

# Multi-manager Russell Smaller Companies Pool launched

## Smaller companies expected to lead rally as market recovery continues

Tuesday, November 2, 2010

By IE Staff

As the capital markets rebound, Russell Investments Canada Limited wants to ensure that investors are well-positioned to take advantage of the recovery with the enhanced return potential of the newly launched Russell Smaller Companies Pool.

"As the recovery continues, we expect smaller companies to lead the rally -- just as they have in the past. For instance, small cap stocks outperformed the broader S&P/TSX Composite Index by over 10% annualized for the 24 months after the last recession in the 1990s," says David Feather, president and managing director at Toronto-based Russell.

"The small cap sector features relatively low valuations and attractive growth prospects. The Russell Smaller Companies Pool is an effective way for investors to capitalize on this. We intend to uncover significant opportunities for investors by combining the unique and complementary investment styles of two best-of-breed small cap managers in one fund," Feather says.

Russell Smaller Companies Pool focuses on companies with a market capitalization of less than \$3 billion. The Pool is designed for investors who want to participate in the higher return potential of a dynamic asset class as the global economy recovers.

Sadiq Adatia, chief investment officer at Russell and the lead portfolio manager of Russell Smaller Companies Pool, explains how the Pool's allocation to foreign small cap stocks makes it stand out from the crowd.

"To take advantage of global opportunities, the Pool offers up to 49% exposure to smaller cap stocks outside of Canada -- depending on market conditions. In comparison, the average small cap/mid cap mutual fund in the Morningstar Canada universe has 8% in foreign equity holdings," says Adatia.

"As such, investors will see opportunities come from both the global and Canadian small cap components versus other more traditional Canadian-only offerings."

### *Multi-manager small cap line-up*

The sub-advisers of Russell Smaller Companies Pool were selected using Russell's analysis of manager style, performance, and consistency. The Pool combines two sub-advisers with distinct and complementary styles: Hillsdale Investment Management and Goodman & Company.

"This multi-manager structure combines Goodman's fundamental style with Hillsdale's quantitative-oriented style, resulting in a well-diversified Pool," explains Adatia.

"Goodman is focused on the fundamentals, talking to company management, understanding sources of growth, and providing in-depth research on the companies they invest in. Hillsdale is a quantitative manager and is focused more on the underlying numbers, analyzing the data and researching a large universe of stocks to find the best companies to invest in," Adatia says.

Russell Investments Canada Limited is a wholly owned subsidiary of Frank Russell Company, headquartered in Tacoma, Wash.

IE

—  
—