

18 October 2010

Dear Investor,

We are writing to inform you of a number of changes to the Russell Funds – Class C including:

1. Changes to the primary benchmark for non-Australian equity funds from 31 December 2010;
2. 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 Funds – Class C

Fund		
Russell International Shares Fund	Current benchmark	New benchmark (from 31/12/2010)
	MSCI World Net Dividends Reinvested Accumulation Index	Russell Developed Large Cap - Net
	Current investment strategy	New investment strategy (from 31/12/2010)
	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 Russell Developed Large Cap 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
Russell International Shares Fund - \$A Hedged	Current benchmark	New benchmark (from 31/12/2010)
	MSCI World Net Dividends Reinvested Accumulation Index - \$A Hedged	Russell Developed Large Cap AUD Hedged - Net
	Current investment strategy	New investment strategy (from 31/12/2010)
	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	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 Russell Developed Large Cap 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 (including short selling) and to manage risk. Foreign currency exposures are largely hedged back to Australian dollars.

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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.

Removal of liquidity management restriction for the Russell Diversified Funds

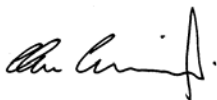
Effective immediately, we are removing the liquidity management restriction that applies to the Russell Diversified Funds. We have recently conducted a review of these Funds and have determined that this provision is not necessary for the foreseeable future.

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 attached. 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,



Chris Corneil
Managing Director, Australia & New Zealand
Russell Investments