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FOR: **CANADA PENSION PLAN INVESTMENT BOARD**

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CPP Investment Board Names Active Overlay Managers

TORONTO, ONTARIO - (CCNMatthews - Apr 2, 2004) -

Connor, Clark & Lunn And UBS Global, Each Manage Equivalent Of \$500 Million

The CPP Investment Board announced today that it has appointed the first two external portfolio managers under its Active Overlay Program. The goal of this program is to further diversify the CPP Investment Board's public equity portfolio in pursuit of incremental investment returns through active management. The CPP Investment Board expects to add another two managers to the Active Overlay Program in the future.

The companies selected are Connor, Clark & Lunn Investment Management Ltd. and UBS Global Asset Management. Both have world-class credentials and were selected following a rigorous year-long search that was open to all Canadian and foreign investment management firms. Selection criteria included deep expertise in the Canadian and global equity markets, excellent risk management practices and controls, well-articulated investment processes, and the ability to manage a large investment mandate.

"The Active Overlay Program is an innovative way of engaging world-class investment managers in a cost-effective and risk-controlled fashion," said Don Raymond, Vice President, Public Markets, CPP Investment Board. "We have high regard for both of these firms and believe they will be outstanding partners as we diversify a small portion of the CPP portfolio into actively managed strategies. In addition, these relationships will help inform our overall thinking about portfolio design, risk management and other means to fulfill the pension promise to all Canadians."

Under the program, each firm will manage the equivalent of a \$500 million equity portfolio within the total CPP portfolio of \$66.3 billion. Unlike traditional programs where external investment firms are given cash to invest, each manager in the Active Overlay Program will have the right to identify securities in the CPP Investment Board's public equity portfolio that it believes are overvalued. These securities will be sold and the proceeds used to purchase other securities the manager believes have greater investment potential. The managers are not permitted to sell stocks short. Structuring the mandate in this fashion is an innovative way to mitigate transaction costs while pursuing superior risk adjusted returns. It also provides a clear and powerful tool for quantifying the performance of each investment manager.

Compensation for each firm will be heavily-weighted towards performance with managers receiving a small base fee, plus a portion of the value they create. This aligns the manager's interests with that of the CPP Investment Board and its beneficiaries.

A teleconference has been scheduled for April 2, 2004, at 11:30 a.m. EST to discuss this announcement. Journalists who wish to participate please contact Jennifer Ross at 416-868-4682 or jross@cppib.ca. The teleconference will also be webcast live at www.cppib.ca.

Established in 1982, Connor, Clark & Lunn Investment Management has offices in Vancouver and Toronto and manages in excess of \$10 billion for Canadian investors using a consistent and disciplined investment process. In fulfilling its duties under this global mandate, Connor, Clark & Lunn will combine its own Canadian and US equity capabilities, with the international equity expertise of Arrowstreet Capital L.P, of Cambridge, M.A. With over \$5 billion under management, Arrowstreet's mission is to provide its clients with international investment products that outperform their benchmarks on a consistent basis. Connor, Clark & Lunn has a long-standing relationship with Arrowstreet Capital through their shared affiliation with the Connor, Clark & Lunn Financial Group. (www.cclgroup.com)

UBS Global Asset Management is one of Canada's leading investment management firms, managing in excess of \$26 billion of assets on behalf of pension plans, corporations, governments, charities and multi-employer plans across Canada. A member of UBS AG, UBS Global Asset Management possesses one of the world's largest and most robust global investment platforms with over US\$430 billion of assets under management. They employ 2,600 people in over 20 countries around the world. The organization prides itself on its strong research-driven investment culture, and on the broad, global scope of its investment capabilities. The firm's platform of global investment capabilities is delivered through specialized local client service teams around the world, including four offices across Canada.

The CPP Investment Board is a Crown corporation created by an Act of Parliament in December 1997. It invests in capital markets the funds not needed by the Canada Pension Plan to pay current pensions. Cash flows are currently invested in publicly traded stocks, private equities, real estate and infrastructure to balance the cash and bonds owned by the Canada Pension Plan. By increasing the long-term value of the funds, the CPP Investment Board will help the Canada Pension Plan to keep its pension promise to Canadians. Based in Toronto, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. Its fiscal year is from April 1 to March 31. For more information about the CPP Investment Board, visit www.cppib.ca.

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[Click here to read Larry Lunn's comments on the appointment of CC&L.](#)