

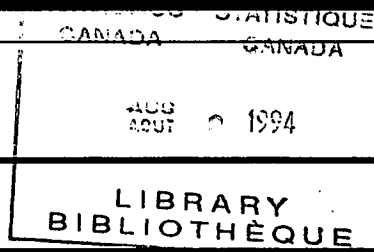


The Daily

Statistics Canada

Monday, August 8, 1994

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MAJOR RELEASE

• **Trusted pension funds, first quarter 1994**

2

Assets of trusted pension funds topped \$268 billion at the end of the first quarter of 1994. For the first time in survey history, strong market conditions and continuing low interest rates helped profits from the sale of securities to surpass investment income and become the largest component of fund revenue.

DATA AVAILABILITY ANNOUNCEMENTS

Sugar sales, July 1994

4

Shipments of solid fuel-burning heating products, second quarter 1994

4

PUBLICATIONS RELEASED

5



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MAJOR RELEASE

Trusteed pension funds

First quarter 1994

Assets of trustee pension funds topped \$268 billion at the end of the first quarter of 1994. For the first time in survey history, strong market conditions and continuing low interest rates helped profits from the sale of securities to surpass investment income and become the largest component of fund revenue.

Net income posts largest increase in 17 years

First-quarter net income of trustee pension funds topped \$6 billion for a 59% increase from 1993, the largest year-over-year increase in 17 years. Fund managers appear to have taken advantage of steadily improving and record-setting stock market conditions. This led to an exceptional rise in profits (+262%) and to reduced losses on the sale of securities (-88%).

Profits dominate fund income

For the first time, profits from the sale of securities represented the largest share of total income (37%), surpassing investment income (35%). Since 1980, investment income had almost always been the largest component of fund revenue. Continuing low interest rates have caused this shift. In the four quarters of 1990, before interest rates started to

decline, investment income represented between 53% and 62% of total income.

Asset growth is on the rise

As a result of the healthy increase in net income, assets rose 10.7% between the first quarters of 1993 and 1994 (to \$268.2 billion at book value). Although this growth rate is low compared with the growth rates of the late 1970s and early 1980s, it is still more than two percentage points higher than in the first quarter of 1993. It also represents the most significant year-over-year increase in 16 consecutive quarters. These assets represent one of the largest pools of capital in Canada, second only to the financial assets of the chartered banks.

Market volatility affects stock holdings

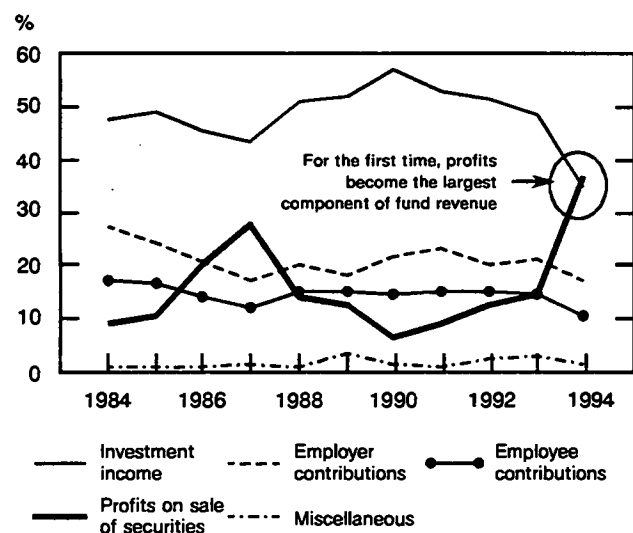
Total assets were up 2.6% from the previous quarter, one of the higher quarterly growth rates of the 1990s. However, the first quarter of 1994 was marked by volatility in the stock market and by a dramatic late-quarter increase in the bank rate. As a result, the amount held in stocks increased by only 2.7%, well below the average quarterly growth rate of 4.0% registered since interest rates began to decline in the last half of 1990. Investment in bonds, on the other hand, recorded a relatively healthy increase of 2.5%.

The amount invested in real estate grew by 6% between the fourth quarter of 1993 and the first quarter of 1994, the largest quarterly increase among the asset classes. Although this type of asset represents only 4% of the portfolio of trustee pension funds, it proved to be particularly appealing to public-sector fund managers, who directed 10% of quarterly net revenue to this type of investment.

