

Sovereign Investment Program

The next level of investing



- Canada's leading full-service wealth management firm
- Advising investors on quality investment opportunities since 1901
- Full range of wealth management services available through your personal Investment Advisor

An alliance of
strengths

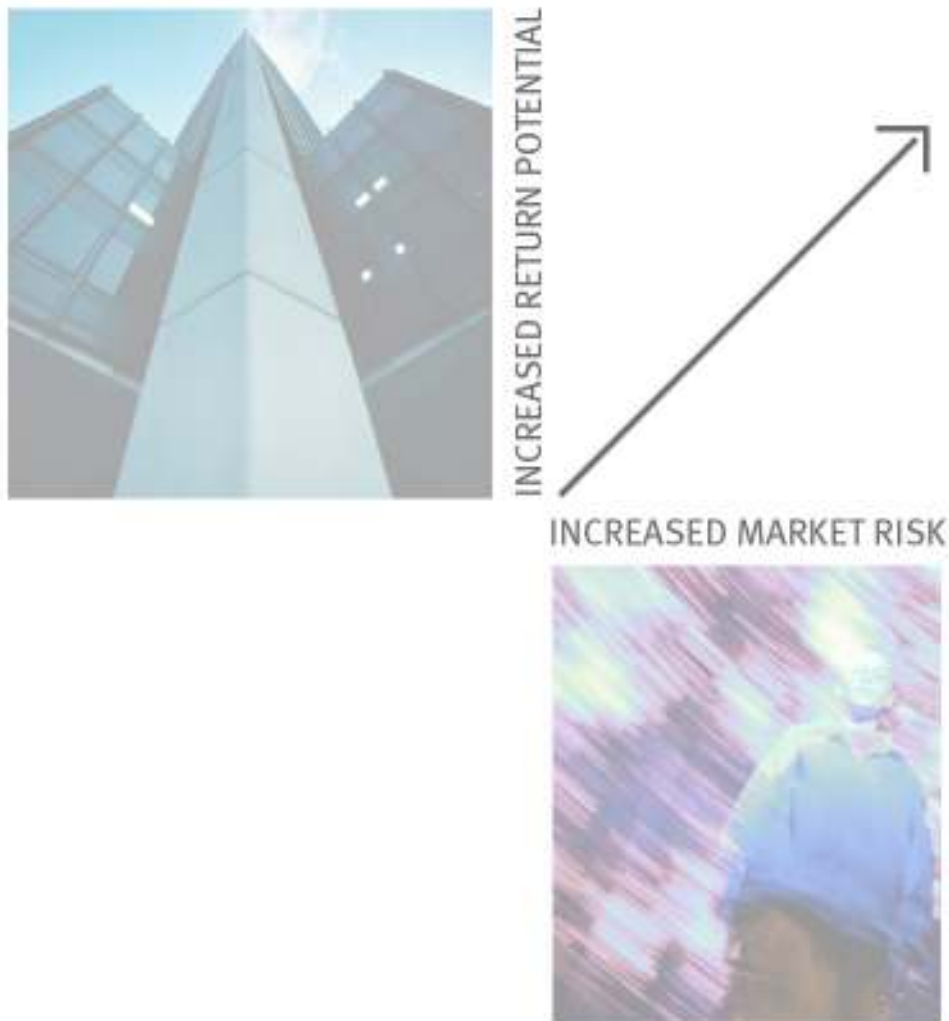


- Russell Investment Group provides investment advice to institutions and individual investors in more than 39 countries
- Largest pension fund consultant in the world, guiding investments totaling nearly \$3 trillion
- Over \$181 billion in multi-manager funds



