



**Canadian DB pension plans post positive first half, reflecting market optimism: RBC
Investor & Treasury Services**
Solid equity market returns offset weakness in bonds

TORONTO, July 29, 2021 — According to the RBC Investor & Treasury Services All Plan Universe, Canadian DB pension plans returned 4.4% in Q2 2021, up 3.5% over the first half of the year. Equity markets continued to march upwards, bolstered by the accelerated rollout of Covid-19 vaccines and reopening of the global economy.

“Canadian pension plans have generated an impressive 22.6% cumulative return on their assets since the violent sell-off in Q1 2020. This reflects the market’s optimism over the sooner-than-expected reopening of the global economy due to the increased availability and uptake of vaccines in the developed world,” said David Linds, Managing Director and Head of Asset Servicing, Canada, RBC Investor & Treasury Services.

“Experts are now pointing to the growing threat of a Covid resurgence as the Delta variant spreads,” continued Linds. “Managing and preparing for this possibility and remaining vigilant to other risks, such as high valuations in equity markets, mounting structural versus transitory inflationary pressures and ongoing geopolitical tensions will remain a priority of Canadian DB plans for the remainder of 2021.”

Benefiting from their sizable exposure to cyclical stocks, Canadian equities outpaced their global counterparts, returning 7.9% to Canadian DB plan holders in Q2 2021, and 17.3% on a year-to-date basis. The S&P/TSX Composite Index benchmark returned 8.5% over the quarter, driven by a solid performance in the information technology (+23.0%), energy (+13.9%) and financials (+8.3%) sectors. This represented a notable turnaround from 15 months prior, when Canadian equities posted a loss of -20.9% in Q1 2020 and significantly underperformed the global market,

Meanwhile, Canadian DB plans’ foreign equities returned 5.2% in Q2 2021, with growth stocks outperforming value stocks, a reversal from what took place over the previous two quarters. Foreign equities returned 9.3% over the first half of the year; local currency gains for unhedged plans were trimmed by the strength in the Canadian dollar, which was the top advanced-economy currency through the first five months of the year. The MSCI World Index returned 6.2% over the quarter, ahead of the MSCI Emerging Markets Index, which returned 3.5%.

Fixed income returns were positive for Canadian DB plans, returning 3.0% in Q2, but were down -5.0% year-to-date. Dovish comments from central banks emphasizing the transitory nature of recent high inflation readings reassured bond investors, and long-term yields moved lower. The FTSE Canada Universe Bond Index posted a quarterly return of 1.7%, with longer-

term bonds (FTSE TMX Canada Long index +3.7%) outperforming their short-term counterparts (FTSE TMX Canada Short Term index +0.1%).

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Historic performance

Period	Median return (%)	Period	Median return (%)
Q2 2021	4.4	Q1 2019	7.2
Q1 2021	-0.2	Q4 2018	-3.5
Q4 2020	5.4	Q3 2018	0.1
Q3 2020	3.0	Q2 2018	2.2
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

About the RBC Investor & Treasury Services All Plan Universe

RBC Investor & Treasury Services has managed one of the industry’s largest and most comprehensive universes of Canadian pension plans for more than 30 years. The All Plan Universe, a widely recognized performance benchmark indicator, tracks the performance and asset allocation of a cross-section of assets across Canadian defined benefit pension plans. The All Plan Universe is produced by RBC Investor & Treasury Services’ Risk & Investment Analytics service, which delivers independent and cost effective solutions that help institutional investors monitor investment decisions, optimize performance, reduce costs, mitigate risk and enhance governance.

About RBC Investor & Treasury Services

RBC Investor & Treasury Services (RBC I&TS) is a financially strong partner that provides asset and payment services to corporate investors and financial institutions globally. Trusted with CAD 4.5 trillion in assets under administration, clients are at the heart of our service offering. With offices in 16 countries, our focus is on safeguarding client assets as we leverage data and technology solutions to deliver meaningful insights, simplify our clients’ operations and support their growth.

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