

Product

Disclosure Statement


Russell IV Portfolio
Class B
1 December 2011

Important Information

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About this Product Disclosure Statement (PDS)

This PDS provides a summary of the key information you need to make a decision. It includes links to additional information that is part of this PDS marked with a  symbol. This is important information you should read before making an investment decision. The information provided in the PDS is general information only and doesn't take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. This PDS was issued on 1 December 2011 and produced by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185 (**Responsible Entity, we, us, RIM**) the responsible entity of the Russell IV Portfolio – Class B (**Fund**). The responsible entity is part of Russell Investments, a global financial services organisation with headquarters in Seattle, USA (**Russell**).

Eligibility

Applications for units in the 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.

How to Contact Us

If you are accessing the Fund through a platform (i.e. master trust or wrap account) you should first contact the operator of the platform.

Other investors can contact or find us as follows:

Russell Investment Management Ltd
GPO Box 3279
Sydney NSW 2001, Australia
www.russell.com.au

Contact: Russell 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

1. About Russell Investment Management Ltd

Russell Investment Management Ltd (**RIM**) is the Responsible Entity for the Fund. RIM is an Australian public company that is part of Russell Investments - a global financial services organisation with headquarters in Seattle, USA. As such, RIM is uniquely placed to apply a wide range of complementary investment capabilities to help solve sophisticated investing problems.

In 2011, Russell Investments celebrated its 75th anniversary globally, and RIM celebrated its 25th anniversary in Australia.

2. How the Fund works

The Fund is a managed investment scheme registered with the Australian Securities and Investments Commission (**ASIC**).

Managed investment schemes are also known as 'managed funds', 'pooled investments' or 'collective investments'. Generally, in a managed investment scheme:

- People are brought together to contribute money to get an interest in the scheme. With respect to the Fund, your 'interests' are units in the Fund. 'Interests' in a scheme are 'financial products' and are regulated by the *Corporations Act 2001*.
- Money is pooled together with other investors (often many hundreds of investors) and used in a common enterprise.
- A 'responsible entity' operates the scheme - investors do not have day-to-day control over the operation of the scheme.
- The value of units will rise and fall with the value of the underlying investments.



You should read the important information about 'How the Fund works' before making a decision - go to www.russell.com.au/RIVPclassb/howfundworks

This material relating to 'How the Fund works' may change between the time when you read this PDS and the day when you join the Fund.

Investment minimums

Minimum initial investment	\$10,000. We may waive the investment minimums in certain circumstances.
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Transacting

For investors accessing the Fund through a platform, please contact the operator of the platform for this information. Otherwise, see below.

Investing

You need to read this PDS and the additional information that is referenced in this PDS. Then you must complete the Application Form attached to this PDS. You must also complete the forms contained in the Client Account Manual, which is available from Russell Fund Operations.

Application Forms are generally processed each business day. As long as we receive your completed Application Form and money by *12:00 noon Sydney time*, we will generally process your application using the entry price for that day.

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, at which time the monies will be returned to you.

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

Additional investments

You do not need to complete a new Application Form every time you make an additional investment into the Fund. Please contact Russell Fund Operations for instructions on how to make additional investments.

Withdrawing

You need to provide us with a written withdrawal request signed by authorised signatories.

Withdrawal requests are generally processed each business day. As long as we receive your completed withdrawal request by *12:00 noon Sydney time*, we will generally process the withdrawal request using the exit price for that day.

Withdrawal monies will generally be paid within 14 days of us processing a withdrawal request.

The constitution of the Fund allows us more time to process withdrawal requests and pay withdrawal monies than outlined above.

Suspension of withdrawals

We may suspend the processing of withdrawal requests 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.

Distributions

Any income is usually distributed quarterly - within 30 days after the end of March, June, September and December each year.

Unit prices may fall after a distribution. If you invest just before income is distributed, you may find you quickly get back some of your capital as income.

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

All reinvested distributions are invested at the price next calculated after the distribution is paid. There is no buy/sell spread associated with distribution reinvestment.

Please note that, whilst generally the Fund will distribute income as specified above, there is no guarantee that income will be available for each distribution period.

3. Benefits of investing in the Fund

Global leaders in multi-manager investing

Through RIM, the Fund brings you into contact with Russell's global investment expertise. Russell provides investment products and services in more than 35 countries, for more than 2,300 clients and manages around A\$141 billion in assets¹.

Our extensive understanding of markets, managers and investors has enabled us to design a Fund that seeks 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.

Providing you with a new level of diversification

We seek to manage risk via our pioneering MULTI-ASSET, MULTI-STYLE, MULTI-MANAGER™ approach. The Fund is managed by multiple investment managers and this helps minimise many of the risks common to single-manager funds.

Investment responsibility is shared across a group of 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.



The Russell Portfolios have been 'Highly Recommended' by Lonsec⁴ in their 2011 Multi-Manger review.

- 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 analysts hold more than 3,000 research meetings each year with investment managers around the world³.

No one knows managers like Russell.