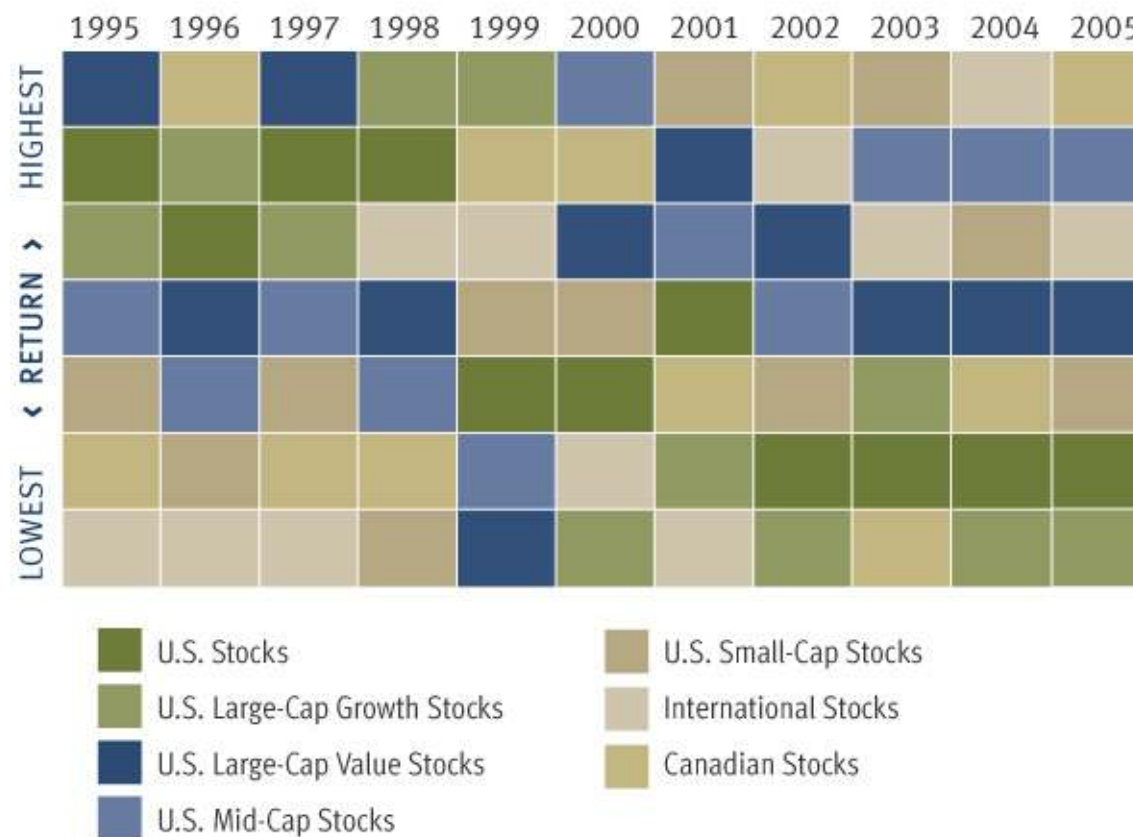
SOVEREIGN™
A RUSSELL INVESTMENT PROGRAM

Balancing risk and return



Where should you invest?

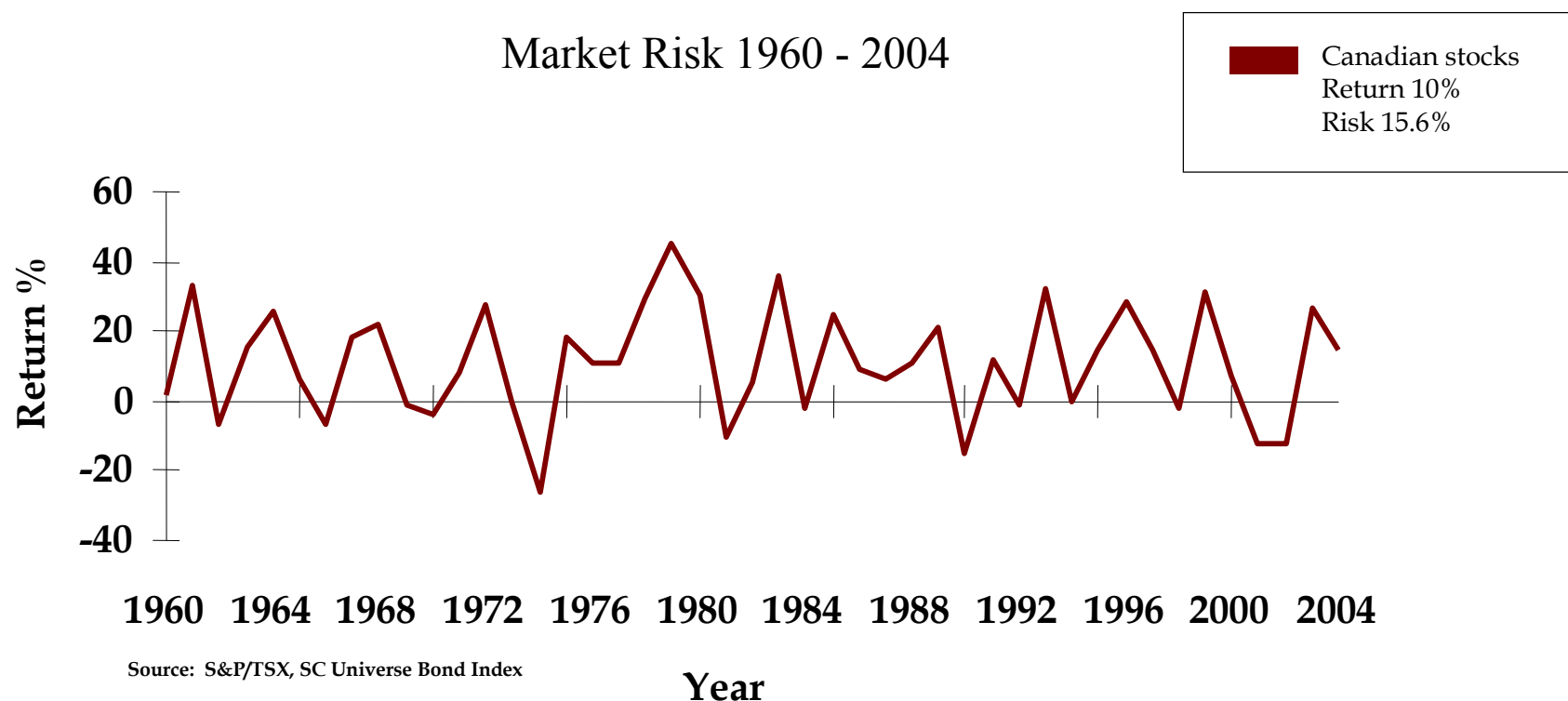
It's impossible to predict with any certainty which asset type or style of investing will do better going forward.



