

18 October 2010

Dear Investor,

We are writing to inform you of a number of changes to the Russell Private Investment Series including:

1. Changes to the primary benchmark for non-Australian equity funds from 31 December 2010
2. Change in investment strategy for the Russell Global Opportunities Fund and Russell Global Opportunities Fund - \$A Hedged
3. The addition of two new Income focused Funds to the investment menu from 1 November 2010
4. The removal of liquidity management restriction for the Russell Diversified Funds effective immediately.

Full details of these changes are provided below.

## New primary benchmarks for Russell's non-Australian equity funds

From **31 December 2010**, Russell will be changing its primary non-Australian equities benchmarks from MSCI Indexes to Russell Global Indexes. As such, the reference to the benchmark in the investment strategy will be changed accordingly. A list of the specific funds impacted by this change is provided below:

### Russell Private Investment Series

Fund		
	<b>Current benchmark</b>	<b>New benchmark (from 31/12/2010)</b>
	MSCI World Net Dividends Reinvested Accumulation Index	Russell Developed Large Cap - Net
	<b>Current investment strategy</b>	<b>New investment strategy (from 31/12/2010)</b>
Russell International Shares Fund	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 equity securities. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.	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 <b>Russell Developed Large Cap Index</b> ). The Fund may also be exposed to emerging market equity securities. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk

	Current benchmark	New benchmark (from 31/12/2010)
Russell International Shares Fund - \$A Hedged	MSCI World Net Dividends Reinvested Accumulation Index - \$A Hedged	Russell Developed Large Cap AUD Hedged - Net

The decision as to which index to use for benchmarking funds and their investment managers is very important. The goal is to select the index that provides the best representative mix of securities that truly reflect the institutionally investable equity markets. The criteria for selecting an appropriate benchmark are:

- Breadth and depth of market coverage
- Accuracy, consistency, and availability of data
- Objectivity and transparency

There are two main reasons why we believe the Russell Global Indexes are the most appropriate benchmarks:

- I. **Russell Global Indexes more broadly capture the investable stock universe, creating a more inclusive benchmark series.**
- II. **The methodology of the Russell Global Indexes applies uniform liquidity and capitalisation criteria across the world equity market.**

MSCI, on the other hand, uses different criteria for developed and emerging markets countries and it also takes a country rather than a security perspective in its index construction. We believe that the Russell Global Indexes' uniform criteria across markets best captures the approach managers use to invest.

## **New investment strategy for Russell Global Opportunities Fund and Russell Global Opportunities Fund \$A Hedged**

From **31 December 2010**, Russell will be changing the investment strategy of the Russell Global Opportunities Fund and Russell Global Opportunities Fund - \$A Hedged so that the fund moves to an all country approach to investing compared to the current approach of developed only plus tactical emerging markets.

The change in investment strategy is supported by a change in the benchmark to the Russell Global Large Cap Index.

Details of these changes are provided below:

### **Russell Private Investment Series**

Fund	Current benchmark	New benchmark (from 31/12/2010)
Russell Global Opportunities Fund	MSCI World Net Dividends Reinvested Accumulation Index	Russell Global Large Cap - Net

	<p><b>Current investment strategy</b></p> <p>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 equity securities. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.</p>	<p><b>New investment strategy (from 31/12/2010)</b></p> <p>The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed international markets and emerging markets equity securities (such as countries included in the <b>Russell Global Large Cap Index</b>). Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.</p>
	<p><b>Current benchmark</b></p> <p>MSCI World Net Dividends Reinvested Accumulation Index - \$A Hedged</p>	<p><b>New benchmark (from 31/12/2010)</b></p> <p>Russell Global Large Cap AUD Hedged - Net</p>
Russell Global Opportunities Fund - \$A Hedged	<p><b>Current investment strategy</b></p> <p>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 equity securities. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to Australian dollars.</p>	<p><b>New investment strategy (from 31/12/2010)</b></p> <p>The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed international markets and emerging markets equity securities (such as countries included in the <b>Russell Global Large Cap Index</b>). Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to Australian dollars.</p>

## The inclusion of two new Funds – a focus on income for investors

The Russell Australian Bond Income Fund and the Russell Australian Shares Enhanced Income Fund have been added to the investment menu for the Russell Private Investment Series. The following is a summary of each Fund's key features:

1. The **Russell Australian Bond Income Fund** invests predominantly in Australian issued government, quasi-government and corporate fixed income with a focus on providing investors with an income stream. Derivatives may be used to a limited extent to obtain or reduce exposure to securities and may also be used to derive additional income and manage investment risk. The Fund is most beneficial for investors with a focus on quarterly distributions from a defensive asset class. The Fund features manager and strategy diversification, is actively managed and does not invest in non-AUD denominated securities.

2. The **Russell Australian Shares Enhanced Income Fund** invests predominantly in shares and trusts listed or about to be listed on the Australian Stock Exchange and may also invest in hybrid equity securities such as convertibles and preference shares. The Fund may use derivatives such as options and futures to potentially generate additional income and manage investment risk. The Fund is most beneficial for investors with an income focus and seeks to materially outperform the income return of the Fund's benchmark. The Fund features manager and strategy diversification, is actively managed and utilises high value adding strategies.

Both Funds are available for investment from **1 of November 2010**. Please refer to the Supplementary Product Disclosure Statement for further details.

## **Removal of liquidity management restriction for the Russell Diversified Funds**

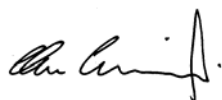
Effective immediately, we are removing the liquidity management restriction that applies to the Russell Diversified Funds. We have recently conducted a review of these Funds and have determined that this provision is not necessary for the foreseeable future.

### **Accessing the new PDS**

These changes are reflected in the supplementary Product Disclosure Statement (supplementary PDS), which will be effective from 18 October 2010. A copy of the supplementary PDS is available at [www.russell.com.au](http://www.russell.com.au). Alternatively, you can contact us if you would like a paper copy of this information free of charge.

We would like to take this opportunity to thank you for investing with us. If you have any queries regarding this, please contact your client service representative.

Yours sincerely,



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Russell Investments