

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

Russell Funds – Class A

9 DECEMBER 2008

FUNDS

Russell Conservative Fund

Russell Diversified 50 Fund

Russell Balanced Fund

Russell Growth Fund

Russell High Growth Fund

Russell Australian Cash Fund

Russell Australian Cash Enhanced Fund

Russell Australian Bond Fund

Russell Inflation Linked Bond

Russell International Bond Fund - \$A Hedged

Russell International Property Securities Fund - \$A Hedged

Russell Australian Shares Fund

Russell Australian Opportunities Fund

Russell International Shares Fund

Russell International Shares Fund - \$A Hedged

Russell Global Opportunities Fund

Russell Global Opportunities Fund - \$A Hedged

Russell Emerging Markets Fund

Address

Russell Investment
Management Ltd
Level 17, 19-29 Martin Place,
Sydney NSW 2000, Australia

About this Supplement

This is a Supplementary Product Disclosure Statement (supplementary PDS) and is dated 9 December 2008. It provides some additional information to the Russell Funds – Class A Product Disclosure Statement (the original PDS) that was issued on 2 June 2008 by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185.

This supplementary PDS is to be read together with the original PDS. Words and expressions defined in the original PDS have the same meaning in this supplementary PDS.

Changes to the ‘Key Features’ section

On page 3 of the original PDS, **replace** the row headed “**Estimated Buy-Sell Spreads**” with the following information:

Current Estimated Buy-Sell Spreads	Depending on the Fund, the transaction costs associated with buying and selling your investments currently range from nil to 0.45% for the buy spread and nil to 1.35% for the sell spread. We reserve the right to change the buy and/or sell spread for any Fund, at any time without providing notice to you. The updated information will be published on our website at http://www.russell.com/au/Russell_Funds/Unit_Prices/
------------------------------------	--

On page 3 of the original PDS, **add** a new Fund under ‘**Funds Available**’ after the Russell Global Opportunities Fund:

- Russell Global Opportunities Fund - \$A Hedged

Changes to the ‘Current Managers and their Styles’ section

On page 7 of the original PDS, for the table of investment managers and their styles, replace the row headed ‘Global Opportunities’ with the following:

Global Opportunities and Global Opportunities - \$A Hedged	Style Neutral – Value biased (Global)	Arrowstreet Capital, L.P.
	Aggressive growth (Global)	Axiom International Investors LLC.
	Style Neutral – GARP (Global)	MFS International U.K. Ltd
	Fundamental Growth (Global)	T. Rowe Price Global Investments Services Limited
	Value	Harris Associates
	Currency Hedging ⁺	Russell Implementation Services Inc.

⁺ This only applies to the Global Opportunities Fund - \$A Hedged

Changes to the ‘Russell Sector Funds’ section

On page 12 of the original PDS, under the ‘Russell Australian Cash Fund; **delete** the text under ‘Investment Strategy’ and **replace** with the following:

The Fund may be directly or indirectly exposed to assets such as bank deposits, money market instruments (including but not limited to bank bills and negotiable certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. The Fund may also have exposure to fixed rate corporate debt, derivatives and non-Australian dollar denominated cash and cash equivalent securities. Any foreign currency exposures will be largely hedged back to Australian Dollars using forward foreign exchange contracts.

On page 12 of the original PDS, under the ‘Russell Australian Cash Enhanced Fund; **delete** the text under ‘Investment Strategy’ and **replace** with the following:

The Fund typically invests in cash and cash equivalent securities such as bank deposits, money market instruments (including but not limited to bank bills and negotiable certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. Derivatives and fixed rate corporate debt may also be used. The Fund may be exposed to non-Australian dollar denominated cash and cash equivalent securities. Any foreign currency exposures will be largely hedged back to Australian Dollars using forward foreign exchange contracts.

On page 14 of the original PDS, under 'Benchmark' for the 'Russell International Bond Fund - \$A Hedged', **delete** 'Lehman Brothers Global Aggregate Index (\$A Hedged)' and replace with the following to reflect the index name change:

Barclays Capital Global Aggregate Index (\$A Hedged)

New Fund added to the 'Russell Sector Funds' section

On page 17 of the original PDS, **insert** the following section after the section 'Russell Global Opportunities Fund':

Russell Global Opportunities Fund - \$A Hedged

ARSN: 133 924 526

Investment Objective

- To aim to provide exposure to a diversified portfolio of international shares hedged into Australian dollars.
- To aim to significantly outperform the Fund's benchmark, before costs and tax, over the long term.

Recommended investment timeframe

7+ years.

Benchmark

MSCI World Net Dividends Reinvested Accumulation Index - \$A Hedged

Investment Strategy

The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed and emerging international markets. The Fund may also be exposed to short selling. Currency hedging is used to hedge currency exposures back to Australian dollars.

Performance

As the Fund is new, no performance information is currently available.

Fund Size as at 9 December 2008

n/a

Estimated ICR

1.16% p.a. (see page 25 for more information)

Changes to the 'Fees and Costs' section

On page 24 of the original PDS, replace the 'Table of Estimated ICRs and Buy/Sell Spreads' with the following table:

FUND	Estimated ICR (% p.a.)*	Current Estimated Buy spread (%)**	Current Estimated Sell spread (%)**
Russell Diversified Funds			
Russell Conservative Fund	0.68 ⁺	0.22	0.51
Russell Diversified 50 Fund	0.78 ⁺	0.24	0.48
Russell Balanced Fund	0.82 ⁺	0.26	0.42
Russell Growth Fund	0.91 ⁺	0.25	0.28
Russell High Growth Fund	1.03 ⁺	0.29	0.29
Russell Sector Funds			
Russell Australian Cash Fund	0.35	Nil	Nil
Russell Australian Cash Enhanced Fund	0.38	0.07	0.23
Russell Australian Bond Fund	0.73	0.20	0.65
Russell Inflation Linked Bond Fund	0.73	0.10	0.20
Russell International Bond Fund - \$A Hedged	0.76	0.45	1.35
Russell International Property Securities Fund - \$A Hedged	0.92	0.30	0.30
Russell Australian Shares Fund	0.81	0.25	0.25
Russell Australian Opportunities Fund	1.11 ⁺	0.35	0.35
Russell International Shares Fund	1.04	0.25	0.25
Russell International Shares Fund - \$A Hedged	1.08	0.26	0.26
Russell Global Opportunities Fund	1.14 ⁺	0.30	0.30
Russell Global Opportunities Fund - \$A Hedged	1.16	0.31	0.31
Russell Emerging Markets Fund	1.43	Nil	Nil

* Please see 'Estimated Indirect Cost Ratio ('ICR')' under section 'Additional Explanation of Fees and Costs'.

** Please see 'Transaction costs (Buy-sell spread)' under section 'Additional Explanation of Fees and Costs'.

+ Indicates a performance fee element. Please see 'Performance fees' under section 'Additional Explanation of Fees and Costs'

Changes to the 'Additional Explanation of Fees and Costs' section

Replace the entire section 'Transactional costs (Buy-sell spread)' on page 26 of the original PDS with the following:

Transaction Costs (buy-sell spread)

The difference between the entry price and exit price of a unit is often called the 'buy-sell spread'. This covers our estimate of the transaction costs (such as brokerage and settlement costs) of buying or selling investments when you invest or withdraw from a Fund.

The buy-sell spread is designed to cover these costs and is not retained by us or the investment managers. The differences in the entry prices and exit prices from the daily unit prices for the Funds currently range from nil to 0.45% for the buy spread and nil to 1.35% for the sell spread.

The current estimated buy-sell spreads for each Fund are set out on page 24 of this PDS. We reserve the right to change the buy and/or sell spread for any Fund, at any time without providing notice to you. The updated information will be published on our website at http://www.russell.com/au/Russell_Funds/Unit_Prices/

The tables below provide a hypothetical example of how the cost of the buy-sell spread can affect a \$10,000 application for units that is subsequently withdrawn from the Russell Balanced Fund. For simplicity, the daily unit price for the Fund is assumed to be constant at \$1.00 per unit.

The Russell Balanced Fund currently has a buy spread of 0.26% and a sell spread of 0.42%. This means that the “entry price” of a unit would be 0.26% higher than the daily unit price (ie \$1.0026 per unit), and the “exit price” would be 0.42% lower than the daily unit price (ie \$0.9958 per unit).

On a \$10,000 application at the entry price of \$1.0026 per unit, an investor would receive 9,974 units. These units would be worth \$9,974 at the daily unit price of \$1.00 per unit.

Application amount	Entry Price (daily unit price plus buy spread)	No of units issued
\$10,000	\$1.0026 per unit (\$1 + (\$1 x 0.0026))	9,974

On a withdrawal of these 9,974 units at the exit price of \$0.9958 per unit the investor would receive approximately \$9,932.

No of units redeemed	Exit Price (daily unit price less sell spread)	Withdrawal amount
9,974	\$0.9958 per unit (\$1 - (\$1 x 0.0042))	\$9,932

The example shows that the total cost of the 0.26% buy spread and a 0.42% sell spread for a \$10,000 application is approximately \$68 as the investor only receives \$9,932 on withdrawal.

Please note this example is provided for illustrative purposes only. The actual cost to you of the buy-sell spread depends on the amount you invest or withdraw and the Fund you have chosen.

Changes to the ‘Investing in the Funds’ section

On page 29 of the original PDS, under the ‘Making a withdrawal’ section **replace** the last 3 paragraphs with the following wording:

Under the constitution of each Fund (with the exception of the Russell Emerging Markets Fund and the Russell Global Opportunities Fund - \$A Hedged), we have up to 30 days to process your redemption request (unless withdrawals are suspended), and up to 30 days to pay the withdrawal monies after the date your withdrawal request is processed. Under the constitution of the Russell Emerging Markets Fund, (unless withdrawals are suspended) we have up to 30 days to accept redemption requests, a further 90 days to process redemption requests after acceptance and up to six months to pay the withdrawal monies after the date your withdrawal request is processed. Under the constitution of the Russell Global Opportunities Fund - \$A Hedged, (unless withdrawals are suspended) we have 30 days to accept a redemption request and any redemption request accepted must be processed on the next valuation day, following acceptance. Withdrawal monies must be paid within 30 days following acceptance of your withdrawal request.

We may suspend all withdrawals for a Fund in certain circumstances.

Withdrawal requests received by us during a period of suspension are deemed to be received on the first business day after cessation of the suspension.

A suspension period may not exceed 30 days, with the exception of the: Russell Australian Cash Enhanced Fund; Russell International Property Securities Fund - \$A Hedged; Russell Australian Opportunities Fund; Russell Global Opportunities Fund; Russell Emerging Markets Fund; and the Russell Global Opportunities Fund - \$A Hedged, where we may suspend redemptions indefinitely.

Subject to certain conditions, where we are unable to meet a withdrawal request in respect of a Fund with the payment of cash, we may transfer assets of the Fund to the investor in satisfaction of that withdrawal request.

The withdrawal conditions described above for the Russell Emerging Markets Fund and the Russell Global Opportunities Fund - \$A Hedged, assume that these Funds remain ‘liquid’ for the purposes of the Corporations Act 2001. We are currently of the view that these Funds are ‘liquid’. Under the Corporations Act 2001, if such a Fund is ‘illiquid’, we may offer investors the opportunity to withdraw from the Fund on a

periodic basis, but we are not obliged to do so. Where no such offer is made, investors have no right to withdraw from the Fund.

Changes to the 'Investing in the Funds' section

On page 29 of the original PDS under 'Fund income – when and how?' **Delete** the second paragraph and **insert** the following:

For the Russell Australian Cash Enhanced Fund, for the period up to 31 December 2008, any income is usually distributed monthly - within 30 days after the end of each month. For the Russell Australian Cash Enhanced Fund, for the period after 31 December 2008, any income is usually distributed quarterly - within 30 days after the end of March, June, September and December each year.

