cent. "Weakness in the three largest sectors, materials (down 21 per cent), energy (down 10 per cent) and financials (down 3 per cent) accounted for the bulk of the market's decline," observed McDougall. "Pensions trailed the S&P TSX Composite by 0.9 per cent for the year despite outperforming the benchmark by 0.6 per cent in the December quarter."

Foreign equities also moved backwards during the year, losing 4.2 per cent while under-performing the MSCI World index by 1.0 per cent. "Weakness was very broad across all markets, while the US (up 2 per cent in local currency) was one of the select few to remain positive" noted McDougall. "Canadian plans also benefitted from a weaker Canadian dollar against most major currencies with the exception of the Euro."

Bonds provided the needed support, advancing 9.8 per cent over the last twelve months on the heels of a late-year rally. "Fixed income strength continued to come from declining longer term bond yields as the DEX Long Term bond index (up 18.1 per cent) had its best calendar year result since 1997," said McDougall.

### 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 2.7 trillion in client assets under administration.

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