Share invested in bonds is declining

Stocks and bonds continued to be the cornerstones of the trustee pension fund portfolios. Although bonds have traditionally accounted for the largest share of total assets, their proportion has been slowly declining from 49% in the first quarter of 1980 to the current low of 43%. The proportion invested in stocks, on the other hand, has increased by more than 15 percentage points (from 19% in the first quarter of 1980 to 35% in the first quarter of 1994). Short-term investments accounted for 9% while mortgages, real estate and some pooled investments constituted the balance of the portfolio at 13%.

Percentage distribution of first-quarter income



Foreign investment tops \$30 billion

Investment outside Canada surpassed \$30 billion (book value) at the end of the first quarter of 1994. The first quarter was marked by the final increase (from 18% to 20%) in the proportion of assets that pension funds are permitted to invest abroad. In response, the quarterly growth rate of non-domestic assets was twice that of the previous quarter (8% vs 4%). The foreign content of trustee pension funds' portfolios now stands at slightly more than 11%. Although this proportion has been generally rising since legislative changes were proposed in 1990 (and implemented in 1991), it is still well below the 20% permitted.

Asset growth is higher in public sector funds

Public sector funds hold over 60% of the assets of all trustee pension funds. Between the fourth quarter of 1993 and the first quarter of 1994, the assets of public sector funds increased 2.8%, which compares with a 2.3% increase in the assets of private sector funds. The difference relates directly to

fund income: public sector funds generated 73% of the total net income of all trustee pension funds in the first quarter of 1994. This is largely because public sector funds realized a 40% increase in profits from the sale of securities, whereas private sector funds realized only a 6% increase.

Public sector funds continued to invest a larger proportion of assets in bonds (46%) than in stocks (33%), whereas private sector funds held equal shares in stocks and bonds (37%).

These estimates are derived from a quarterly sample of 177 funds that hold 86% of total assets, and are supplemented by data from an annual census of all trustee pension funds.

Available on CANSIM: matrix 5749.

The first quarter 1994 issue of *Quarterly estimates of trustee pension funds* (74-001, \$15/\$60) will be available later this month. See "How to order publications".

For further information on this release, contact Thomas Dufour (613-951-2088), Pensions Section, Labour Division (fax: 613-951-4087).

Distribution of assets, income and expenditures of trustee pension funds

	First quarter 1994					
	Public sector		Private sector		Both sectors	
	\$ millions	%	\$ millions	%	\$ millions	%
Assets						
Bonds	76,299	46.3	38,015	36.7	114,314	42.6
Stocks	53,852	32.7	38,616	37.3	92,468	34.5
Mortgages	4,604	2.8	3,069	3.0	7,673	2.9
Real estate	7,299	4.4	2,887	2.8	10,186	3.8
Short-term investments	13,815	8.4	9,041	8.7	22,856	8.5
Other	8,757	5.3	11,925	11.5	20,682	7.7
Total	164,626	100.0	103,553	100.0	268,179	100.0
Income						
Contributions						
Employer	1,003	14.8	872	20.6	1,875	17.0
Employee	953	14.1	189	4.5	1,142	10.4
Investment income	2,507	37.0	1,312	30.9	3,819	34.7
Profit on sale of securities	2,207	32.6	1,844	43.5	4,051	36.8
Miscellaneous	102	1.5	26	0.6	128	1.2
Total income	6,772	100.0	4,243	100.0	11,015	100.0
Expenditures						
Pension payments	1,645	76.4	1,554	61.9	3,199	68.6
Cost of pensions purchased	8	0.4	74	2.9	82	1.8
Cash withdrawals	306	14.2	724	28.8	1,030	22.1
Administration costs	69	3.2	115	4.6	184	3.9
Net loss on sale of securities	1	0.0	16	0.6	17	0.4
Other	123	5.7	29	1.2	152	3.3
Total expenditures	2,152	100.0	2,512	100.0	4,664	100.0

DATA AVAILABILITY ANNOUNCEMENTS

Sugar sales

July 1994

Refiners' sales totalled 91 323 tonnes for all types of sugar in July 1994, comprising 84 317 tonnes in domestic sales and 7 006 tonnes in export sales. At the end of July 1994, year-to-date sales for all types of sugar totalled 623 363 tonnes: 555 395 tonnes in domestic sales and 67 968 tonnes in export sales.