1. Figure current as at 30 September 2011
2. Figure current as at 31 December 2010
3. Figure current as at 31 March 2011
4. The Lonsec Limited ("Lonsec") ABN 56 061 751 102 rating (assigned October 2011) 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.

4. Risks of MISs

All investing involves risk. It's the trade-off for the return that investors seek. Assets with higher expected long term return generally carry a higher level of short term risk.

As with most investing, it is not guaranteed that you will make money. The value of your investment can go up or down with the value of the underlying investments. Growth investments (shares and property) have relatively higher risk, and higher expected return, than defensive investments (fixed interest and cash).

Short-term fluctuations in the value of investments are common, particularly with respect to growth-oriented investments. Different types of investments perform differently at different times and carry varying forms of risk.

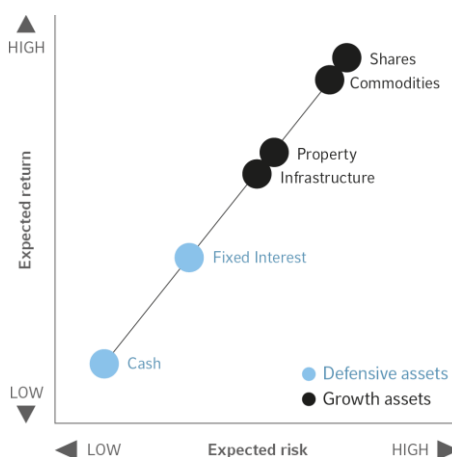
The relative risk of an investment depends on its asset allocation. The risk/return graph below indicates the relative position of each major asset class.

 For more information about the risks of MISs - go to www.russell.com.au/RIVPclassb/risks

Position on risk/return spectrum

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. Financial services laws may change in the future and this may affect your investment. Also remember that past returns are not a reliable indicator of future returns.



Source: Russell Investment Management Ltd.

The significant risks you should be aware of are:

Interest rate risk: the Fund 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.

Currency risk: the Fund is exposed to foreign assets and is therefore exposed to currency risk. Currency movements may affect the performance of the Fund.

Performance fee risk: performance fees may be charged by us or by an underlying investment manager or fund. 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.

Securities lending risk: the Fund may be exposed to securities lending, which means 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.

Credit risk: the Fund may be exposed to credit risk. Credit risk refers to the issuer of a debt instrument, banks holding cash deposits or the counterparty to a derivatives contract failing to meet an obligation to pay periodic interest, to repay the principal sum at maturity or to otherwise honour its obligations. Unrated or low grade debt securities are generally subject to greater risk of loss of principal and interest than higher rated securities.

To manage your risks, you should obtain professional investment advice that is tailored to your investment objectives, financial situation and particular needs. A proper risk assessment should take into account your age, your investment timeframe, your risk tolerance and the other investments that you hold.

5. How we invest your money

WARNING: You must consider the likely investment return, the risk and your investment timeframe when making an investment decision.

Russell IV Portfolio – Class B

ARSN: 099 585 243 APIR: RIM0027AU

Investment return objective: To provide a return, after fees and before taxes, of 4% p.a. above inflation over rolling 7 year periods.

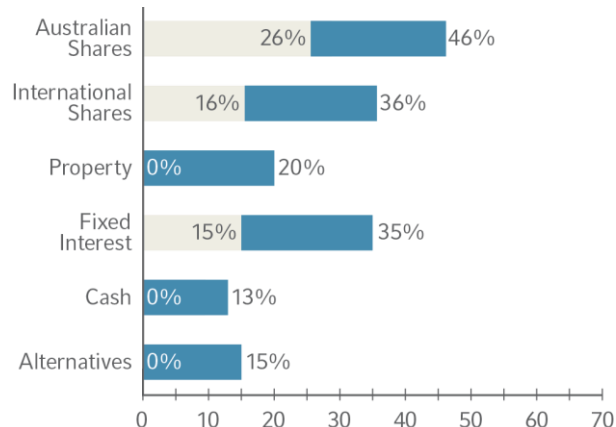
Suitability: Suitable for investors who are seeking to build wealth over the medium to long term and are willing to accept the possibility of negative returns over the shorter term.

Minimum investment timeframe:
5 years

Fund size (as at 31 October 2011): \$173.0 million

Risk level*: This Fund is expected to have moderate to high return volatility.

Strategic asset allocation ranges:



* The risk level assigned to the Fund is based on our assessment of its overall investment risks relative to the other Funds offered by RIM.

 You should read the important information about 'How we invest your money', before making a decision – go to www.russell.com.au/RIVPclassb/investing

This material relating to 'How we invest your money' may change between the time when you read this PDS and the day when you join the Fund.

6. 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 final 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 adviser.

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.moneysmart.gov.au) has a managed investment fee calculator to help you calculate the effect of fees and costs on account balances.



You should read the important information about 'Fees and costs' before making a decision - go to www.russell.com.au/RIVPclassb/fees

This material relating to 'Fees and costs' may change between the time when you read this PDS and the day when you join the Fund.