Changes to the 'Additional Information' section

Delete the entire section '**Complaints**' on page 31 of the original PDS and **replace** with the following:

Complaints

We have procedures in place for dealing with complaints promptly and in any case within 60 days. If you have any complaints, please contact us:

The Complaints Manager
Russell Investment Management Ltd
GPO Box 3279
SYDNEY NSW 2001, Australia

emailing: disputeresolution@russell.com

Fax number: 1300 768 040 (in Australia)
+612 9229 5116 (outside Australia)

Phone number: (02) 9229 5111 (in Australia)
+612 9229 5111 (outside Australia)

We are also a member of the Financial Ombudsman Services Limited ('FOS'). If you have any complaints you may write to FOS at:

GPO Box 3
Melbourne VIC 3001
Phone: 1300 78 08 08
Fax: (03) 9613 6399
Email: info@fos.org.au
Website: www.fos.org.au

If you are an indirect investor, your first point of contact is the operator of your master trust or wrap account. If any issues you have about a Fund remain unresolved then you can contact the complaints scheme of which they are a member.

New Application Form

To invest in the Russell Funds – Class A, you will need to complete the attached Application Form dated 9 December 2008:

Class A Units

Application Form



Investor details

Account number: Investor name/s:
(For joint applicants, include both names)

Investor address:

Postcode: Contact number:
(In case we need to contact you about your application)

Date of birth:

Note: You need to firstly contact Russell Fund Operations for instructions on how to invest and to obtain a copy of the Client Account Manual (this includes proof of investor ID requirements). You must have received the Product Disclosure Statement issued 2 June 2008 (PDS) and the Supplementary Product Disclosure Statement issued 9 December 2008 (Supplementary PDS) for the Russell Funds – Class A Units.

Application Amount		Application Date
<input type="text" value="\$A"/>	FR029 Russell Conservative Fund – Class A Units	<input type="text" value="/ /"/>
<input type="text" value="\$A"/>	FR028 Russell Diversified 50 Fund – Class A Units	
<input type="text" value="\$A"/>	FR031 Russell Balanced Fund – Class A Units	
<input type="text" value="\$A"/>	FR030 Russell Growth Fund – Class A Units	
<input type="text" value="\$A"/>	FR117 Russell High Growth Fund – Class A Units	
<input type="text" value="\$A"/>	FR003 Russell Australian Cash Fund – Class A Units	
<input type="text" value="\$A"/>	FR093 Russell Australian Cash Enhanced Fund – Class A Units	
<input type="text" value="\$A"/>	FR001 Russell Australian Bond Fund – Class A Units	
<input type="text" value="\$A"/>	FR005 Russell Inflation Linked Bond Fund – Class A Units	
<input type="text" value="\$A"/>	FR010 Russell International Bond Fund - \$A Hedged – Class A Units	
<input type="text" value="\$A"/>	FR091 Russell International Property Securities Fund - \$A Hedged – Class A Units	
<input type="text" value="\$A"/>	FR008 Russell Australian Shares Fund – Class A Units	
<input type="text" value="\$A"/>	FR087 Russell Australian Opportunities Fund – Class A Units	
<input type="text" value="\$A"/>	FR013 Russell International Shares Fund – Class A Units	
<input type="text" value="\$A"/>	FR016 Russell International Shares Fund - \$A Hedged – Class A Units	
<input type="text" value="\$A"/>	FR092 Russell Global Opportunities Fund – Class A Units	
<input type="text" value="\$A"/>	FR250 Russell Global Opportunities Fund - \$A Hedged – Class A Units	
<input type="text" value="\$A"/>	FR148 Russell Emerging Markets Fund – Class A Units	

Please see overleaf for signature section

Signature:

I/We:

- >> confirm that I/we have read the PDS and Supplementary PDS to which this Application Form relates;
- >> agree to be bound by the terms and conditions of the PDS, Supplementary PDS and the Fund's constitution;
- >> acknowledge that the repayment of investment capital and the payment of any income is not guaranteed;
- >> consent to the use of my/our personal information in accordance with the 'your privacy' section of the PDS;
- >> acknowledge that the law prohibits a person from giving another person this application form (either electronically or otherwise) without also giving them a copy of the PDS and Supplementary PDS. Paper copies of the PDS and Supplementary PDS are available free of charge.

This application form must be signed by the applicant, or all applicants if it is a joint application. If signed under power of attorney, the attorney verifies that no notice of revocation of power has been received. A certified copy of the power of attorney must be forwarded with the application form. Corporate applications must be signed in accordance with the corporation's constitution and the Corporations Act (2001). Joint applications will be treated as joint tenants. This means that on the death of one holder, the survivor will have title to the units.

Investor

Signature

Printed name

Date

Investor

Signature

Printed name

Date

PRODUCT DISCLOSURE STATEMENT

Russell Funds – Class A

2 JUNE 2008

FUNDS

Russell Conservative Fund

Russell Diversified 50 Fund

Russell Balanced Fund

Russell Growth Fund

Russell High Growth Fund

Russell Australian Cash Fund

Russell Australian Cash Enhanced Fund

Russell Australian Bond Fund

Russell Inflation Linked Bond

Russell International Bond Fund - \$A Hedged

Russell International Property Securities Fund - \$A Hedged

Russell Australian Shares Fund

Russell Australian Opportunities Fund

Russell International Shares Fund

Russell International Shares Fund - \$A Hedged

Russell Global Opportunities Fund

Russell Emerging Markets Fund

Address

Russell Investment
Management Ltd
Level 17, 19-29 Martin Place,
Sydney NSW 2000, Australia

About this Product Disclosure Statement (PDS)

This PDS describes the main features of the Russell Funds – Class A. This PDS was issued on 2 June 2008 by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185, the responsible entity of the Funds. We are a member of the Russell Investment Group.

Eligibility

This PDS is an invitation to apply for Class A units in each Fund. Applications for units in a Fund may only be made using the Application Form attached to this PDS.

This PDS can only be used by persons receiving it (electronically or in hard copy) in Australia and does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

Please read this PDS to find out more about the features, costs and benefits, as well as the risks involved in investing in the Funds. It is important that you read this PDS before making any decision to invest in a Fund.

How to contact us

If you are accessing the Funds through a master trust or wrap account you should first contact the operator of the master trust or wrap account.

Other investors can contact or find us as follows:

Russell Investment Management Ltd
Level 17, 19-29 Martin Place,
Sydney NSW 2000, Australia

or

GPO Box 3279
Sydney NSW 2001, Australia
www.russell.com.au

Contact: Fund Operations

Tel: 1300 728 208 (in Australia)

Tel: +61 2 9229 5187 (outside Australia)

Fax: 1300 768 040 (in Australia)

Fax: +612 9229 5116 (outside Australia)

E-mail: syd-ops@russell.com

Contents

Section		page
1	Key Features	3
2	Benefits of Investing in the Funds	5
3	Your Guide to the Funds	6
4	Current Managers and their Styles	7
5	Russell Diversified Funds	9
6	Russell Sector Funds	12
7	How the Funds Invest	18
8	The Risks of Investing	20
9	Tax	22
10	Fees and Costs	23
11	Additional Explanation of Fees and Costs	25
12	Investing in the Funds	28
13	Additional Information	30
	Application Form	

1. Key Features

Features of the Funds		Further Information
About the Funds		
Type of investments	Australian registered managed investment schemes – unit trusts.	
Responsible Entity	Russell Investment Management Ltd.	
Investment Minimums		
Minimum investment in the Russell Funds – Class A Units	\$50,000	Section 12
Minimum initial investment per Fund	\$10,000	
Minimum additional investment per Fund	\$5,000	
We may waive the investment minimums in certain circumstances		
Fees		
Entry/Contribution Fee	Nil	Sections 10 and 11
Withdrawal Fee	Nil	
Switching Fee	Nil	
Estimated Indirect Cost Ratio (ICR)	Depending on the Fund you select, from 0.35% p.a. to 1.43% p.a.	
Estimated Buy-Sell Spreads	Depending on the Fund, the transaction costs associated with buying and selling your investments range from nil to 0.40% p.a. (each side).	
Funds Available		
Russell Diversified Funds	<ul style="list-style-type: none"> ▪ Russell Conservative Fund ▪ Russell Diversified 50 Fund ▪ Russell Balanced Fund ▪ Russell Growth Fund ▪ Russell High Growth Fund 	Section 5
Russell Sector Funds	<ul style="list-style-type: none"> ▪ Russell Australian Cash Fund ▪ Russell Australian Cash Enhanced Fund ▪ Russell Australian Bond Fund ▪ Russell Inflation Linked Bond Fund ▪ Russell International Bond Fund - \$A Hedged ▪ Russell International Property Securities Fund - \$A Hedged ▪ Russell Australian Shares Fund ▪ Russell Australian Opportunities Fund ▪ Russell International Shares Fund ▪ Russell International Shares Fund - \$A Hedged ▪ Russell Global Opportunities Fund ▪ Russell Emerging Markets Fund 	Section 6
Transacting	For investors accessing the fund through a master trust or wrap account, please contact the operator for this information.	
Investing	You need to read this PDS and complete the accompanying application form and the Client Account Manual available from Russell Fund Operations.	Section 12
Withdrawing	You need to provide us with a written request with your instructions signed by authorised signatories.	

Distributions	Monthly, quarterly or half yearly, depending on the Fund you select. You can request to reinvest distributions as additional units in that Fund or have them paid to your bank account. Buy-Sell spreads do not apply.	
Reporting on Your Investment	For investors accessing the Fund through a master trust or wrap account please contact the operator for information on the reports you will receive.	
Confirmations	We'll send you a transaction statement each time you transact.	Section 13
Annual Reporting	We'll send you an annual statement and annual tax statement.	
Monthly Reporting	We'll send you a monthly transaction statement.	
Distributions	We'll send you a distribution statement each time a distribution is made.	
Other Important Information		
Cooling Off	If you are a retail client and you invest in a Fund and decide that the investment is not suitable, you can request in writing to have your investment cancelled during the 14 day cooling off period. The amount refunded to you will be adjusted for any changes in unit prices and taxes, transaction costs and administration expenses. Indirect investors investing through a master trust or wrap account should consult the PDS of the master trust or wrap account operator in relation to cooling-off period terms.	Section 12
Risks	As with any investment there are a number of risks that may affect the value of your investment. However, some of these risks are specific to particular Funds. You should consider carefully the risks that may affect the financial performance of your investment in a Fund.	Section 8

2. Benefits of Investing in the Funds

Global leaders in multi-manager investing

The Funds bring you in direct contact with Russell, the global leader in multi-manager investing¹.

Russell provides investment products and services in 47 countries, for more than 3000 clients and manages around A\$234 billion in assets².

For over 30 years, Russell's extensive understanding of markets, managers and investors has enabled us to design funds that seek to deliver consistent long-term results.

When you invest with us, you're investing with a leader in multi-manager investing and a respected and highly awarded investment company.



2004, 2005, 2006 & 2007 - The Funds have been 'Highly Recommended' by Lonsec over four consecutive years.³

**STANDARD
& POOR'S**



2007 - Russell's Global Opportunities and International Shares Funds have been awarded 4 Stars by Standard & Poor's, the highest rating awarded in the 2008 S&P International Equity Multi-Manager Review.⁴

¹ Cerulli Global Multi-Manager Products 2007.

² All figures current as at 31/12/07, except AUM figure current as at 31/03/08.