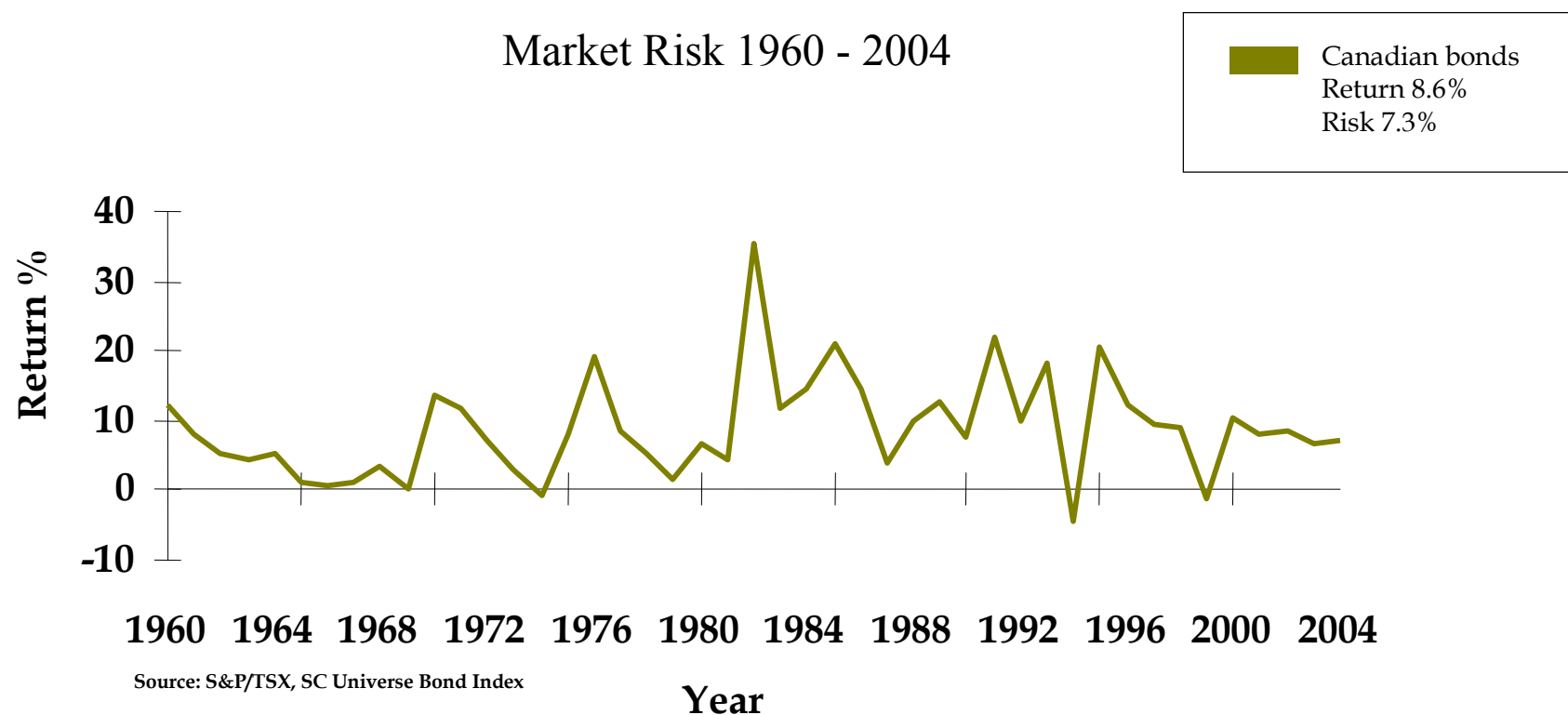
Diversification is the key

- Sovereign uses a “multi-asset, multi-style, multi-manager” approach to investing.
- Multi-asset – portfolios are diversified by asset class in proportion to your specific long-term investment objectives and risk tolerance.
- Multi-style – managers who specialize in different investment styles are carefully combined in each Russell fund. Equity funds, for example, may include a combination of growth, value and small-cap managers.
- Multi-manager – Russell uses a “manager-of managers” approach, selecting and monitoring some of the most talented money managers in the world.
- Overseeing the Sovereign program is Russell Investment Group, the world’s largest pension fund consultant, guiding investments totaling nearly \$3 trillion.

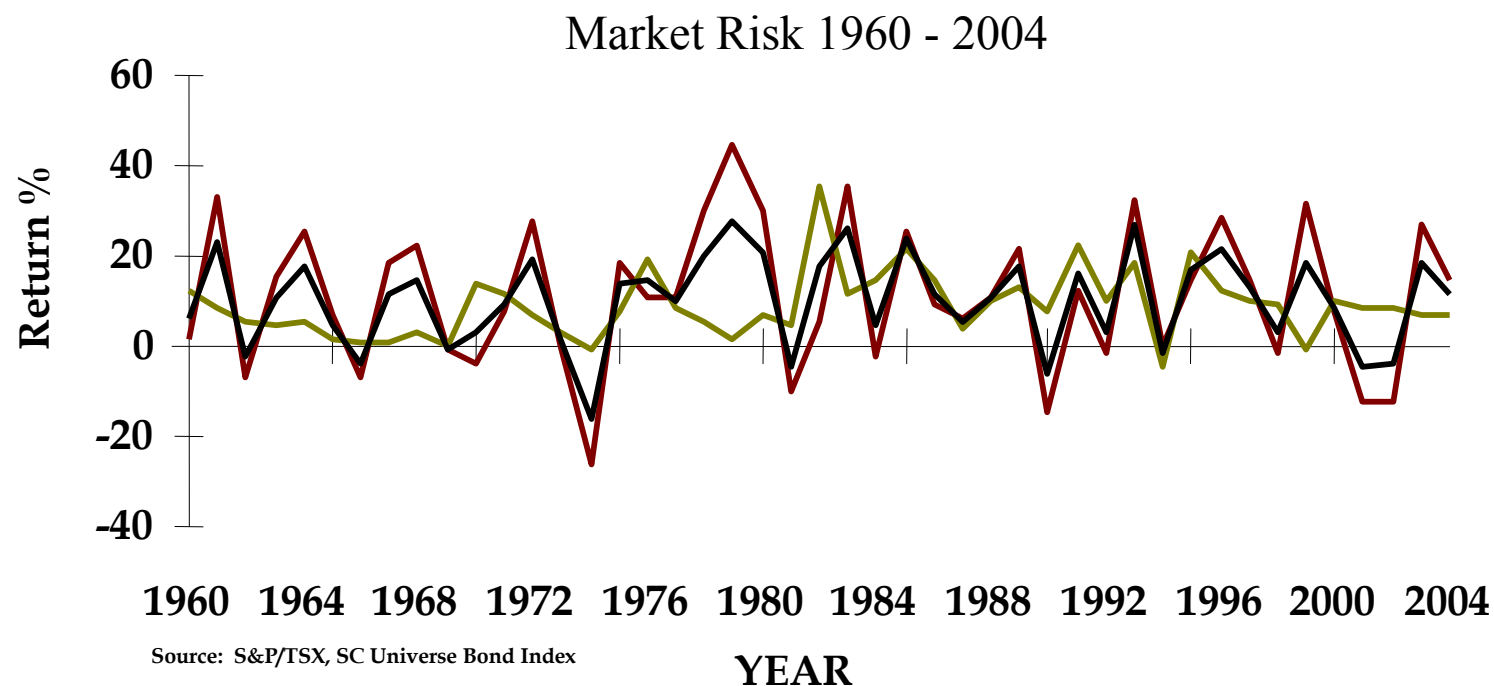
Multi-asset – mixing asset classes helps reduce risk



