

Russell Announces New Manager Hire

Connor, Clark & Lunn Hired for Canadian Equity Funds

TORONTO, March 2 /CNW/ - Russell (Frank Russell Canada Limited) is pleased to announce the appointment of Connor, Clark & Lunn Investment Management Ltd. ("CC&L") as a new manager in the Sovereign Canadian Equity Pool and Russell Canadian Equity Fund (one of the underlying equity funds in the LifePoints(R) Portfolios). Coincident with this appointment, State Street Global Advisors ("SSgA") is no longer a manager in these funds.

"CC&L employ a proprietary, quantitative approach designed to exploit inefficiencies in the Canadian stock market. Their distinctive 'Q-Core' investment process is particularly unique amongst Canadian quantitative managers," notes Timothy Hicks, Chief Investment Officer of Russell Canada.

Before stocks are chosen for the portfolio, CC&L assigns each stock in the S&P/TSX Composite index a rank, i.e., a "Q-Score" for the following five criteria: profitability, financial strength, momentum, stability and value. CC&L then uses a unique optimizer to determine the optimal weights to assign to each stock in their portfolio. The optimizer is used to construct portfolios that maximize the average of the portfolio's value and momentum scores, with profitability, financial strength and stability scores also better than the broad market. The individual stock weights are also subject to constraints that make their portfolio largely capitalization and sector neutral.

"We view this manager change as an enhancement to the existing manager line-up. In our opinion, CC&L's Q-Core strategy provides for enhanced future return potential across several dimensions, notably: investment staff, portfolio construction, security selection, and research."

CC&L will manage 25% of the Sovereign Canadian Equity Pool and 25% of the Russell Canadian Equity Fund. CC&L joins an already strong Canadian equity manager line-up that includes Sanford C. Bernstein & Co., LLC, Greystone Managed Investments, Laketon Investment Management, Ltd., Cypress Capital Management, Inc., and Guardian Capital, Ltd.

The Sovereign Canadian Equity Pool has approximately \$973 million in assets, and is one of the primary multi-manager investment pools to the Sovereign Investment Program(R). Launched in January, 1993, Sovereign was the first multi-style, multi-manager investment program in the country. The Russell Canadian Equity Fund has approximately \$1,495 million in assets and it is directly available to institutional investors and also to individual investors through the LifePoints(R) Portfolios program. Russell creates diversified portfolios of managers and investment styles which are designed to manage risk and provide consistent performance over the long term. Both funds are available to Canadian individual investors through RBC Investments, ScotiaMcLeod, TD Waterhouse Canada Inc. and Richardson Partners Financial Limited.

About CC&L

CC&L was established in 1982 when Larry Lunn partnered with Gerald Connor and John Clark of Connor, Clark & Co. to form an investment management firm that catered to institutional investors. In 1989, CC&L purchased the institutional business of Dixon, Krogseth Ltd. In 1998, CC&L formed the Connor, Clark & Lunn Financial Group. This entity now includes 8 investment management firms (including CC&L), each offering specialized investment services, while operating independently from each other. CC&L currently has approximately \$15 billion under management. Minimum account size for segregated management is \$15 million, while the minimum for pooled management is \$5 million.

About Russell

Russell Investment Group is a global leader in multi-manager investments and one of the world leaders in consulting. Russell advises institutional clients in excess of \$2.5 trillion and manages more than \$133 billion in its investment management business, which employs Russell's Multi Asset Multi Style Multi Manager(TM) investment process. Russell supports its global operations by evaluating more than 1,500 manager firms worldwide. The company serves institutional and individual investors with a full range of investment services, including consulting, investment funds, manager transitions, directed institutional brokerage, private capital and stock indexes. Founded in 1936, Russell has its headquarters in Tacoma, Washington, U.S.A. and has offices in Toronto, New York, London, Paris, Sydney, Singapore, Auckland and Tokyo. Frank Russell Canada Limited is a wholly owned subsidiary of Frank Russell Company. For more information, go to www.russell.com/ca.

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