

CONNOR, CLARK & LUNN CAPITAL MARKETS INC. ANNOUNCES SUCCESSFUL CLOSING OF \$120 MILLION INITIAL PUBLIC OFFERING OF Connor, Clark & Lunn Real Return Income Fund.

**TORONTO – July 18, 2005 (TSX: RRB.UN) - Connor, Clark & Lunn Capital Markets Inc.** is pleased to announce that Connor, Clark & Lunn Real Return Income Fund (the “Fund”) has successfully completed its initial public offering of 12 million units at a price of \$10.00 per Unit. The shares commenced trading today on the Toronto Stock Exchange under the symbol “RRB.UN”.

The Fund’s investment objectives are to: (i) provide Unitholders with tax efficient monthly cash distributions that will be linked to the rate of inflation and (ii) preserve and enhance the net asset value of the Fund.

In order to achieve the Fund’s investment objectives, Western Asset Management Company, the Fund’s Investment Manager, will invest, on a levered basis, in real return bonds issued by governments with AAA credit ratings, primarily U.S. Treasury Inflation Protection Securities (“TIPS”). In order to provide diversification, improve net asset value stability and increase expected returns, up to 20% of the Portfolio may be invested in a mix of other assets.

The offering was led by Scotia Capital Inc. and the agents include CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities, TD Securities Inc., HSBC Securities (Canada) Inc., Desjardins Securities Inc., Richardson Partners Financial Limited, Wellington West Capital Inc., Canaccord Capital Corporation, First Associates Investments Inc. and Raymond James Ltd.

Connor, Clark & Lunn Capital Markets Inc. (“CC&LCM”) will act as manager of the Fund and is responsible for providing or arranging for the provision of administrative management services required by the Fund. “We are very pleased to partner with Western Asset Management Company and to design this unique and innovative structured product, that provides an attractive yield and inflation protection, for Canadian investors,” said Neil Murdoch, CEO of CC&LCM. CC&LCM is a developer and manager of structured investments for the Canadian retail market, with greater than \$1.2 billion in assets under management and is part of the Connor, Clark & Lunn Financial Group of companies, which manage in excess of \$28 billion in financial assets.

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