³ The Lonsec Limited ("Lonsec") ABN 56 061 751 102 rating (assigned February 2008) presented in this document is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s). It is not a recommendation to purchase, sell or hold the relevant product(s), and you should seek independent financial advice before investing in this product(s). The rating is subject to change without notice and Lonsec assumes no obligation to update this document following publication. Lonsec receives a fee from the fund manager for rating the product(s) using comprehensive and objective criteria. This rating excludes the Russell Australian Cash Fund, Russell Australian Cash Enhanced Fund, Russell Australian Bond Fund, Russell Inflation Linked Bond Fund and Russell International Bond Fund - \$A Hedged.

⁴ To the extent that any ratings, opinions or other information of Standard & Poor's Information Services (Australia) Pty Ltd (ABN: 17 096 167 556, Australian Financial Services Licence Number: 258896) ("Standard & Poor's") constitutes general advice, this advice has been prepared by Standard & Poor's without taking into account any particular person's financial or investment objectives, financial situation or needs. Before acting on any advice, any person using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. You should obtain a Product Disclosure Statement relating to the product and consider the statement before making any decision or recommendation about whether to acquire the product. Past performance is not a reliable indicator of future performance. Ratings can change or cease at any time and should not be relied upon without referring to the meaning of the rating. For more information regarding ratings please call S&P Customer Service on 1300 792 553 and also refer to Standard & Poor's Financial Services Guide at www.assirt.com.au. Each analytic product or service of Standard & Poor's is based on information received by the analytic group responsible for such product or service. "S&P" and "Standard & Poor's" are trademarks of The McGraw-Hill Companies, Inc.

© 2007 Standard & Poor's Information Services (Australia) Pty Limited

Providing you with a new level of diversification

We seek to manage risk via our pioneering MULTI ASSET MULTI STYLE MULTI MANAGER™ approach. The fact that our funds are managed by multiple investment managers helps minimise many of the risks common to a single-manager fund.

Russell has spent 30 years helping institutional investors find quality managers, and now we offer this service for individual investors through the Funds.

In each Fund, investment responsibility is shared across a group of independent investment managers – each chosen for what Russell believes are their outstanding capabilities. This all means that you get some of the world's best investment ideas contributing to the performance of your investment.

- Russell monitors close to 8,000 investment products worldwide², selecting what Russell believes to be the 'best of the best', and then distilling them into optimised investment solutions for you.
- Russell is an industry leader in manager research, with over 719 investment professionals worldwide² involved in the investment process.
- You'll access some of the world's leading investment managers, some of which are traditionally reserved only for the world's largest investors.

No one knows managers like Russell.

3. Your Guide to the Funds

Complete portfolio solutions

The Russell Diversified Funds offer:

- a unique spread of almost 40 managers
- automatic rebalancing of assets and manager weightings
- manager monitoring and replacement when necessary

The Russell Diversified Funds are investment portfolios built with our MULTI ASSET, MULTI STYLE, MULTI MANAGER™ investment approach.

The Russell Diversified Funds provide exposure to a number of investments through allocations to selected asset classes, within pre-determined ranges as shown on pages 9 to 11. The Russell Diversified Funds generally gain exposure to these asset classes by investing in a range of Russell Sector Funds but may also invest in other underlying funds or appoint investment managers directly.

'Build your Own' Portfolio Solutions

The Russell Sector Funds offer well-diversified single sector funds to help you build your own customised portfolio. You can choose from our Australian and International Russell Sector Funds.

They may be combined with one another or as a core to match with other single manager funds that you may wish to include to create your own tailored portfolio.

The Russell Sector Funds offer you unique access to our multi-manager configurations across a range of asset classes.

The Russell Sector Funds are investment portfolios built with our MULTI STYLE, MULTI MANAGER™ investment approach.

The Russell Sector Funds invest in a single asset class using directly appointed investment managers or by investing in other managed funds. More information on how the underlying Russell Sector Funds access an asset class can be found on pages 12 to 17.

Russell's MULTI ASSET, MULTI STYLE, MULTI MANAGER™ investment approach

MULTI ASSET — means each of the major asset classes can be included in your portfolio, in proportion to your objectives and risk parameters.

MULTI MANAGER — means some of the world's leading investment managers are employed to manage a portion of the Funds. Selected by extensive research, they are managed and monitored on an ongoing basis.

MULTI STYLE — means each manager specialises in a different style or strategy of investment. Styles are combined in an effort to reduce risk.

The careful blending of investment managers and assets is at the core of our sophisticated, long term investment approach.

4. Current Managers and their Styles

The Russell Sector Funds generally invest in a single asset class using multiple investment managers (including Russell) and/or by investing in other underlying funds. The table below sets out the Russell Sector Funds, the current investment managers and their styles.

Multi Asset	Multi Style	Multi Manager
Australian Shares	Relative Value	Perennial Value Management Ltd
	Value (Quantitative)	MIR Investment Management Ltd
	Growth	ABN AMRO Asset Management (Australia) Ltd
	Large Cap	Balanced Equity Management Pty Ltd
	Style Neutral	Karara Capital Ltd
	Moderate Growth	Orion Asset Management Ltd
	Select Holdings	Frank Russell Company
Australian Opportunities	Aggressive Growth – Absolute Return	Quest Asset Partners Pty Limited
	Growth – Concentrated	ABN AMRO Asset Management (Australia) Ltd
	Active Extension (Quant Value)	MIR Investment Management Ltd
	Growth – Small Companies	JM Financial Group Ltd
	Active Extension (130/30)	Plato Investment Management Ltd
	Value – Benchmark Independent	452 Capital Pty Ltd
	Style Neutral	L1 Capital Pty Ltd
International Shares and International Shares - \$A Hedged	Value (Non-US)	Bernstein Investment Research and Management
	GARP (Non-US)	MFS Institutional Advisors, Inc.
	Growth (Global)	AllianceBernstein Australia Limited
	Value (US)	Institutional Capital Corporation
	Core (Value)	ClariVest Asset Management LLC
	Growth (US)	Turner Investment Partners, Inc.
	Currency Hedging*	Frank Russell Company
Global Opportunities	Style Neutral – Value biased (Global)	Arrowstreet Capital, L.P.
	Aggressive growth (Global)	Axiom International Investors LLC.
	Style Neutral – GARP (Global)	MFS International U.K. Ltd
	Fundamental Growth (Global)	T. Rowe Price Global Investments Services Limited
	Value	Harris Associates

* This only applies to the International Shares Fund - \$A Hedged

Current Managers and their Styles (continued)

Multi Asset	Multi Style	Multi Manager
Emerging Markets	Deep Value	Alliance Capital Management L.P. through its Bernstein Investment Research and Management Unit
	Style Neutral (Quant)	Arrowstreet Capital, LLP
	Style Neutral (Bottom Up)	Gensis Fund Managers, LLP
	Growth (Fundamental)	T. Rowe Price International Inc.
	Style Neutral (Quality)	Harding Loevner Management
	Growth (Momentum)	UBS Global Asset Management (Australia) Ltd
International Property Securities - \$A Hedged	Value (North America)	AEW Management and Advisors, L.P.
	Style Neutral (Global)	INVESCO Institutional (N.A.), Inc.
	Value (Europe and Asia)	Morgan Stanley Investment Management Ltd
	Total Return (Global)	Perennial Investment Partners
Australian Bonds	Core – Market Dynamics	Credit Suisse Asset Management (Australia) Ltd
	Core – Value	UBS Global Asset Management (Australia) Ltd
	Core Plus – Credit Enhancement	PIMCO Australia Pty Ltd
Inflation Linked Bonds	Broad Market	Credit Suisse Asset Management (Australia) Ltd
International Bonds – \$A Hedged	Global core plus	Drake Management LLC
	Macro Value	Colchester Global Investors Ltd
	Sector Specialist	PIMCO Australia Pty Ltd
	Core Value	Loomis Sayles & Company
Australian Cash Enhanced	Cash Management - Enhanced	Perpetual Investment Management Limited
Australian Cash	Cash Management	Perpetual Investment Management Limited

5. Russell Diversified Funds

Russell Conservative Fund

ARSN: 094 799 578

Investment Objective

To aim to provide investors with income and some medium term capital growth with low volatility through exposure to a diversified investment portfolio.

Recommended investment timeframe

3+ years

Investment Strategy

This Fund typically invests in a diversified portfolio mix with exposure to 30% growth and 70% income investments.

Asset allocation neutral position (NP) & ranges

	NP %	Range %
Growth investments	30	
Australian shares	15	10 – 20
International shares	12	7 – 17
Property	3	0 – 8
Growth Alternatives	0	0 – 5
Income investments	70	
Fixed Interest	40	35 – 45
Cash	30	25 – 35
Defensive Alternatives	0	0 – 5

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Oct-00
Income return	7.7%	10.1%	8.3%	7.0%
Growth return	-8.8%	-4.1%	-1.1%	-1.3%
Total return after fees	-1.1%	6.0%	7.2%	5.7%

Fund Size as at 31 March 2008:

\$113.81 million

Estimated ICR

0.68% p.a. (see page 23 for more information)

Russell Diversified 50 Fund

ARSN: 095 296 049

Investment Objective

To aim to provide investors with a mix of both medium term capital growth with some volatility and income through exposure to a diversified investment portfolio.

Recommended investment timeframe

3+ years

Investment Strategy

This Fund typically invests in a diversified portfolio mix with exposure to 50% growth and 50% income investments.

Asset allocation neutral position (NP) & ranges

	NP %	Range %
Growth investments	50	
Australian shares	23	18 - 28
International shares	22	17 - 27
Property	5	0 - 10
Growth Alternatives	0	0 - 5
Income investments	50	
Fixed Interest	35	30 - 40
Cash	15	10 – 20
Defensive Alternatives	0	0 – 5

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Nov-00
Income return	8.7%	8.7%	7.5%	6.4%
Growth return	-13.5%	-1.9%	1.5%	-0.2%
Total return after fees	-4.8%	6.8%	9.0%	6.2%

Fund Size as at 31 March 2008

\$271.62 million

Estimated ICR

0.78% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Diversified Funds continued

Russell Balanced Fund

ARSN: 094 799 345

Investment Objective

To aim to provide investors with medium term capital growth with moderate to high volatility and income through exposure to a diversified investment portfolio.

Recommended investment timeframe

5+ years

Investment Strategy

This Fund typically invests in a diversified portfolio mix with exposure to 70% growth and 30% income investments.

Asset allocation neutral position (NP) & ranges

	NP %	Range %
Growth investments	70	
Australian shares	32	27 - 37
International shares	31	26 - 36
Property	7	2 - 12
Growth Alternatives	0	0 - 5
Income investments	30	
Fixed Interest	25	20 - 30
Cash	2	0 - 7
Defensive Alternatives	3	0 - 8

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Oct-00
Income return	9.3%	12.1%	9.7%	7.4%
Growth return	-16.9%	-4.6%	1.1%	-1.3%
Total return after fees	-7.6%	7.5%	10.8%	6.1%

Fund Size as at 31 March 2008

\$858.65 million

Estimated ICR

0.82% p.a. (see page 23 for more information)

Russell Growth Fund

ARSN: 094 799 443

Investment Objective

To aim to provide investors with capital growth over the long term by focusing on growth assets, while accepting fluctuations in capital values in the short term.

Recommended investment timeframe

5+ years

Investment Strategy

This Fund typically invests in a diversified portfolio mix with exposure to 90% growth and 10% income investments.

Asset allocation neutral position (NP) & ranges

	NP %	Range %
Growth investments	90	
Australian shares	42	37 - 47
International shares	39	34 - 44
Property	9	4 - 14
Growth Alternatives	0	0 - 5
Income investments	10	
Fixed Interest	7	2 - 12
Cash	0	0 - 5
Defensive Alternatives	3	0 - 8

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Oct-00
Income return	10.3%	12.1%	9.5%	6.9%
Growth return	-20.5%	-3.5%	3.2%	-1.1%
Total return after fees	-10.2%	8.6%	12.7%	5.8%

Fund Size as at 31 March 2008

\$348.06 million

Estimated ICR

0.91% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Diversified Funds continued

Russell High Growth Fund

ARSN: 111 170 122

Investment Objective

To aim to provide investors with capital growth over the long term by focusing solely on growth assets, while accepting fluctuations in capital values in the medium term.

