



## Canadian defined benefit pension plans generated second-highest returns in a decade: RBC Investor & Treasury Services

### *Equity markets advanced in all regions*

**TORONTO, February 12, 2020** — To mark the end of a decade characterized by fintech disruptors, geopolitical tensions and regulatory changes, Canadian defined benefit pension plans returned 14.0 per cent in 2019, according to the [RBC Investor & Treasury Services All Plan Universe](#). This was the second highest annual return over the past 10 years, in large part due to an upsurge in Canadian and global equity markets.

#### **Quote**

“Over the past 10 years, the average Canadian Defined Benefits plan has generated an annualized return of 8.0 per cent on its assets. These results are quite impressive, though we can’t discount the impact of global uncertainty and trade tensions in the years ahead,” indicated David Linds, Managing Director and Head of Asset Servicing, Canada. “While the performance of equity markets suggests that investors expect to see continued growth, plan sponsors need to continue building robust strategies to prepare for higher volatility as earnings and fundamentals begin to slow.”

#### **RBC I&TS Defined Benefit Pension Plan Survey results**

An RBC Investor & Treasury Services report based on survey data from 119 Canadian defined benefit pension plans indicates a small increase in the plans’ median funded status to 101 per cent (as compared to 100 per cent in 2018). The report, [Preparing for the Silver Tsunami](#), reveals that a significant majority of pension plans (71 per cent) now hold alternative investments within their portfolios, with real estate and infrastructure cited as the most popular (95 per cent and 91 per cent respectively). The overall outlook of respondents has improved regardless of plan size or type.

#### **Additional results**

- Canadian defined benefit pension plans returned 2.0 per cent in Q4 2019, versus 1.7 per cent in Q3 2019 and a loss of 3.5 per cent in Q4 2018.
- Canadian equities returned 3.1 per cent in the quarter (+21.4 per cent for the year), while global equities returned 6.8 per cent (+20.7 per cent for the year). The TSX composite rose to 3.2 per cent in the quarter (+22.9 per cent for the year) and the MSCI World Index to 6.3 per cent (+21.2 per cent for the year).
- Canadian bonds decreased 1.6 per cent over the quarter, but were up 10.3 per cent for the year.
- Canadian fixed income broad market benchmark fell 0.9 per cent in the quarter (+6.9 per cent for the year).

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### Historic quarterly performance

Period	Return (%)	Period	Return (%)
Q4 2019	2.0	Q2	1.4
Q3 2019	1.7	Q1	2.9
Q2 2019	2.7	Q4	0.5
Q1 2019	7.2	Q3	4.2
Q4 2018	-3.5	Q2	2.9
Q3 2018	0.1	Q1	0.0
Q2 2018	2.2	Q4	3.1
Q1 2018	0.2	Q3	-2.0
Q4 2017	4.4	Q2	-1.6
Q3 2017	0.4	Q1	6.6

### Historic annual performance

Year	Return (%)	Year	Return (%)
2019	14.0	2009	16.2
2018	-0.7	2008	-15.9
2017	9.7	2007	1.5
2016	6.8	2006	12.9
2015	5.4	2005	12.0
2014	11.9	2004	10.7
2013	14.2	2003	13.8
2012	9.4	2002	-3.6
2011	0.5	2001	0.5
2010	10.4	2000	10.0

### About the RBC Investor & Treasury Services All Plan Universe

For the past 30 years, [RBC Investor & Treasury Services](#) (RBC I&TS) has managed one of the industry's largest and most comprehensive universes of Canadian pension plans. The "All Plan Universe" currently tracks the performance and asset allocation of a cross-section of assets under management across Canadian defined benefit (DB) pension plans, and is a widely-recognized performance benchmark indicator. The RBC Investor & Treasury Services "All Plan Universe" is produced by RBC I&TS' Risk & Investment Analytics (R&IA) service. R&IA work in partnership with best-in-class technology to deliver independent and cost effective solutions designed to help institutional investor clients monitor investment decisions, optimize performance, reduce costs, mitigate risk and increase governance capability.

### About RBC Investor & Treasury Services

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