This compares to sales of 90 052^r (revised) tonnes in July 1993, of which 83 112^r tonnes were domestic sales and 6 940^r tonnes were export sales. At the end of July 1993, year-to-date sales for all types of sugar totalled 612 659^r tonnes: 536 674^r tonnes in domestic sales and 75 985^r tonnes in export sales.

Available on CANSIM: matrix 141.

The July 1994 issue of *The sugar situation* (32-013, \$6/\$60) will be available later. See "How to order publications".

For further information on this release, contact Peter Zylstra (613-951-3511), Industry Division. ■

Shipments of solid fuel-burning heating products

Second quarter 1994

Shipments of solid fuel-burning heating products totalled \$10.4 million in the second quarter of 1994, an 11.1% increase from \$9.4^r (revised) million in the second quarter of 1993.

Data for the second quarter of 1994 on manufacturers' shipments of solid fuel-burning heating products are now available.

The second quarter 1994 issue of *Shipments of solid fuel-burning heating products* (25-002, \$6/\$24) will be available later.

For further information on this release, contact Keith Martin (613-951-3518), Industry Division. ■

PUBLICATIONS RELEASED

Cereals and oilseeds review, May 1994.

Catalogue number 22-007

(Canada: \$15/\$144; United States: US\$18/US\$173;
other countries: US\$21/US\$202).

Crude petroleum and natural gas production, April 1994.

Catalogue number 26-006

(Canada: \$11/\$110; United States: US\$14/US\$132;
other countries: US\$16/US\$154).

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences - Permanence of Paper for Printed Library Materials, ANSI Z39.48 - 1984.



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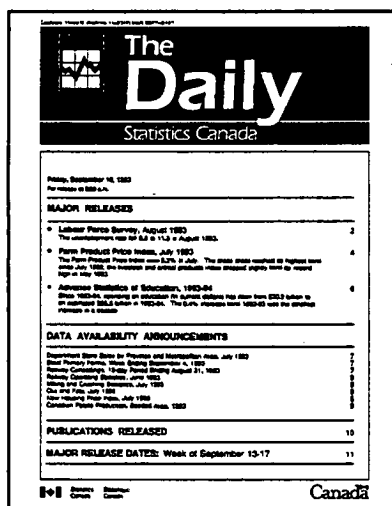
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ENVIRONMENTAL PERSPECTIVES

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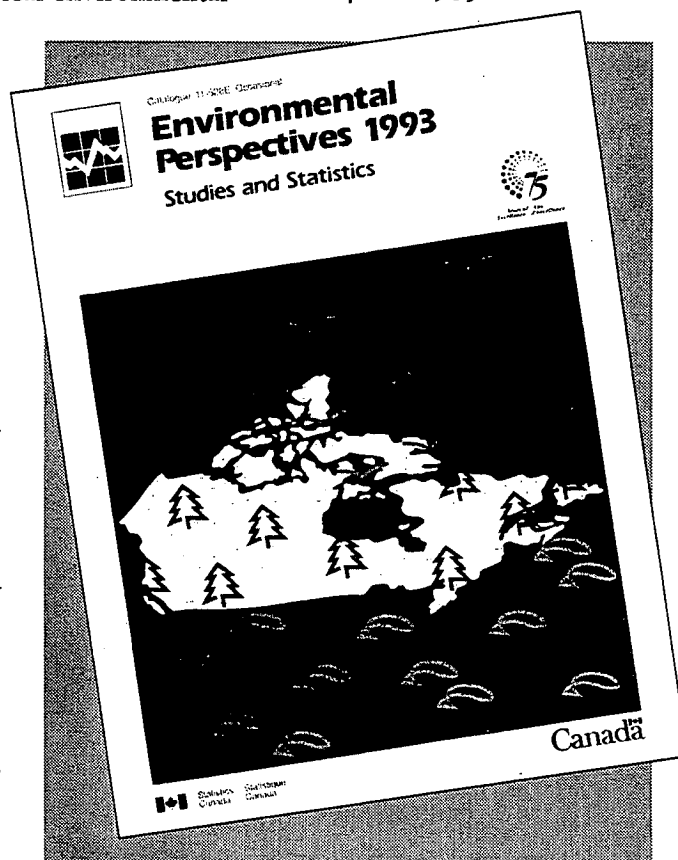
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