Recommended investment timeframe

6+ years

Investment Strategy

This Fund typically invests in a diversified portfolio mix with exposure to 100% growth investments.

Asset allocation neutral position (NP) & ranges

	NP %	Range %
Growth investments	100	
Australian shares	46	41 – 51
International shares	44	39 – 49
Property	10	5 – 15
Growth Alternatives	0	0 – 5
Income investments	0	
Cash	0	0 – 5

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Aug-05
Income return	11.4%			12.6%
Growth return	-22.8%			-5.6%
Total return after fees	-11.4%			7.0%

Fund Size as at 31 March 2008

\$115.88 million

Estimated ICR

1.03% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

6. Russell Sector Funds

Russell Australian Cash Fund

ARSN: 092 806 767

Investment Objective

- To aim to provide exposure to a diversified portfolio of investment grade cash and cash equivalents.
- To aim to provide a total return, before costs and tax, in line with the Fund's benchmark over the short term.

Recommended investment timeframe

The expected volatility of the Fund is low, so the Fund is appropriate for short term investments.

Benchmark

UBSA Bank Bill Index

Investment Strategy

The Fund typically invests in assets such as cash deposits, bank bills, floating rate notes and other cash equivalent products.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Bank Backed securities	80
Corporate/Other	20

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Jun-98
Income return	6.4%	5.2%	5.2%	4.8%
Growth return	0.2%	0.7%	0.3%	0.4%
Total return after fees	6.6%	5.9%	5.5%	5.2%
<i>Benchmark</i>	<i>7.0%</i>	<i>6.3%</i>	<i>5.9%</i>	<i>5.6%</i>

Fund Size as at 31 March 2008

\$799.14 million

Estimated ICR

0.35% p.a. (see page 23 for more information)

Russell Australian Cash Enhanced Fund

ARSN: 111 170 300

Investment Objective

- To aim to provide exposure to a diversified portfolio of Australian dollar, mortgage backed securities, asset backed securities and corporate floating rate notes.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the medium term.

Recommended investment timeframe

1+ year

Benchmark

UBSA Bank Bill Index

Investment Strategy

The Fund typically invests in assets such as Australian dollar mortgage backed securities, asset backed securities and corporate floating rate notes. Derivatives may also be used.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Corporate Debt	64.9
Bank Backed securities	32.3
Cash	2.8

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-04
Income return	6.6%	6.1%		6.2%
Growth return	-1.8%	-0.4%		-0.5%
Total return after fees	4.8%	5.7%		5.7%
<i>Benchmark</i>	<i>7.0</i>	<i>6.3</i>		<i>6.3</i>

Fund Size as at 31 March 2008

\$984.81 million

Estimated ICR

0.38% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Sector Funds continued

Russell Australian Bond Fund

ARSN: 092 806 169

Investment Objective

- To aim to provide exposure to a diversified portfolio of fixed income securities.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe

3+ years

Benchmark

UBSA Composite Bond Index

Investment Strategy

The Fund typically invests in Australian government securities, semi-government and corporate securities. In addition, the portfolio may also include non-Australian governments, supranational, agency and corporate bonds, as well as mortgage and asset backed securities.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Corporate	23.6
Semi-Government	9.4
Government	2.8
Mortgages	35.7
Cash	28.5

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-97
Income return	4.9%	4.3%	4.6%	5.2%
Growth return	-1.5%	-0.2%	-0.3%	0.0%
Total return after fees	3.4%	4.1%	4.3%	5.2%
<i>Benchmark</i>	<i>4.3%</i>	<i>4.9%</i>	<i>4.7%</i>	<i>5.7%</i>

Fund Size as at 31 March 2008

\$2,324.70 million

Estimated ICR

0.73% p.a. (see page 23 for more information)

Russell Inflation Linked Bond Fund

ARSN: 092 808 609

Investment Objective

- To aim to provide exposure to a diversified portfolio of inflation linked bonds.
- To aim to provide a total return, before costs and tax, in line with the Fund's benchmark over the long term.

Recommended investment timeframe

3+ years

Benchmark

UBSA Government Inflation Index

Investment Strategy

The Fund is predominantly invested in government, semi-government and corporate inflation linked bonds issued in Australia. In addition, cash securities may be held for liquidity and to facilitate interest rate management strategies.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Government	57.6
Corporate	11.4
Semi-Government	6.9
Cash	24.1

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Jun-98
Income return	3.4%	6.5%	5.7%	5.9%
Growth return	1.3%	-1.0%	0.3%	0.3%
Total return after fees	4.7%	5.5%	6.0%	6.2%
<i>Benchmark</i>	<i>5.8%</i>	<i>6.3%</i>	<i>6.8%</i>	<i>7.0%</i>

Fund Size as at 31 March 2008

\$675.04 million

Estimated ICR

0.73% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Sector Funds continued

Russell International Bond Fund - \$A Hedged

ARSN: 092 806 954

Investment Objective

- To aim to provide exposure to a diversified portfolio of foreign currency fixed income securities hedged into Australian dollars.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe

3+ years

Benchmark

Lehman Brothers Global Aggregate Index (\$A - Hedged)

Investment Strategy

The Fund typically invests in foreign government, supranational, semi-government, agency and corporate bonds as well as mortgage and asset backed securities. Currency hedging is used to hedge currency exposures back to Australian dollars.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
United States	29.9
Euroland	17.8
Japan	12.1
UK	9.5
Other Europe	7.8
Australia, New Zealand, Other	22.9

Performance to 31 March 2008

RIBF	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-97
Income return	5.6%	6.0%	5.1%	5.7%
Growth return	-1.6%	-1.5%	0.2%	0.3%
Total return after fees	4.0%	4.5%	5.3%	6.0%
<i>Benchmark</i>	<i>8.0%</i>	<i>6.4%</i>	<i>6.7%</i>	<i>7.4%</i>

Fund Size as at 31 March 2008

\$1,436.07million

Estimated ICR

0.76% p.a. (see page 23 for more information)

Russell International Property Securities Fund - \$A Hedged

ARSN: 111 169 987

Investment Objective

- To aim to provide exposure to a diversified portfolio of international listed property securities.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe

5+ years

Benchmark

FTSE EPRA NAREIT Global Real Estate Index - \$A Hedged

Investment Strategy

The Fund typically invests in property trusts and property related securities listed on stock exchanges in developed international markets (such as countries included in the FTSE EPRA NAREIT Global Real Estate Index - \$A Hedged). This Fund may also be exposed to securities which have exposure to properties in emerging markets. Currency hedging is used to hedge currency exposures back to Australian dollars.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
North America	54.2
UK	12.9
Europe ex-UK	16.1
Asia	16.8

Performance to 31 March 2008

RIPSF	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-04
Income return	19.8%	13.2%		12.0%
Growth return	-40.9%	-0.1%		-1.5%
Total return after fees	-21.1%	13.1%		10.5%
<i>Benchmark*</i>	<i>-21.7%</i>	<i>11.8%</i>		<i>9.6%</i>

Fund Size as at 31 March 2008

\$831.50 million

Estimated ICR

0.92% p.a. (see page 23 for more information)

* Prior to June 2008, the benchmark of this Fund was the UBS Global ex-Australia Real Estate Investors Net Index - \$A Hedged.

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Sector Funds continued

Russell Australian Shares Fund

ARSN: 092 807 728

Investment Objective

- To aim to provide exposure to a diversified portfolio of Australian shares.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe

5+ years

Benchmark

S&P/ASX 300 Accumulation Index

Investment Strategy

The Fund invests predominantly in shares or unit trusts listed or about to be listed on the Australian Stock Exchange. The Fund may also be exposed to short selling.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Financials (ex Property Trusts)	33.8
Materials	28.2
Energy	6.3
Industrials	6.5
Consumer Staples	6.4
Other	18.8

Performance to 31 March 2008

RASF	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-97
Income return	11.2%	13.4%	10.2%	7.5%
Growth return	-19.6%	-0.8%	7.0%	4.0%
Total return after fees	-8.4%	12.6%	17.2%	11.5%
<i>Benchmark</i>	<i>-7.2%</i>	<i>13.8%</i>	<i>18.0%</i>	<i>11.5%</i>

Fund Size as at 31 March 2008

\$6,217.58 million

Estimated ICR

0.81% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Australian Opportunities Fund

ARSN: 108 895 469

Investment Objective

- To aim to provide exposure to a diversified portfolio of Australian shares.
- To aim to significantly outperform the Fund's benchmark, before costs and tax, over the long term.

Recommended investment timeframe

7+ years.

Benchmark

S&P/ASX 300 Accumulation Index

Investment Strategy

The Fund invests predominantly in shares or unit trusts listed or about to be listed on the Australian Stock Exchange. The Fund may also be exposed to short selling.

Fund Exposure by Sector	As at 31 March 2008 (% of NAV)
Financials (ex Property Trusts)	27.3
Materials	23.3
Consumer Staples	7.5
Telecommunication Services	6.5
Consumer Discretionary	12.7
Other	22.7

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Jun-04
Income return	9.4%	12.1%		10.3%
Growth return	-19.7%	0.0%		5.6%
Total return after fees	-10.3%	12.1%		15.9%
<i>Benchmark</i>	<i>-7.2%</i>	<i>13.8%</i>		<i>16.9%</i>

Fund Size as at 31 March 2008

\$ 597.07 million

Estimated ICR

1.11% p.a. (see page 23 for more information)

Russell Sector Funds continued

Russell International Shares Fund

ARSN: 092 808 261

Investment Objective

- To aim to provide exposure to a diversified portfolio of international shares.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe:

5+ years

Benchmark

MSCI World Net Dividends Reinvested Accumulation Index

Investment Strategy

The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed international markets (such as countries included in the MSCI World Index). The Fund may also be exposed to emerging market securities.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
North America	47.1
Europe (ex-UK)	27.2
UK	9.5
Japan	8.6
Asia (ex-Japan)	2.2
Emerging Markets	5.4

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-97
Income return	4.9%	2.5%	1.7%	3.1%
Growth return	-20.1%	0.6%	4.5%	-0.7%
Total return after fees	-15.2%	3.1%	6.2%	2.4%
<i>Benchmark</i>	<i>-14.4%</i>	<i>3.8%</i>	<i>6.8%</i>	<i>2.4%</i>

Fund Size as at 31 March 2008

\$4,671.59 million

Estimated ICR

1.04 % p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

The Russell Funds – Class A Units

Russell International Shares Fund - \$A Hedged

ARSN: 092 805 939

Investment Objective

- To aim to provide exposure to a diversified portfolio of international shares hedged into Australian dollars.
- To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.

Recommended investment timeframe:

5+ years

Benchmark

MSCI World Net Dividends Reinvested Accumulation Index – \$A Hedged

Investment Strategy

The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed international markets (such as countries included in the MSCI World Index). The Fund may also be exposed to emerging market securities and may engage in short selling. Currency hedging is used to hedge currency exposures back to Australian dollars.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
North America	47.1
Europe (ex-UK)	27.2
UK	9.5
Japan	8.6
Asia (ex-Japan)	2.2
Emerging Markets	5.4

Performance to 31 March 2008

	1 year % pa	3 year % pa	5 year % pa	Since Inception Jul-98
Income return	9.4%	7.6%	7.2%	5.4%
Growth return	-19.1%	0.3%	7.0%	-1.4%
Total return after fees	-9.7%	7.9%	14.2%	4.0%
<i>Benchmark</i>	<i>-7.9%</i>	<i>9.3%</i>	<i>15.5%</i>	<i>4.3%</i>

Fund Size as 31 March 2008

\$1,664.52 million

Estimated ICR

1.08% p.a. (see page 23 for more information)

Russell Sector Funds continued

Russell Global Opportunities Fund

ARSN: 111 169 745

Investment Objective

- To aim to provide exposure to a diversified portfolio of international shares.
- To aim to significantly outperform the Fund's benchmark, before costs and tax, over the long term.