Multi-asset – mixing asset classes helps reduce risk



Multi-asset – mixing asset classes helps reduce risk



CANADIAN STOCKS

RETURN 10.0%
RISK 15.6%

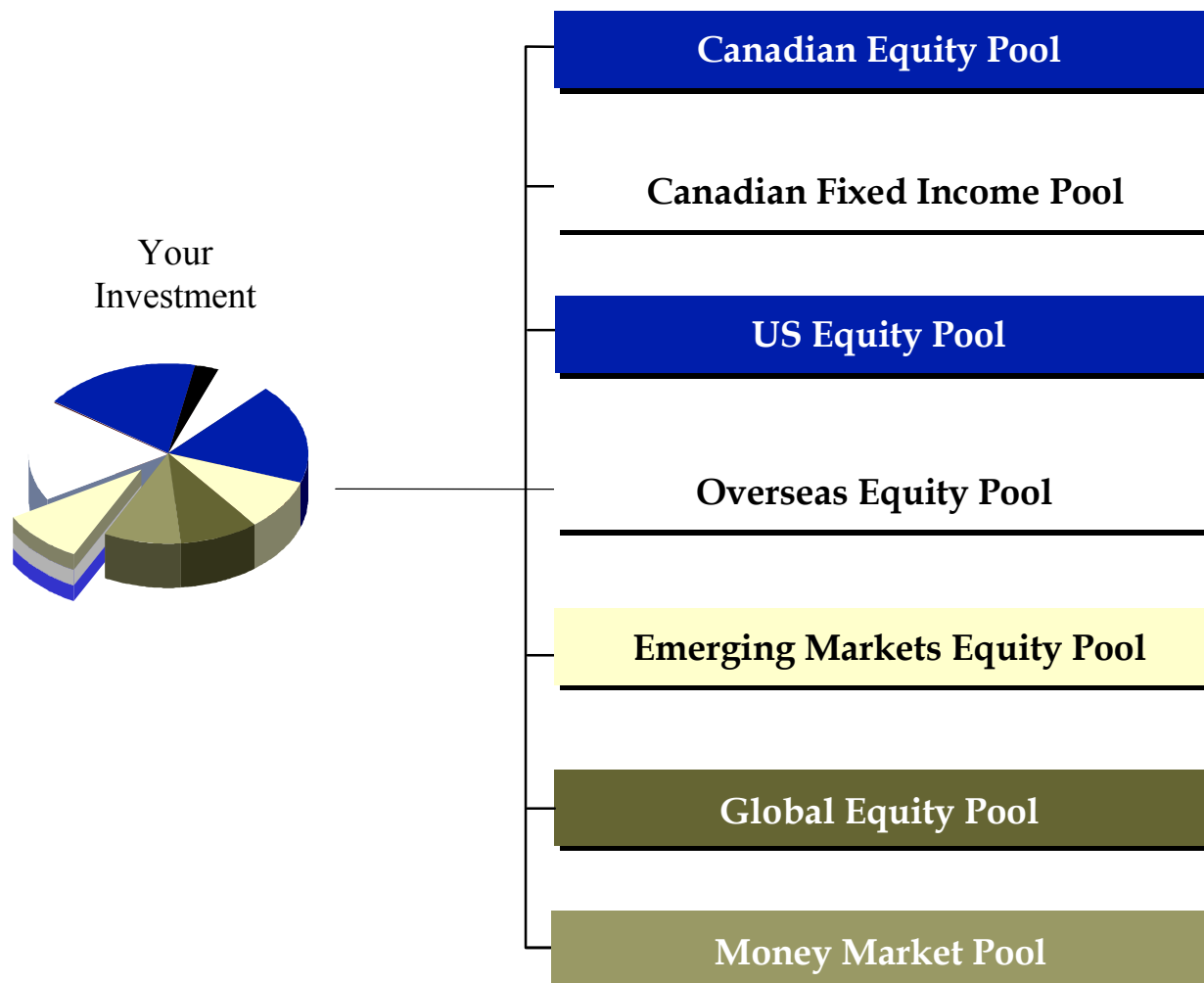
CANADIAN BONDS

RETURN 8.6%
RISK 7.3%

MIX OF 60% STOCKS

40% BONDS
RETURN 9.7%
RISK 10.1%

Finding the right asset mix is crucial



Multi Asset

Multi-style – a second level of diversification

The different styles of investing

Growth

- Focuses on a stock's future growth potential on the basis of earnings, cash flows and/or revenues. Regardless of the specific measure, these stocks are always bought on future expectations.

Value

- Focuses on buying stocks that are discounted to their market values, according to any one of a number of different valuation methods, including Price to Earnings, Price to Book, Price to Cash Flow and/or Price to NAV.

