



**Best quarter on record for Canadian defined benefit pension plans:
RBC Investor & Treasury Services
*Sharp rally in global equity markets and healthy gains in fixed income securities***

TORONTO, July 29, 2020 – Canadian defined benefit pension plans experienced a pronounced upsurge in the second quarter, posting a median return of 9.6 per cent, according to the [RBC Investor & Treasury Services](#) All Plan Universe. This marked the highest single quarter return in the universe's history, reversing the steep Q1 losses and raising the median plan's return to 1.4 per cent on a year-to-date basis. The gains followed a series of aggressive fiscal and monetary support measures introduced in March to address the impact of the virtual shut down of the global economy due to COVID-19.

Global equity markets rallied off their March lows and recovered most of their losses from Q1. While there was a brief surge in cyclical stocks, growth stocks ultimately outperformed value. The median pension plan generated 13.9 per cent in its non-Canadian equity holdings, compared to 14.2 per cent for the MSCI World index. Strength in the Canadian dollar trimmed some local currency returns over the quarter for unhedged plans (MSCI World Index returned 18.5 per cent in local currency terms).

In Canada, the TSX Composite returned a healthy 17.0 per cent, as 10 out of the 11 economic sectors generated positive returns, with Information Technology (led by Shopify) taking the top spot (+68.3 per cent), followed by the Materials, Consumer Discretionary and Energy sectors. The median Canadian equities returned 13.0 per cent and trailed the benchmark by 4 per cent. On a year-to-date basis, Canadian equities returned -10.4 per cent.

Fixed income securities returned 8.7 per cent, compared to 5.9 per cent for the FTSE TMX Canada Universe Bond Index. Positive returns were generated by both the decline in longer term yields (FTSE TMX Canada Long Bond Index returned 11.2 per cent) and the tightening of credit spreads (FTSE TMX Canada Corporate Bond Index returned 8.1 per cent).

"The actions the Bank of Canada and Federal Government have taken over the past months to support the economy and financial system are unprecedented – not even seen following the 1929 stock market crash – and the markets have been quick to respond," remarked David Linds, Managing Director and Head of Asset Servicing, Canada. "In this environment where so many of us are at home, it continues to be somewhat of a winner-takes-all scenario, with the market being driven primarily by companies that have continued to exhibit growth and safe haven investments – such as precious metals. The long term implications of COVID-19 on the economy are unclear."

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Historic performance

Period	Return (%)	Period	Return (%)
Q2 2020	9.6	Q1 2018	0.2
Q1 2020	-7.1	Q4 2017	4.4
Q4 2019	2.0	Q3 2017	0.4
Q3 2019	1.7	Q2 2017	1.4
Q2 2019	2.7	Q1 2017	2.9
Q1 2019	7.2	Q4 2016	0.5
Q4 2018	-3.5	Q3 2016	4.2
Q3 2018	0.1	Q2 2016	2.9
Q2 2018	2.2	Q1 2016	0.0

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

[RBC Investor & Treasury Services](#) (RBC I&TS) is a specialist provider of asset services, custody, payments and treasury and market services for financial and other institutional investors worldwide, with over 4,500 employees in 16 countries across North America, Europe and Asia. We deliver services which safeguard client assets, underpinned by client-centric digital solutions which continue to be enhanced and evolved in line with our clients' changing needs. Trusted with CAD 4 trillion in client assets under administration, RBC I&TS is a financially strong partner with among the highest credit ratings globally.

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