Recommended investment timeframe

7+ years. Investors must be prepared to accept high levels of short to medium term volatility.

Benchmark

MSCI World Net Dividends Reinvested Accumulation Index

Investment Strategy

The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed and emerging international markets. The Fund may also be exposed to short selling.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
-------------------------	-----------------------------------

North America	46.0
Europe (ex-UK)	26.9
UK	9.4
Japan	7.2
Asia (ex-Japan)	3.3
Emerging Markets	7.2

Performance to 31 March 2008

RISAGF	1 year % pa	3 year % pa	5 year % pa	Since Inception Dec-04
Income return	4.6%	6.0%		5.6%
Growth return	-17.5%	-0.9%		-0.3%
Total return after fees	-12.9%	5.1%		5.3%
<i>Benchmark</i>	<i>-14.4%</i>	<i>3.8%</i>		<i>3.5%</i>

Fund Size as at 31 March 2008

\$1,144.84 million

Estimated ICR

1.14% p.a. (see page 23 for more information)

Past performance is not indicative of future performance. The performance returns shown above are annualised, calculated using exit prices after fees and assume that income is reinvested and tax is not deducted. Up to date performance figures are available on our website.

Russell Emerging Markets Fund

ARSN: 111 169 745

Investment Objective

- To aim to provide exposure to a diversified portfolio of international shares.
- To aim to significantly outperform the Fund's benchmark, before costs and tax, over the long term.

Recommended investment timeframe

5+ years.

Benchmark

MSCI Emerging Markets Index

Investment Strategy

The Fund invests in the Russell Investment Company Plc – The Emerging Markets Equity Fund. Through this investment, the Fund is exposed to a broad range of shares listed on stock exchanges in emerging markets (such as those included in the MSCI Emerging Markets Index). The Fund may also be exposed to selected countries which are considered 'frontier' or 'pre-emerging' and to securities listed on developed markets' stock exchanges where the country derives a material proportion of its revenue from the emerging markets.

Fund Exposure by Region	As at 31 March 2008 (% of NAV)
-------------------------	-----------------------------------

Americas	22.3
Europe (19.0
Asia	45.7
Africa	9.6
Other	3.4

Performance to 31 March 2008

As this fund has not been in operation for 12 months, annual performance information is not available.

Fund Size as at 31 March 2008

\$68.34 million

Estimated ICR

1.43% p.a. (see page 23 for more information)

7. How the Funds Invest

Investment Management

As well as appointing investment managers to manage the assets of a Fund, we, or other members of the Russell Investment Group, may directly manage a portion of the assets of a Fund or of an underlying fund in which a Fund is invested.

Russell Sector Funds

The Russell Sector Funds generally invest in a single asset class using multiple investment managers and/or by investing in other underlying funds.

Russell Diversified Funds

The Russell Diversified Funds provide exposure to a number of investments through allocations to selected asset classes, within pre-determined ranges as set out on pages 9 to 11. The asset allocation neutral position

(NP) is the starting point for all asset allocation decisions. We may adjust the exposure within the specified minimum and maximum ranges.

The Russell Diversified Funds generally gain exposure to these asset classes by investing in a range of Russell Sector Funds but may also invest in other underlying funds. The Russell Diversified Funds may also appoint investment managers directly (including Russell) to manage a portion of the assets of a Russell Diversified Fund.

For the Diversified Funds, the benchmark is a weighted average of various indices used by each Russell Sector Fund, underlying fund and investment manager, according to the asset allocation neutral position and ranges shown on pages 9 to 11. Further information on these indices can be found on our website at www.russell.com.au.

The Asset Classes may be exposed, but are not limited, to the following types of investments.

Asset Class	Types of investments
Australian Shares	Australian listed and unlisted shares or managed investment schemes.
International Shares	International listed and unlisted shares or managed investment schemes.
Property	Australian and international listed or unlisted property funds or property related securities, direct property or hybrid type vehicles.
Growth Alternatives	Hedge funds, private equity or other such active strategies with a higher than average expected risk profile relative to peer alternative investments.
Fixed Interest	Debt securities issued by Australian and international government, quasi-government, government agencies and corporates, mortgage and asset backed securities, and debt securities issued by supranationals.
Cash	Australian dollar cash deposits, bank bills, mortgage and asset backed securities, floating rate notes, cash and other cash equivalent products.
Defensive Alternatives	Hedge funds or other such active strategies with a lower than average expected risk profile relative to peer alternative investments.

Changing Managers and/or Underlying Funds

We may change the investment managers and/or underlying funds for the Russell Sector Funds from time to time without notice.

We may change the investment managers, the Russell Sector Funds and the underlying funds for the Russell Diversified Funds from time to time without notice.

Updated information may be found on our website at www.russell.com.au. You can contact us if you would like a paper copy of this information free of charge.

Currency Management

Investing in assets that are denominated in foreign currencies means you are exposed to movements in those currencies. Currency markets can be extremely volatile and affected by a host of factors.

The Russell Sector Funds identified as \$A Hedged use currency hedging as part of their investment strategy. Currency hedging is an investment strategy that aims to reduce currency risk, thereby protecting or potentially improving returns. However it may also reduce the potential gain from investments. Derivatives including, but not limited to, forward foreign exchange contracts may be used to reduce the impact of currency fluctuations. Currency hedging may be implemented by Russell or by an investment manager appointed by us.

Assets within the Russell Diversified Funds that have an exposure to foreign currencies may be unhedged and/or partially or fully hedged. We may actively manage the unhedged/hedged currency exposure of the Russell Diversified Funds. Active currency

management has the potential to add further value but can also expose a fund to greater risk.

Derivatives

Derivatives may be used from time to time for hedging, risk control and to implement investment strategies for the Funds.

In particular, the Russell Sector Funds that invest in shares use share index futures contracts to equitise cash holdings, and some of the international Russell Sector Funds identified as \$A Hedged use currency forwards or swaps to hedge their currency exposures back to Australian dollars.

We do not intend to use derivatives speculatively or to gear the Funds. However, the Russell Diversified Funds with an exposure to Growth Alternatives and Defensive Alternatives, may be indirectly exposed to derivatives that are used for hedging, speculative and gearing purposes.

Derivatives may also be used to create net short positions in the Russell Australian Shares Fund, Russell Australian Opportunities Fund and the Russell Global Opportunities Fund.

Overlay management

Russell may also use derivatives to implement overlay techniques for the Russell Diversified Funds.

Such overlay techniques allow for efficient rebalancing across asset classes within the Diversified Funds, at lower transaction costs than if the Funds were to buy or sell the underlying securities.

Borrowings

It is not our intention to borrow money in relation to the Funds, other than to meet short-term liquidity requirements.

The Funds may borrow securities to implement an investment strategy. With the exception of borrowed securities, the Funds currently have no material

borrowings. However, the Russell Diversified Funds with an exposure to Growth Alternatives and Defensive Alternatives may be indirectly exposed to gearing and leverage.

Securities lending

We have established a securities lending program, under which a Russell Sector Fund's assets may be loaned to a borrower. In exchange, the Fund will receive collateral equal to at least 100% of the assets loaned. We may place restrictions on which assets of a Fund are available to be loaned. Acceptable collateral may include but is not limited to cash, cash equivalents, shares and government bonds. Any cash collateral will be invested in an Australian or overseas managed investment scheme.

Any income (net of fees paid for administering securities lending) that a Fund generates from the securities lending program will be used to offset the Fund's custody expenses. This may result in reduced expense recoveries for a Fund. There are additional risks involved with securities lending. See page 21 for details.

Ethical Investments

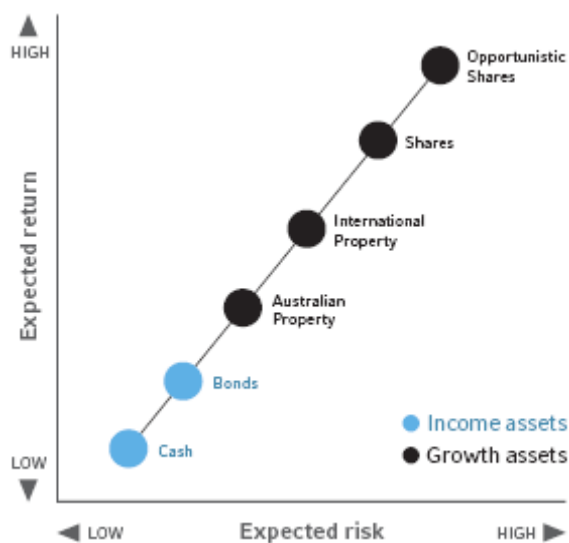
Although the investment managers we appoint may take into account labour standards and/or environmental, social or ethical considerations when making their investment decisions, we do not use these criteria when we select investment managers, or when we evaluate their performance. Where Russell managers the assets, we also do not use these criteria when making investment decisions.

8. The Risks of Investing

All investing involves risk. It's the trade-off for the return that investors seek. Generally you only get higher expected return with higher risk.

Growth investments (shares and property) have relatively higher risk, and higher expected return, than income investments (fixed interest and cash). So the relative risk of each Fund depends on its asset allocation to or between these groups of investments. The risk/return graph below indicates the relative position of each major asset class.

Position on risk/return spectrum



Source: Russell Investment Management Ltd.

As with most investing, it is not guaranteed that you will make money from a Fund. The value of your investment can go up or down.

The risks may result in loss of income, loss of principal invested and possible delays in repayment. You could receive back less than you invested and there is no guarantee that you will receive any income.

The value of an investment in a Fund and the return on such investment will be influenced by many factors (including factors outside our control), such as market and economic conditions, government policy, political climate, interest rates, currency movements, inflation and the investment managers not performing to expectation.

The significant risks you should be aware of are:

Market risk: the performance of a Fund will depend on the performance and market value of the assets that it holds. Investments in securities and other financial instruments and products that are subject to market forces, risk the permanent loss of capital as a result of adverse market developments, which can be unpredictable.

Interest rate risk: the Funds that have a direct or indirect exposure to fixed income or interest earning investments may be sensitive to movements in domestic and international interest rates. Generally,

the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than short-term securities.

Derivatives risk: the Funds may be directly or indirectly exposed to exchange-traded and over-the-counter derivative instruments including but not limited to currency, interest rate and equity forwards, futures, options, swaps and options on futures. These derivative instruments may seek to modify or replace the investment performance of particular securities, currencies, interest rates, indices or markets. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. In general, a derivative contract typically involves leverage i.e. it provides exposure to a potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivatives contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in a derivatives contract. Accordingly, derivative instruments can be highly volatile and expose investors to a high risk of loss.

Transactions in over-the-counter derivatives involve additional risk as there is no exchange or market on which to close out an open position. As a result, it may be impossible to liquidate an existing position, to value a position or to assess the exposure to risk. Furthermore, these transactions involve exposure to credit risk since contract performance depends in part on the financial condition of the counterparty.