Market-oriented

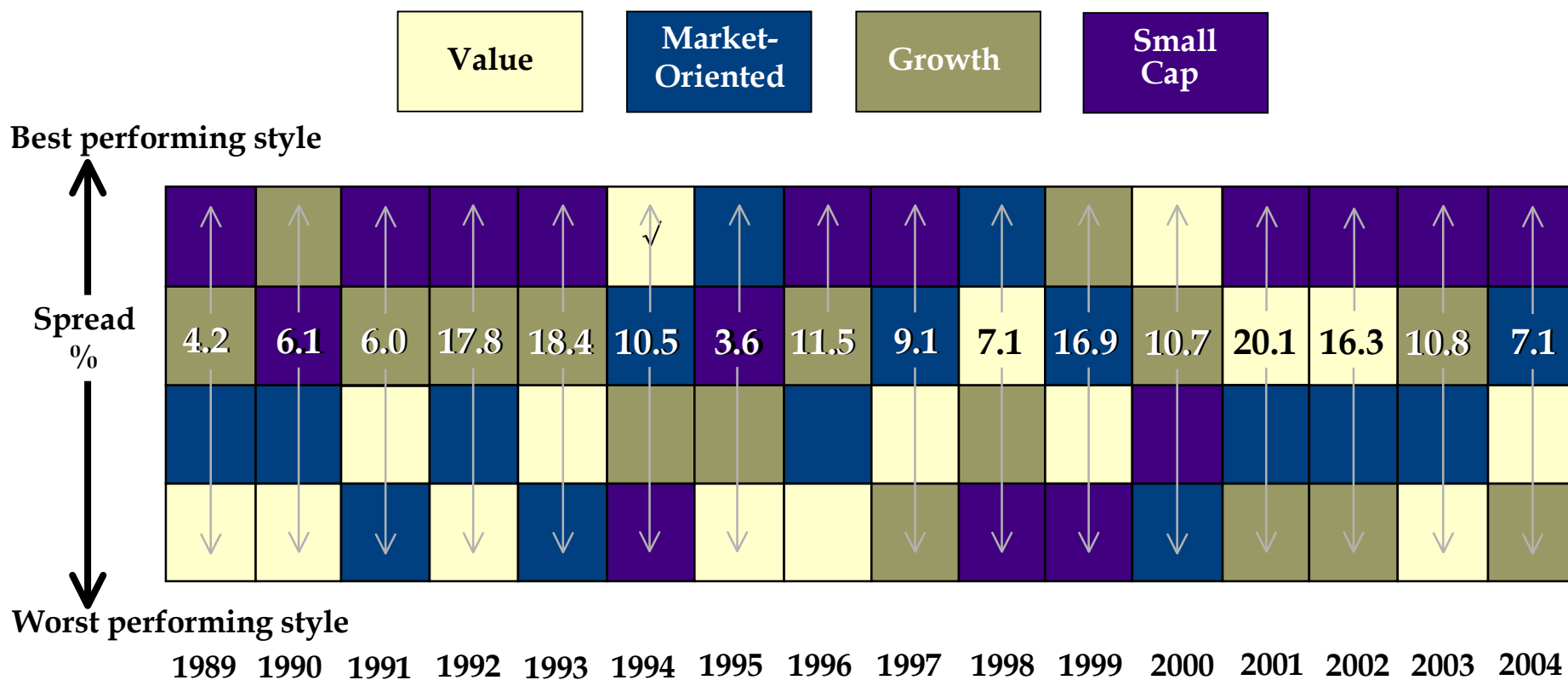
- Covers the broad market. It can include a blend of both growth and value factors in portfolios that are either well diversified or with meaningful portfolio bets. Managers will typically search out stocks that offer growth prospects at a reasonable price.

Small capitalization

- Stocks that are, as the name suggests, smaller in market cap than their large cap counterparts. These companies are characterized by low dividend yields and above average volatility.

Is one style better than the others?

Canadian Equity Managers: 1989 - 2004:



Source: Median manager, Frank Russell Canada Limited

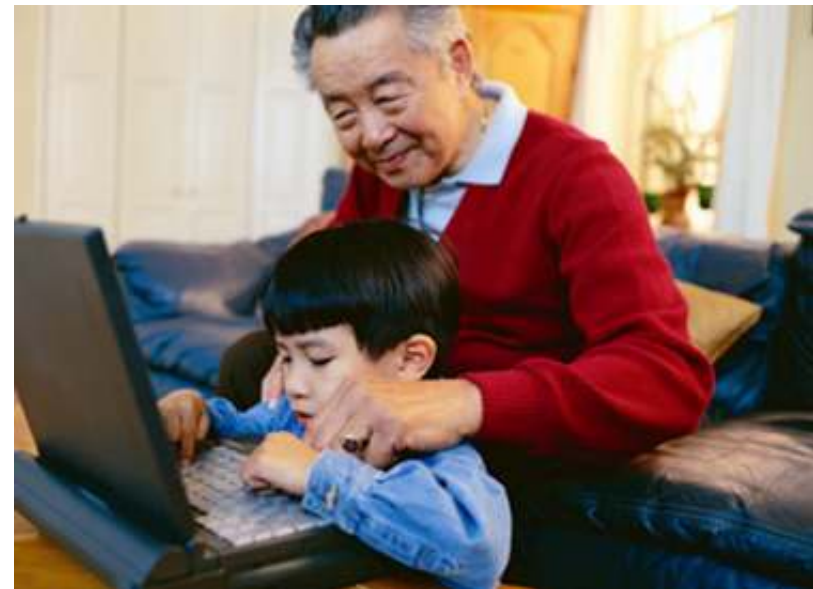
Multi-style approach – a second level of diversification

Because no one can really predict what will be “in style” in future years, Sovereign diversifies your investments by investment style.