The table below shows the fees and other costs that you may be charged from the Fund. These fees and costs may be deducted from your account balance, from the returns on your investment or from the Fund as a whole. Information about taxes is set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Similar information will be included in PDSs for other MISs so that you can compare the Fund's fees and costs with those of other MISs.

Type of fee or cost	Amount
Fees when your money moves in and out of the fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management costs (The fees and costs for managing your investment)	
Estimated indirect cost ratio (ICR)	2.15% p.a.

The ICR for the Fund is the ratio of the Fund's management costs to the Fund's total average net assets. The ICR does not include transaction costs or other costs that you would incur if you invested directly in the underlying assets of the Fund. The ICR for the Fund is an estimate only.

The Fund is exposed to performance fees that may be charged by underlying funds/managers. The performance fee has been estimated with reference to the Fund's performance over the 12 months to 31 December 2011 and included in the Fund's estimated ICR.

Buy/sell spread

The difference between the unit price and the entry price is called the 'buy spread'. The difference between the unit price and the exit price is called the 'sell spread'. The buy/sell spread covers our estimate of the transaction costs (such as brokerage and settlement costs) of buying or selling underlying assets when you invest or withdraw from the Fund. The buy/sell spread is retained by the Fund, not by us or the underlying managers.

We reserve the right to change the buy/sell spread for the Fund at any time without providing notice to you. For updated information visit www.russell.com.au/disclosures, scroll down to 'Buy/sell spreads' and click on 'Russell Funds – buy/sell spread costs'.

Example of annual fees and costs for the Russell IV Portfolio – Class B

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

Example: Russell IV Portfolio (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	2.15% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$1,075 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 \$1,075* . The total cost to you will depend on the fees you negotiate with your financial adviser.

Establishment Fee - \$Nil

* Note: This does not take into account any management costs that may be payable on the \$5,000 contributions during that year.

Changes in fees

We have the right to change the fees and costs described in this PDS at any time, without your consent. Any increase in the Fund's fees and costs will be communicated to you at least thirty (30) days before it occurs.

Adviser remuneration and adviser service fees

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

Separately, your financial adviser may negotiate an adviser service fee with you. If agreed between you and your adviser, we will facilitate the payment of the adviser service fee by periodically withdrawing a certain number of your units and paying the proceeds to your adviser.

Please refer to the Statement of Advice provided to you by your financial adviser for full details of any applicable adviser remuneration or adviser service fees.

7. How MISs are taxed

Investing in a registered managed investment scheme is likely to have tax consequences so investors are strongly advised to seek professional tax advice.

Registered managed investment schemes do not pay tax on behalf of investors. Investors are assessed for tax on any income and capital gains generated by the registered managed investment scheme.

Tax laws are subject to change and the tax consequences of investing in the Fund may differ from investor to investor.



You should read the important information about 'How MISs are taxed' before making a decision - go to www.russell.com.au/RIVPclassb/tax

This material relating to 'How MISs are taxed' may change between the time when you read this PDS and the day when you join the Fund.

8. How to apply

For investors accessing the Fund through a platform, please contact the operator for this information.

How to apply

You need to read this PDS and the additional information that is referenced in this PDS. Then you must complete the Application Form attached to this PDS.

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 rights, 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 Fund.

Your request must state that you are exercising your cooling off rights. The amount payable to you may be different to the amount you invested. Adjustments may be made for tax and administration costs and to reflect any change in unit prices since your investment was made.

Indirect investors investing through a platform should consult the PDS of the platform operator in relation to cooling-off terms.

Complaints

We have procedures in place for dealing with complaints promptly and in any case within 45 days of receiving a complaint. If you have any complaints, please contact us:

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

Email: 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 Service Limited ("FOS"). If you have any complaints you may write to FOS at:

GPO Box 3
Melbourne VIC 3001, Australia

Phone: 1300 78 08 08 (in Australia)
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 platform. If any issues you have about the Fund remain unresolved then you can contact the complaints scheme of which they are a member.



For more information about 'How to apply' - go to www.russell.com.au/RIVPclassb/howtoapply



Russell IV Portfolio - Class B 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: / /

You need to firstly contact Russell Fund Operations for instructions on how to invest and to obtain a copy of the Client Account Manual and complete the forms required by it (this includes proof of investor ID requirements). You must have received the Product Disclosure Statement issued 1 December 2011 for the Russell IV Portfolio – Class B.

Application amount		Application date
<input type="text" value="\$AU"/>	FR083 Russell IV Portfolio – Class B Units	<input type="text" value="/ /"/>

Signature

- I/We:
- » confirm that I/we have read the PDS to which this Application Form relates;
 - » agree to be bound by the terms and conditions of the 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. Paper copies of PDS are available free of charge.
 - » acknowledge that a Macquarie Group company may manage part of the Fund and that investments in the Fund are not deposits with or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL") nor any Macquarie Group company and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither MBL nor any other member company of the Macquarie Group guarantees the performance of the Fund or the repayment of capital from the Fund or any particular rate of return.

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 or 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 (Australia)*. 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