Liquidity risk: the Funds may be directly or indirectly exposed to assets that have restricted or limited liquidity. This may result in delays in the settlement of withdrawals from a Fund due to the inability of the Fund or an underlying fund to liquidate these assets promptly. Furthermore, where a Fund is required to liquidate assets to settle withdrawals, there is a risk that liquidation may be done on unfavourable terms thereby potentially subjecting the Fund to losses. These risks will be amplified if there are substantial withdrawals during a concentrated period of time. Under the terms of each Fund's constitution we may suspend the processing of redemptions in certain situations.

Counterparty and settlement risk: the Funds may be exposed to counterparty and settlement risk. These risks are influenced by, amongst other things, market practices (for example settlement and custody practices), the creditworthiness of the parties the Funds are exposed to, and the level of government

regulation in countries in which the Funds invest.

Currency risk: where the Funds that have an exposure to foreign currencies will be exposed to currency risk. Changes in exchange rates may affect the investment returns of the Funds. Some Russell Sector Funds may use currency hedging programs.

For the Russell Sector Funds that are identified as \$A Hedged, although the benchmark is to be 100% currency hedged, some foreign currency exposures can remain which may affect the investment values of these funds.

The currency exposure within the Russell Diversified Funds that have an exposure to foreign currencies, may be unhedged and/or partially or fully hedged. We may actively manage the unhedged/hedged currency exposure of those Russell Diversified Funds. Active currency management has the potential to add further value but can also expose a fund to greater risk.

Debt securities risk: the Funds that have an exposure to fixed interest may be directly or indirectly exposed to unrated or low grade debt securities that are subject to greater risk of loss of principal and interest than higher-rated debt securities. They may also be directly or indirectly exposed to debt securities that rank junior to other outstanding securities and obligations of the issuer, and debt securities that are not protected by financial covenants or limitations on additional indebtedness.

Performance fee risk:

Performance fees may be charged by us and/or by an investment manager of a Fund or an underlying fund.

Please refer to page 24 for a list of Funds that currently have a performance related fee.

Where performance fees are charged to an underlying fund, they will be reflected by a reduction in the unit price of the underlying fund, and ultimately reflected as a reduction in the unit price of the Fund. Where performance fees are charged directly to a Fund, they will be reflected by a reduction in the unit price of the Fund. These performance fees are based on realised and unrealised gains. Therefore, a performance fee may be paid on unrealised gains that may never subsequently be realised. In addition, performance fees provide an incentive to make investments that carry more risk than those made in the absence of a performance fee.

The accrual of such performance fees in a Fund's unit price or in an underlying fund's unit price and therefore ultimately in the relevant Fund's unit price, can result in different implied levels of performance fee for individual investors in the Fund depending on the timing of their investment and the relative performance of the Fund and/or underlying fund over time. This reflects the commingled nature of the Funds and the fact that performance fees are (directly or indirectly) charged to the Funds rather than against each individual investor.

Emerging markets risk: where the Funds that have a direct or indirect exposure to emerging market

securities may be subject to higher levels of market volatility leading to higher general investment risk. Interest rate and currency risks may be greater due to higher levels of volatility in the economies of emerging markets. Furthermore, emerging market securities are often less liquid than the securities of developed markets. Counterparty and settlement risks are also increased.

Short selling risk: the Funds that engage in short selling will be exposed to short selling risk. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with the obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in the inability of a Fund or underlying fund to cover the short position, and of theoretically unlimited potential loss.

Leverage or borrowing risk: the Russell Diversified Funds with exposure to Defensive Alternatives and Growth Alternatives may be indirectly exposed to leverage or borrowing strategies that can magnify both gains and losses on investment returns. Money borrowed will be subject to interest and other costs, which may or may not exceed the income received from the instruments purchased with borrowed funds. Leverage creates an opportunity for greater returns, but at the same time, will significantly increase the risk of your investment in a Fund.

Alternative strategies risk: there are increased risks inherent in alternative investments. These include a higher exposure to counterparty and settlement risk, liquidity risk, short selling risk, and more leverage than traditional investment strategies.

Securities lending risk: if a Fund engages in securities lending (see page 19) there is a risk that the borrower may become insolvent or otherwise become unable to meet, or refuse to honour, its obligations to return the loaned assets. In this event, the Fund could experience delays in recovering assets and may incur a capital loss. Where a Fund invests any collateral it receives as part of the securities lending program, such investments are also subject to the general investment risks outlined above.

Political Risk: investments may be affected by uncertainties such as political developments, changes in government policies, currency repatriation restrictions on foreign investment in some countries that the Funds or underlying funds may have exposure to.

Underlying funds' absence of regulatory oversight: The Funds may be exposed to managed investment schemes established in other jurisdictions that do not

have an equivalent level of investor protection as that provided in Australia. Investment in such schemes may also adversely impact the transparency of a Fund.

Underlying fund changes: If we decide to replace any underlying fund with a new underlying fund there is a risk that a Fund will not be invested in an underlying fund and therefore not exposed to the market for a period of time.

Change in law: there may be a change in law affecting the Funds (such as taxation) at any time which may affect your investment in the Funds.

To manage your risks, you should obtain professional investment advice that is tailored to your investment objectives, financial situation and particular needs. We strongly encourage you to invest for the recommended time frame.

9. Tax

The following information is a brief outline of the tax consequences of investing in the Funds for an Australian resident. The tax laws are subject to continual change and the taxation consequences of investing in the Funds may differ between investors. We recommend you seek taxation advice specific to your situation.

Non-residents should seek specific advice from their tax advisers.

Fund income

The Funds fully distribute all net income to investors. You will be subject to tax at your marginal tax rate on your share of the tax net income of a Fund, in the year in which your entitlement arises, irrespective of whether the income is reinvested.

You may be entitled to franking credits which arise from franked dividends received in respect of a fund's investment in Australian shares. Subject to various anti-avoidance rules, including the holding period rule, you can use the credits to reduce your tax liability on your share of the tax net income of a Fund or your other assessable income. Excess franking credits may be refundable to resident individuals, complying superannuation entities, and in certain circumstances may give rise to tax losses for companies.

Your share of the tax net income of a Fund may include a net capital gain of the Fund, where the relevant Fund holds its assets on capital account or where the Fund holds units in other Fund(s) which distribute capital gains to that Fund. If you withdraw or transfer any part of your investment, it is treated as a disposal and you may be subject to capital gains tax. A discount may be available in calculating the taxable amount of a capital gain where the asset has been held for twelve months or more. A capital gain distributed by the Fund may also be subject to the discount. The amount of the discount is one-half for individuals and trusts, and one-third for complying superannuation entities.

The CGT discount should not be available on the disposal of units in the Russell Emerging Markets Fund in cases where you and your associates beneficially held 10% or more of the units in this Fund just before the disposal, as a majority of the assets of this Fund would have been held for less than 12 months each year.

Foreign income

A Fund may derive income from sources outside Australia. Your share of the income will be treated as foreign income in your hands. You may be entitled to a foreign tax credit for any foreign tax paid by the Fund on the income.

Foreign investment funds

A Fund may invest in foreign companies or trusts that are 'foreign investment funds' (FIF) for Australian tax purposes. Our investment strategy aims to minimise the impact of the FIF regime on the Funds. Nevertheless, the net income distributed to you may include unrealised income and gains accumulating from these investments.

10. Fees and Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to pay lower contribution fees and management costs where applicable. Ask the fund or your financial planner.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out the different fee options.

Fees and other costs

The table below shows the fees and other costs that you may be charged from the Funds. These fees and costs may be deducted from your account balance, from the returns on your investment or from the Funds as a whole.

For information on taxes, see page 22.

You should read all of the information about fees and costs, as it is important to understand their impact on your investment in a Fund.

Type of Fee or Cost	Amount	How and when paid
Fees when you move money in or out of the Funds		
<i>Establishment fee:</i> This is the fee to set up your account with the Funds.	Nil	Not applicable
<i>Contribution fee:</i> This is the fee for the initial and every subsequent investment you make to a Fund.	Nil	Not applicable
<i>Withdrawal fee:</i> This is the fee charged for each withdrawal you make from a Fund (including any instalment payments and the final payment).	Nil	Not applicable
<i>Termination fee:</i> This is the fee when you close your account with the Funds	Nil	Not applicable
Management Costs		
The fees and for managing your investment.		
Estimated Indirect Cost Ratio ('ICR'):	Ranges from 0.35%p.a. to 1.43%p.a. depending on the Fund(s) you choose to invest in. The amount you pay for each specific Fund is shown on page 24.	The estimated ICR is paid directly from the assets of the Fund and is reflected in the daily unit price when declared. The estimated ICR is quoted on a GST inclusive basis. This does not show as a deduction from your account.
Service Fees		
<i>Switching fee:</i> This is the fee charged when you switch between the Funds.	Nil	Not applicable

Table of Estimated ICRs and Buy/Sell Spreads

The following table provides the estimated ICR and estimated buy-sell spread that you will pay for a specific Fund.

FUND	Estimated ICR (% p.a.)*	Estimated Buy-Sell spread (% each side)**
Russell Diversified Funds		
Russell Conservative Fund	0.68 ⁺	0.08
Russell Diversified 50 Fund	0.78 ⁺	0.12
Russell Balanced Fund	0.82 ⁺	0.18
Russell Growth Fund	0.91 ⁺	0.22
Russell High Growth Fund	1.03 ⁺	0.27
Russell Sector Funds		
Russell Australian Cash Fund	0.35	Nil
Russell Australian Cash Enhanced Fund	0.38	0.01
Russell Australian Bond Fund	0.73	0.03
Russell Inflation Linked Bond Fund	0.73	0.05
Russell International Bond Fund - \$A Hedged	0.76	0.05
Russell International Property Securities Fund - \$A Hedged	0.92	0.40
Russell Australian Shares Fund	0.81	0.20
Russell Australian Opportunities Fund	1.11 ⁺	0.30
Russell International Shares Fund	1.04	0.30
Russell International Shares Fund - \$A Hedged	1.08	0.30
Russell Global Opportunities Fund	1.14 ⁺	0.35
Russell Emerging Markets Fund	1.43	Nil

* Please see 'Estimated Indirect Cost Ratio' under section 'Additional explanation of fees and costs'.

** Please see 'Transaction Costs' under section 'Additional explanation of fees and costs'.

⁺ Indicates a performance fee element. Please see 'Performance Fees' under section 'Additional explanation of fees and costs'

11. Additional Explanation of Fees and Costs

The following information has been provided to help you understand the Fees and Costs section.

Example of annual fees and charges for a balanced investment choice

This table gives an example of how the fees and costs in the Russell Balanced Fund can affect your investment over a 1 year period. You should use this table to compare this product with other investment products.

Example: Russell Balanced Fund (Balance of \$50,000 with total contributions of \$5,000 during the year)		
Contribution Fee	Nil	For every \$5,000 you put in, you will be charged \$0
PLUS Management Costs	0.82% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$410 each year.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of \$410*. What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser

Establishment Fee - \$Nil

* Note: the Cost of Fund does not take into account any Management Costs that may be payable on the \$5,000 contributions during that year.

Changes in Fees and Costs

We have the right to change the fees and costs described in this PDS at any time, without your consent. Any increase in a Fund's fees and costs will be communicated to you at least thirty days before it occurs.

The constitution of each Fund allows us to receive a management fee of up to 2% p.a. and charge a contribution fee of up to 4%, a buy-sell spread of up to 5% and a switching fee of up to 1%.

Currently, we receive lower management fees, charge lower buy-sell spreads, and do not charge a contribution or switching fee. We may change the fees or the basis for charging expenses but will notify you first.

Management Costs

Management costs include all estimated expense recoveries, investment management fees and estimated performance fees payable to us and other investment managers and (where they are known) the estimated expense recoveries, investment management fees and estimated performance fees of any underlying funds through which a Fund invests. They do not include transaction costs and costs that an investor would incur if the investor invested directly in the asset. Management costs (with the exception of performance fees) are based on the latest available figures as at the date of this PDS. The management costs are estimates only and actual management costs could vary.