Value

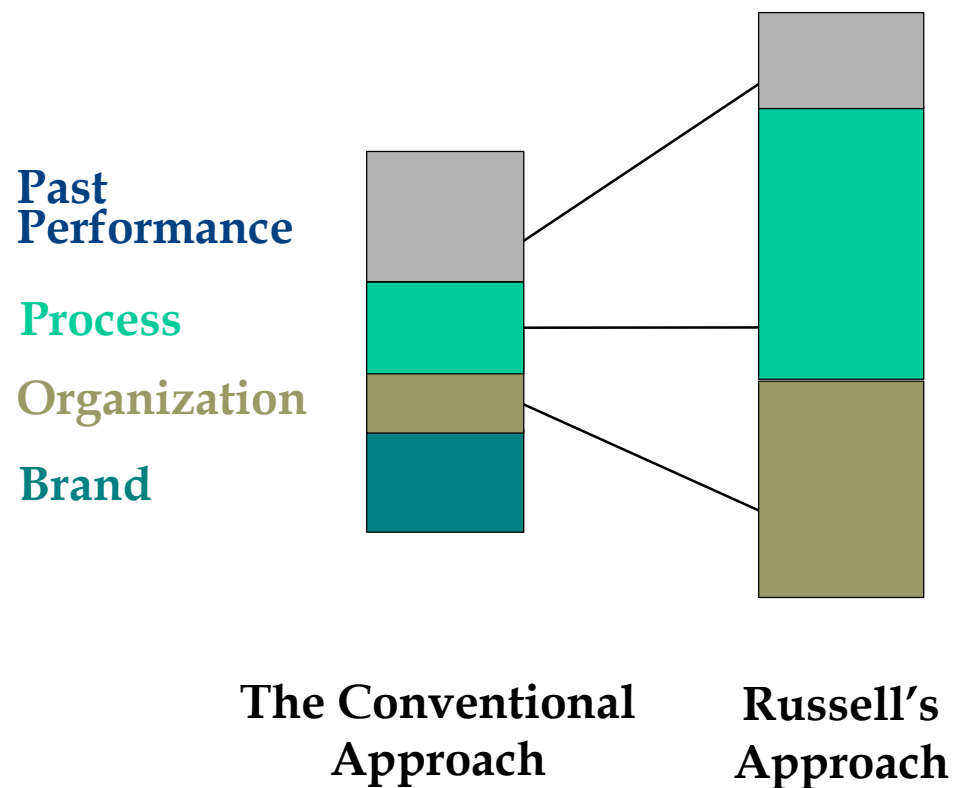
Growth

Market-Oriented



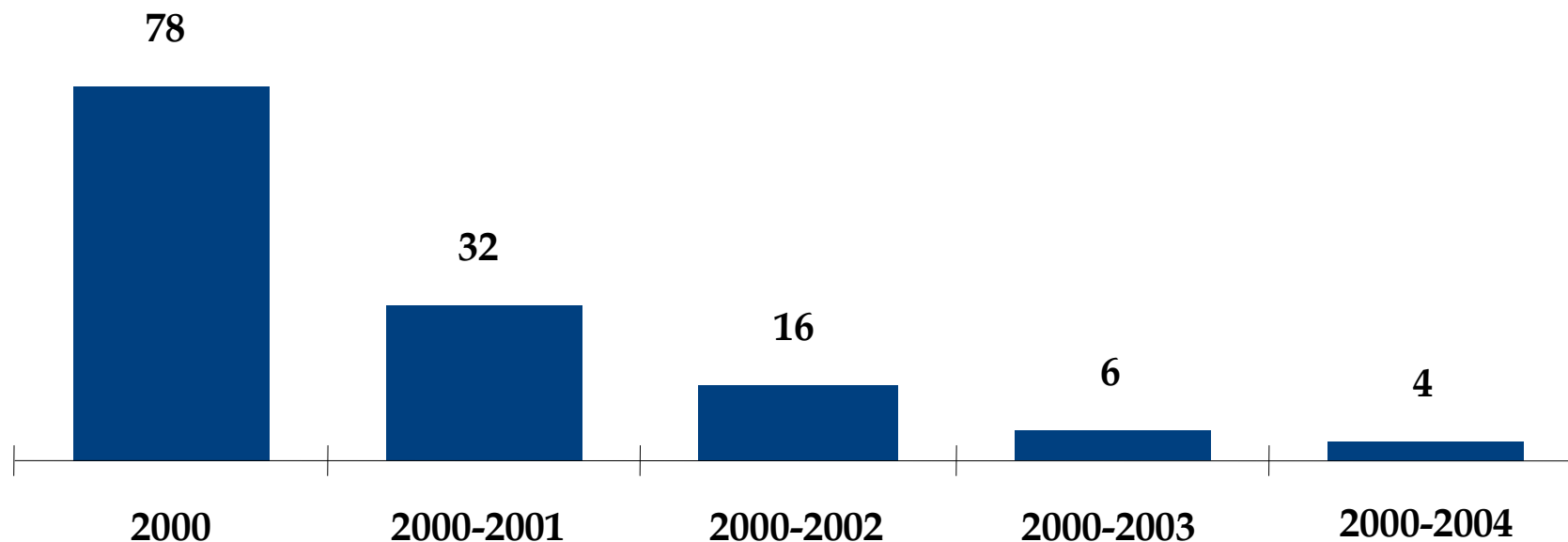
Multi-manager – people, process, portfolio & performance