Where a Russell Fund invests in an underlying fund managed by us, the underlying Fund will charge no investment management fee and therefore only the

investment management fee at the top level will be charged to the investor.

Estimated Indirect Cost Ratio ('ICR')

The ICR for a Fund is the ratio of the Fund's management costs that are not deducted directly from an investor, to the Fund's total average net assets. The ICR for a Fund is an estimate only. The actual ICR could vary.

Expense recoveries (including taxes)

All expenses relating to the proper performance of our duties are recoverable from the Funds, including but not limited to custody, administration, registry, GST (less any reduced input tax credits), responsible entity, legal and audit expenses. The actual expense recoveries are not known until the end of the financial year.

The estimated expense recoveries for each Fund are included in that Fund's Indirect Cost Ratio and are based on the latest available figures as at the date of this PDS. The actual expense recoveries may increase or decrease over time.

We are entitled to be indemnified for any liability we properly incur in relation to a Fund.

Please refer to page 22 for more information on tax.

Performance fees

Performance fees provide an incentive for managers to achieve superior performance.

Performance fees may be charged by Russell directly, by the underlying funds or by the managers appointed by Russell.

Where a Fund contains a performance fee component,

that performance fee has been estimated with reference to the Fund's performance over the 12 months to 31 March 2008 and included within that Fund's estimated ICR. For Funds or underlying funds with a performance fee component and which do not have 12 months of performance history, the actual performance fees paid since inception to 31 March 2008 have been used.

For new managers or new underlying funds, we assume that the manager or underlying fund has achieved performance in line with its benchmark and therefore no performance fee would be payable. Please note, however, that past performance is not a reliable indicator of future performance and it is impossible to accurately forecast the performance fees that will be payable.

Performance fee examples

The following examples illustrate when performance fees may be payable in different situations. The examples relate to a hypothetical Australian shares fund with two managers – Manager A and Manager B – each of which manages a portfolio comprising 50% of the fund's assets. Manager A and Manager B have identical performance fee arrangements. The performance fee is calculated as 25% of the return (net of fees) of the portfolio above the hurdle rate of return. The hurdle rate of return is the benchmark (S&P/ASX 300 Accumulation Index) plus 2%. A performance fee is only payable to the extent that past underperformance by the manager has been recovered.

Examples	Performance fees payable?
Both Manager A and Manager B outperform the hurdle rate of return Fund outperforms its benchmark	Yes Both Manager A and Manager B receive a performance fee
Manager A outperforms the hurdle rate of return Manager B significantly underperforms the benchmark Fund underperforms its benchmark	Yes Manager A receives a performance fee
Both Manager A and Manager B outperform the hurdle rate of return, but they both have past underperformance that has not yet been recovered Fund outperforms its benchmark	No
Both Manager A and Manager B outperform the benchmark but underperform the hurdle rate of return Fund outperforms its benchmark	No

We generally review and update the estimated performance fees every 12 months.

Generally, a performance fee will not be payable unless Russell, the investment manager or the underlying fund (whichever is relevant) has achieved a return in excess of the relevant hurdle rate, and unless any past underperformance has been recovered.

Please note that for Funds with a performance fee component, a performance fee may be payable to a manager or underlying fund that has satisfied its individual performance fee criteria even at times when the Fund as a whole has underperformed its benchmark.

Performance fees are also based on realised and unrealised gains. Therefore, a performance fee may be paid on unrealised gains that may never subsequently be realised.

Different Fees

We may negotiate different fees with investors who are 'wholesale' investors under section 761G of the Corporations Act 2001. Accordingly, we may waive or rebate some of our fees (or issue units in a Fund) to

The Russell Funds – Class A Units

these 'wholesale' investors so that they pay reduced fees. This is generally because they invest large amounts of money in the Funds. We cannot enter into individual fee arrangement with other investors. Please contact us if you require further details on negotiating fees.

Commissions and other benefits received

We, or members of the Russell Investment Group, may receive commissions and other benefits (e.g. research) from brokers effecting trades for the Funds. These benefits may flow to the Funds and to other funds managed by us. We instruct the investment managers of the Funds to trade only with brokers who will provide best execution, regardless of whether these trades are placed with brokers related to us or not.

Transactional costs (Buy-sell spread)

The difference between the entry price and exit price of a unit is often called the 'buy-sell spread'. This covers our estimate of the transaction costs (such as brokerage and settlement costs) of buying or selling investments when you invest or withdraw from a Fund.

The buy-sell spread covers these costs and is not retained by us or the investment managers. The

difference in the entry price and exit price from the daily unit price for the Funds ranges from nil to 0.40%. The current estimated buy-sell spread for each Fund is set out on page 24 of this PDS.

The tables below provide a hypothetical example of how the cost of the buy-sell spread can affect a \$10,000 application for units that is subsequently withdrawn from the Russell Balanced Fund. For simplicity, the daily unit price for the Portfolio is assumed to be constant at \$1.00 per unit.

The Russell Balanced Fund currently has a buy-sell spread of 0.18% (on each side). This means that the "entry price" of a unit would be 0.18% higher than the daily unit price (ie \$1.0018 per unit), and the "exit price" would be 0.18% lower than the daily unit price (ie \$0.9982 per unit).

On a \$10,000 application at the entry price of \$1.0018 per unit, an investor would receive 9,982 units. These units would be worth \$9,982 at the daily unit price of \$1.00 per unit.

Application amount	Entry Price (daily unit price plus buy spread)	No of units issued
\$10,000	\$1.0018 per unit (\$1 + (\$1 x 0.0018))	9,982

On a withdrawal of these 9,982 units at the exit price of \$0.9982 per unit the investor would receive approximately \$9,964.

No of units redeemed	Exit Price (daily unit price less sell spread)	Withdrawal amount
9,982	\$0.9982 per unit (\$1 - (\$1 x 0.0018))	\$9,964

The example shows that the total cost of the 0.18% buy-sell spread for a \$10,000 application is approximately \$36 as the investor only receives \$9,964 on withdrawal.

Please note this example is provided for illustrative purposes only. The actual cost to you of the buy-sell spread depends on the amount you invest or withdraw and the Fund you have chosen.

Related party payments

Members and affiliates of the Russell Investment Group may receive fees on normal commercial terms for providing services to the Funds.

Commissions paid

We may pay commissions of up to 0.10% of the value of your investment in a Fund to Australian Financial Services licensees and/or their representatives who recommend the Fund to investors. We will pay any commissions out of our investment management fee, so it does not represent any additional cost to you.

The following table provides a hypothetical example of the commission payable in relation to the Russell Balanced Fund, based on an account balance (over 12 months) of \$10,000 at the maximum commission of 0.10% p.a.

Fund	Dollar Amount of Commission (0.10% p.a. x \$10,000)
Russell Balanced Fund	\$10.00

12. Investing in the Funds

Investing through a master trust or wrap account

You can invest in Class A units of the Fund through an investment and reporting service such as a master trust, wrap account, investor directed portfolio service, nominee or custody service. We call these services master trusts or wrap accounts and refer to people who invest through them as indirect investors.

To invest, indirect investors complete the application forms provided by the master trust or wrap account operator. You will receive reports from your master trust or wrap account operator, not us. Any enquiries or complaints should be directed to your master trust or wrap account operator.

To withdraw, you need to contact your master trust or wrap account operator for instructions.

To invest or withdraw, master trust and wrap account operators need to follow the same steps as direct investors.

Indirect investors do not themselves become investors in the Fund. Instead it is generally the master trust or wrap account operator who invests for you and so has the rights of an investor. They exercise them or not in accordance with their arrangements with you.

Some provisions of the constitutions of the Fund and this PDS are not relevant for indirect investors. For example, indirect investors cannot attend investor meetings or transfer units.

Any reference to 'you' in this section, unless otherwise indicated, should be construed as a reference to the master trust or wrap account operator or any other person who is a direct investor in the Fund.

Initial Investment

You need to firstly contact Russell Fund Operations for instructions on how to invest. You will then need to complete the Application Form and the Client Account Manual (available from Russell Fund Operations).

The minimum initial investment is \$50,000 across all Funds. You also need an initial minimum of \$10,000 per Fund. For additional investments, you generally need to invest \$5,000 per Fund. However, we may waive these minimums at our discretion.

Generally, applications for units are processed each business day. If we receive your completed Application Form or additional investment instruction and money by the 'cut off time' on a business day, we will generally process your application using the entry price for that day.

The 'cut off time' is 12.00 noon Sydney time.

If it is received after the 'cut off time', or on a non-business day for us, we generally process your application using the entry price for the next business day after we receive it.

Additional investments

The Russell Funds – Class A Units

You can make additional investments of \$5,000 per Fund, to Funds in which you already hold units. Please contact Russell Fund Operations for instructions on how to make additional investments

If you are an existing investor making an additional investment to a Fund in which you have not held units before, you will need to fill out the Application Form that accompanies this PDS.

If your completed Application Form or additional investment instruction and/or money is received after the 'cut off time', or on a non-business day for us, we will generally process your application using the entry price for the next business day after we receive the money (assuming a completed Application Form or additional investment instruction has already been received).

Application monies that have been received but are not able to be invested will be held without bearing interest for up to one month following receipt. Application monies which are not invested within one month of receipt will be returned to you without interest.

Please note that we may, without giving any reason, refuse or accept all or part of an application for units.

Generally, we will send you confirmation of your investment within 5 days of us processing your application.

Please note that if you are investing by cheque, should your cheque be dishonoured you may be liable for all reasonable costs associated with processing your application.

Cooling off rights

If you are a retail client, you have a cooling off period to reconsider your investment. To decide to exercise your cooling off right, we must receive your written request within 14 days from the earlier of:

- the date you receive your application confirmation; or
- five business days after you become an investor in the relevant Fund(s). Your request must state that you are exercising your cooling off right.

The amount payable to you may be different to the amount you invested. Adjustments may be made to reflect any change in unit prices since your investment was made, tax and reasonable administration fees.

If you ask us to make a payment directly to you, lump sum tax may be payable.

Indirect investors investing through a master trust or wrap account should consult the PDS of the master trust or wrap account operator in relation to cooling-off terms.

Unit prices and valuation

We generally determine entry and exit prices at least each business day.

For each Fund, Class A unit prices are based on the net asset value of the Class A units of the relevant Fund, divided by the number of Class A units of that Fund on issue. The entry and exit prices are the unit prices of the Class A units of the Fund adjusted for any buy-sell spread.

Generally, the assets of each Fund are valued daily. Assets are valued in accordance with our securities market valuation policy, usually at the current market value. The Russell Diversified Funds exposures to Growth Alternatives and Defensive Alternatives may be valued less frequently, and the unit prices in those Funds will reflect the last available valuation of the underlying investment.

You can contact us for a copy of our policies on exercising discretions when calculating unit prices, including details of any discretions we may exercise in various circumstances, free of charge.

Your account balance

Your account balance changes as investments are made and as investment returns are added. Fees, and taxes, as well as investment losses, reduce your account balance.

The unit price fluctuates in line with the market value of assets held in each Fund. Generally, if market values are going up, the unit price rises, and if market values are declining, the unit price falls.

If the unit price increases relative to the original unit price at which you received your units, you have made an investment gain and your account balance rises accordingly. If the unit price decreases, you've made an investment loss and your account balance will fall.

Making a withdrawal

You need to contact Russell Fund Operations for instructions on how to withdraw money.

Generally, withdrawal requests are processed each business day. If we receive a withdrawal request by the 'cut off time' on a business day, we will generally process the request using the exit price for that day. If we receive a request after the 'cut off time' or on a non-business day for us, we will generally process the request using the exit price for the next business day after we receive it.

The 'cut off time' is 12 noon Sydney time.

Generally, withdrawal monies will be paid within 14 days of us processing a withdrawal request. Generally, we will send you a transaction statement with details of your withdrawal.

Under the constitution of each Fund, we have up to 30 days to process your redemption request and up to 30 days to pay withdrawal monies after the date your units are redeemed. We may also suspend all withdrawals in certain circumstances.

Withdrawal requests received by us during a period of suspension will receive the unit price applicable on the first business day after cessation of suspension. A suspension period will not exceed 30 days. Where we are unable to meet a withdrawal request with the payment of cash, we may transfer assets of the relevant Funds to an investor if the investor consents to this.

The withdrawal conditions described above assume that the Funds remain 'liquid' for the purposes of the Corporations Act 2001. We are currently of the view that the Funds are 'liquid'. Under the Corporations Act 2001, where a fund is 'illiquid', the fund's manager can only offer investors the opportunity to withdraw from it on a periodic basis, but is not obliged to do so. Where no such offer is made, investors have no right to withdraw from the Fund.

Transferring units

You can request to transfer some, or all, of your units to another person at any time. All transfers must be made in the form that we require and be appropriately stamped for stamp duty. We have the discretion to refuse to register any transfer of units in a Fund. Contact our client services team for more information. A transfer may have tax implications. We recommend you seek legal and tax advice before requesting a transfer.

Fund income – when and how?

For the Russell Australian Opportunities Fund, any income is usually distributed half yearly - within 30 days after the end of June and December each year.

For the Russell Australian Cash Enhanced Fund, any income is usually distributed monthly - within 30 days after the end of each month.

For all other Funds, any income is usually distributed quarterly - within 30 days after the end of March, June, September and December each year.

Your share of income will depend on how many Class A units in a Fund you hold at the end of the distribution period. Unit prices may fall after income is paid. If you invest just before income is paid, you may find you quickly get back some of your capital as income.

Income is reinvested unless you tell us otherwise. You can elect to have your distributions paid directly into a nominated Australian bank account by notifying us.

Any reinvested income is reinvested at the price next calculated after the income distribution is made. There is no buy-sell spread associated with income reinvestment. If you are an indirect investor through a master trust or wrap account, income distributions are paid to the operator on your behalf.

13. Additional Information

Our legal relationship with investors

Each Fund's constitution provides the framework for the operation of that Fund, and together with this PDS and the Corporations Act 2001, sets out our relationship with investors. A free copy of each Fund's constitution is available free of charge on request.

However, remember that when you invest through a master trust or wrap account you do not become an investor in the Fund.

Any reference to 'you' in this section, unless otherwise indicated, should be construed as a reference to the master trust or wrap account operator or any other person who is a direct investor in the Fund.

Some of the provisions in the constitution Funds' are discussed elsewhere in this PDS. Others relate to:

- how we must calculate unit prices
- our powers – which are very broad – and how and when we exercise them
- our ability to refuse transfers and applications
- calling, attending and voting at investor meetings
- when we are not liable to investors
- that we can combine the assets of a Fund with other assets
- changing the constitution
- when we can terminate a Fund or retire, and what happens if we do (if we terminate a Fund investors share the net proceeds from us selling the investments).

We are not liable for any loss unless we fail to comply with our duties under the Corporations Act 2001. An investor's liability is limited by the constitution to the value of their units but the courts are yet to determine the effectiveness of provisions like this.

We may change the terms of this PDS, but will notify investors of any material changes.

Unit classes

Each Fund may offer different classes of units. Identical rights attach to all units within a class. However, the rights and obligations attaching to different classes of units may vary, and are set out in the constitution and the relevant offer document. This PDS only relates to Class A units of each Fund.

Compliance plan and compliance committee

Each Fund has a compliance plan which describes the means that we take to ensure compliance with the Corporations Act 2001 and each Fund's constitution. A Compliance Committee with a majority of independent members has been established by us to oversee compliance with the Funds' constitutions and the Corporations Act 2001.

Custodian and administrator

We have appointed State Street Australia Limited ('State Street') as the custodian and administrator of the Funds. In these capacities, State Street will provide custodial and certain administrative services to the Funds. State Street has not been involved in any way in the preparation of this PDS and is named only for information purposes.

Auditors

The Funds and the compliance plans for the Funds are required to be audited annually. We have appointed PricewaterhouseCoopers as auditor to these Funds

Reporting on your investments

For investors accessing the Fund through a master trust or wrap account, please contact your provider for information on reports you will receive.

The below is a summary of the statements you will be provided when you invest in the Funds. For more information on fund reporting, contact Russell Fund Operations.

Confirmations

You will receive an investment confirmation each time you invest in or redeem from a Fund. You will also receive a distribution statement each time a distribution is made.

Monthly Reports

You will receive an investment statement the end of each month with details of any transactions you made over the month.

Annual Reports

You will receive annual statements setting out information in relation to your investment since the last annual statement, including details of the return on your investment in the Funds and any transactions affecting your investment in the Funds.

Further, we will provide you with annual tax reports in relation to your investments in the Funds.

Annual financial reports

Under the Corporations Act 2001 we are required to send you a copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report ('Annual Financial Reports') for each of the Russell Funds in which you invest unless you request not to receive these statements.

Disclosing entity

If any of the Funds has more than 100 investors it will be a disclosing entity for the purposes of the Corporations Act 2001. As such, it will be subject to regular reporting and disclosure obligations and copies of any documents lodged with ASIC in relation to those obligations may be obtained from, or inspected at, an

ASIC office.

You may obtain copies of the following documents in relation to the Funds in which you have invested by contacting us on 1800 458 272:

- the annual financial report most recently lodged with ASIC in relation to a Fund which has more than 100 investors;
- any half year financial report lodged with ASIC in relation to a Fund which has more than 100 investors after the lodgment of that annual financial report; and
- any continuous disclosure notices given by us in relation to a Fund which has more than 100 investors after the lodgment of that annual report and before the date of the latest PDS.

Life Insurance Act 1995 – Access to underlying investment information

If, under a provision of the *Life Insurance Act 1995*, you are required to monitor your beneficial investment holdings, you may contact us for information relating to the underlying investments of each Fund in which you are invested. This information will be provided to you free of charge.

Investor Identification and Verification

In making an application for units investors must provide and we must verify specified proofs of identity. Refer to the Client Account Manual for further details of what identification is required.

The protection of your investments is an important matter. We have investor identification (ID) and verification procedures (ID Procedures) in place to manage risks associated with fraud and unauthorised transactions. At times these procedures may cause inconvenience or delay to you. Please remember that the procedures are applied to safeguard your investments.

In addition, under new Anti-Money Laundering and Counter Terrorism Financing legislation, we are required to establish and enforce appropriate risk control programs with accompanying ID Procedures. The procedures require investors to provide satisfactory proof of identity which must be verified before an application for units can be accepted. The ID Procedures may also require us, from time to time, to reverify that information or request additional ID or related information from you, before we can process a requested transaction on your behalf.

We do not accept any liability for any loss you may incur (whether by delay in acceptance of an application; transaction processing or otherwise), arising from the application of our ID Procedures.

Complaints

We have procedures in place for dealing with complaints promptly and in any case within 60 days. If you have any enquiries or complaints, please contact us by contacting:

The Complaints Manager
Russell Investment Management Ltd

The Russell Funds – Class A Units

GPO Box 3279
SYDNEY NSW 2001, Australia

Fax number: 1300 768 040 (in Australia)
+612 9229 5116 (outside Australia)

Phone number: (02) 9229 5111 (in Australia)
+612 9229 5111 (outside Australia)

We are also a member of the Financial Industry Complaints Services ('FICS'). If you have any complaints you may write to FICS at:

GPO Box 579
Collins Street West Melbourne VIC 8007
Fax number: (03) 9621 2291
Phone number: 1300 780 808
Email: fics@fics.asn.au.

If you are an indirect investor, your first point of contact is the operator of your master trust or wrap account. If any issues you have about a Fund remain unresolved then you can contact the complaints scheme of which they are a member.

Your privacy

By completing the Application Form accompanying this PDS you agree to us collecting, holding and using personal information about you to process your application, and administer and manage the products and services we provide to you. This includes, monitoring, auditing and evaluating the products and services, modelling data, data testing, communicating with you and dealing with any complaints or enquiries.

You do not need to give us any of the personal information requested in the Application Form or in any other document or communication relating to the products or services that we supply to you. However, without this information, we may not be able to process your application or provide you with an appropriate level of service.

You agree to allow us to disclose your personal information to other companies in the Russell Investment Group as well as our external service providers, which provide services in connection with our products and services. We may also disclose this important information to regulators where required.

We may also disclose your person information:

- If, acting in good faith, we believe that the law requires or permits us to do so;
- If you consent; or
- To any party proposing to acquire an interest in our business.

Under the Privacy Act 1988, you may request access to your personal information that we hold. You can contact us to make such a request or for any other reason relating to the privacy of your personal information.

The way we collect, use and store personal information is regulated by the Privacy Act 1988 and by our privacy policy. Our privacy policy covers:

- how we use personal information (for example, we may share it with related companies and external service providers, or use it to tell you about other products and services that we offer);
- how we store and maintain personal information; and
- how you can access or correct your personal information.

To obtain a copy of our privacy policy, please contact us.

When you invest in a Fund through a master trust or wrap account, we will not collect or hold personal information about you. You should contact your master trust or wrap account operator for details on how they manage your personal information.

What you need to remember

This PDS contains general information only. It has not been prepared having regard to your investment objectives, financial situation or specific needs. Before making a decision to invest in a Fund, you need to consider whether the Fund is appropriate to your objectives, financial situation and needs. We encourage you to talk to a financial adviser before making an investment decision.

The Funds are designed to control risk through multiple layers of diversification. However, as with most investing, it is not guaranteed that you will make money from investing in the Funds. The value of your investment can go up or down and you could get back less than you invested. Please note that neither we nor any other member of the Russell Investment Group of companies guarantees the repayment of your capital or the performance of any of the Funds. We recommend that you satisfy yourself with respect to the risks associated with an investment in any of the Funds. Please refer to page 20 for a more detailed description of those risks. We recommend that you invest for the recommended time frame (see pages 9 to 17).

Updated information

Information in this PDS is subject to change. Where information in this PDS changes which is not materially adverse to an investor (e.g. changes to investment managers and underlying funds), we may update this information by publishing the changes on our website: www.russell.com.au. You can contact us if you would like a paper copy of this information, free of charge. We may also be required to issue a supplementary PDS as a result of certain changes.

Electronic or paper copies of this PDS can be obtained free of charge from us.

Terms used in this PDS

'Application Form' refers to the application form attached to this PDS.

'Client Account Manual' refers to the documentation that is required to be completed in addition to the Application Form when you apply for units in a Fund.

'business days' means every business day on which the Australian Stock Exchange and the trading banks in NSW are open for business.

'Fund' refers to any of the registered managed investment schemes offered in this PDS, collectively referred to as the 'Funds'.

'PDS' means Product Disclosure Statement.

'Russell' refers to a company which is a member of the Russell Investment Group.

'Russell Investment Group' is the registered tradename of Frank Russell Company, a Washington, USA corporation.

'Russell Diversified Funds' refers to those Funds identified as such in the 'Key Features' section of this PDS.

'Russell Sector Funds' refers to those Funds identified as such in the 'Key Features' section of this PDS.

'underlying fund' means a managed investment scheme that a Fund holds units or shares in. The underlying fund may be domiciled in Australia or in another jurisdiction and may be managed by Russell or by a third party investment manager.

'unit' refers to the Class A units of a Fund.

'we', 'our' or 'us' means Russell Investment Management Ltd., the responsible entity of the Funds.