We focus on the future – not the past



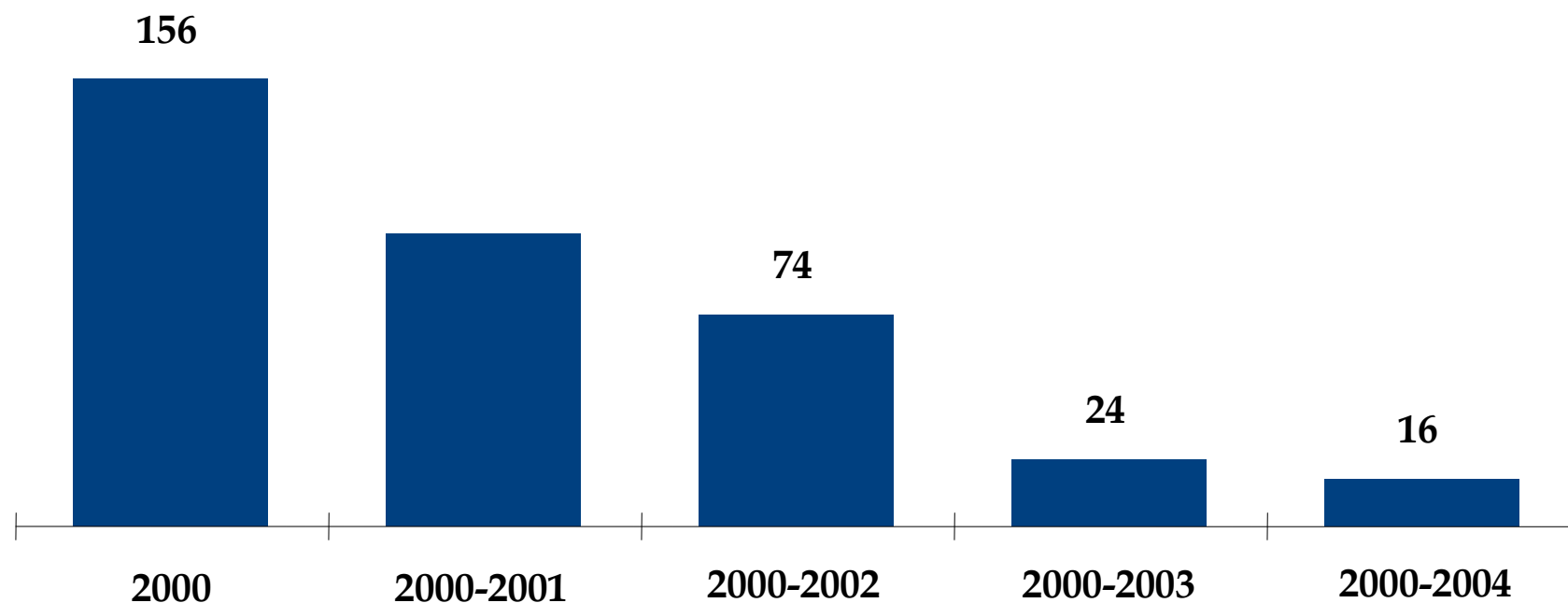
Why picking today's hot manager isn't the solution

Managers in the top 25%
for consecutive years: 2000-2004



Why picking today's hot manager isn't the solution

Managers in the top 50% for
consecutive years: 2000-2004



Selecting your managers

Value

Sanford C. Bernstein &
Co., LLC

Growth

Picton Mahoney Asset
Management

Market-Oriented

Connor, Clark & Lunn
Investment Management
Greystone Managed
Investments

Managers for the Sovereign Canadian Equity Pool

A custom-tailored solution

Step 1 – We start by listening

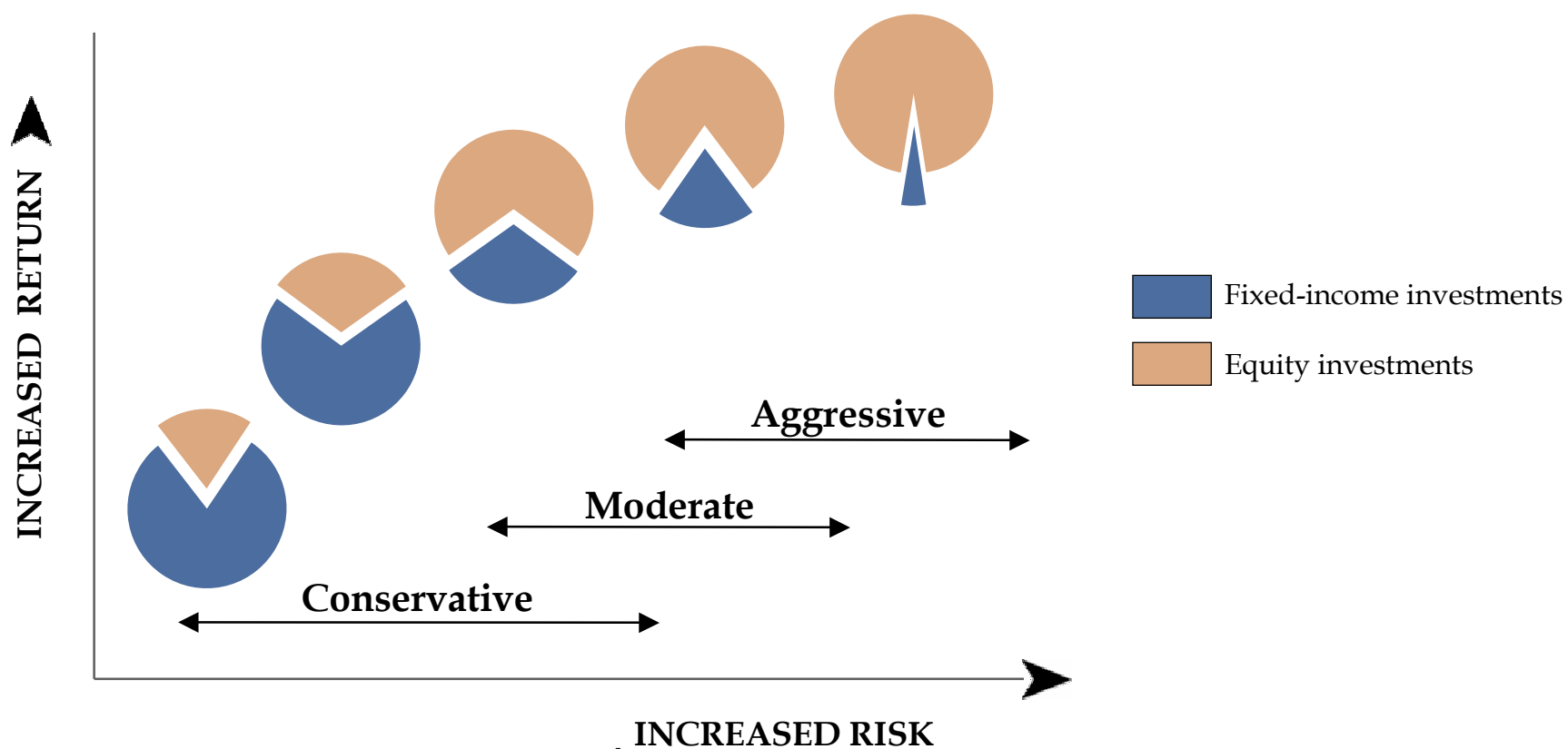
Your Investment Advisor will work with you to develop your personalized investor profile:

- Time horizon
- Assets
- Income
- Tax considerations
- Attitude toward risk



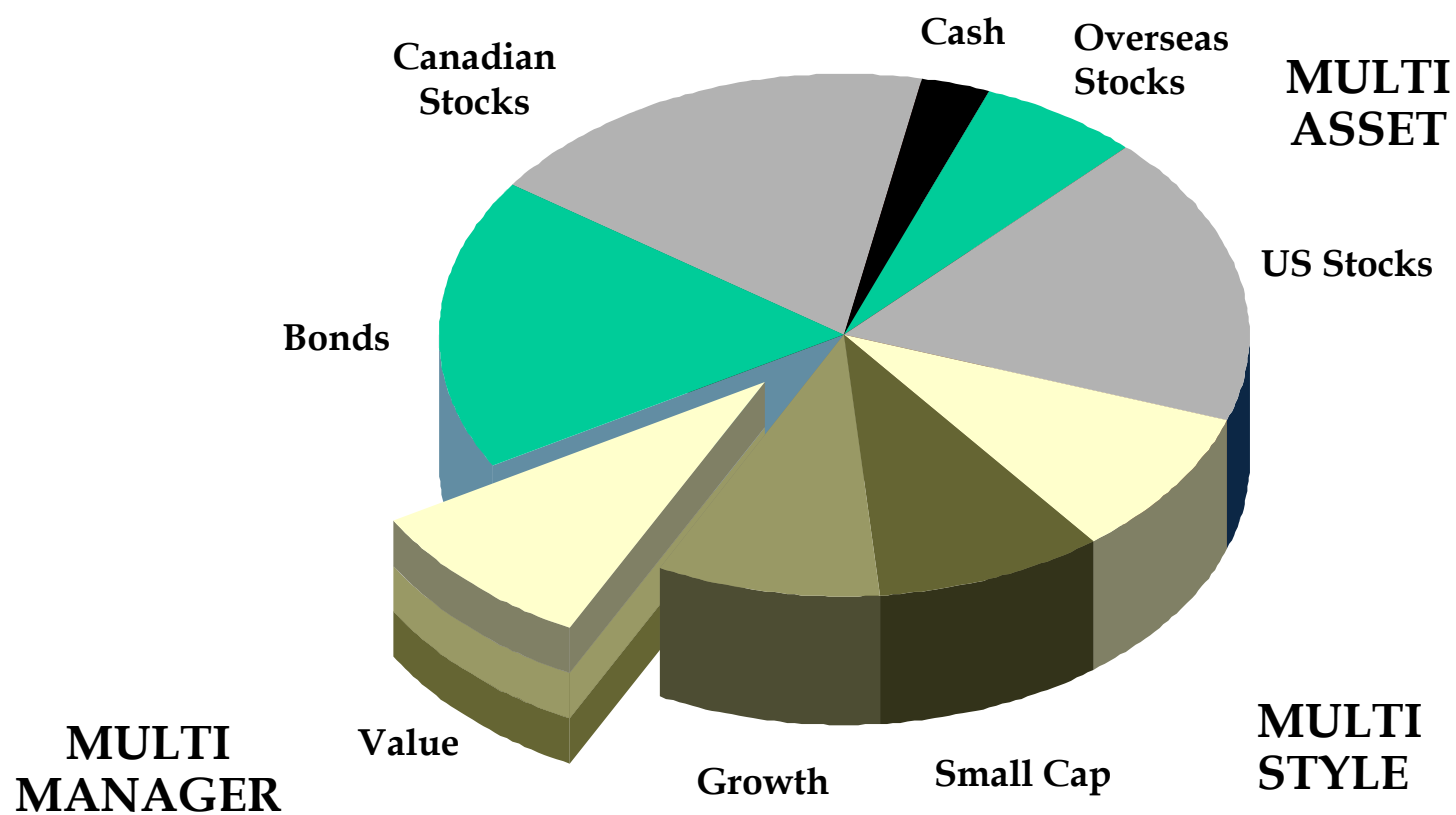
A custom-tailored solution

Step 2 - Creating an asset allocation strategy



A custom-tailored solution

Step 3 – Implementing your strategy



A custom-tailored solution

Step 4 – Staying on course

- Work with your advisor
- Portfolio rebalancing as needed
- Review your investor profile
- Continuous monitoring of portfolio managers by Russell



Sovereign Investment Program



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Money market mutual fund securities are not covered by the Canadian Deposit Insurance Corporation or by any other government insurer. There can be no assurances that the money market fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you.

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