

# Corporate Class

## Raise your expectations, not your tax bill

Russell Investments pioneered sophisticated, institutional-style investment portfolios for individual investors working with their advisors. Now, our rigorous investment discipline combined with diversification across asset classes, investment styles, and money managers is available with enhanced tax efficiency.

### FOUR DISTINCT TAX ADVANTAGES

Corporate class is a special investment structure that allows multiple funds to be administered within a single tax-efficient “umbrella”. Here’s a look at four of the main tax advantages this creates, and how you can benefit from them:

- 1. Tax efficient gains on fixed income investments.** Fixed income investments are a critical part of well diversified, balanced portfolios. There’s only one problem: they provide interest income that is taxed at nearly twice the rate of capital gains. By investing in Russell Managed Yield Class, you can expect to gain the stability of fixed income returns with the tax efficiency of capital gains.
- 2. Minimize tax on income distributions.** Russell offers multiple return of capital (ROC) distribution series on a number of income-producing portfolios. Since ROC is the most tax efficient form of income distribution, this enhances your after-tax income position.
- 3. Use current losses to offset future gains.** Investors can take advantage of volatile capital market environments and use realized losses from the sale of trust funds today to offset any future gains on the sale of corporate class funds.
- 4. Rebalance your portfolio without tax.** Working with your advisor, you can make changes to your portfolio without paying extra tax. Keep your assets properly balanced without incurring taxable capital gains when you sell shares of one corporate class fund to purchase shares of another corporate class fund within the same mutual fund corporation.

\*This hypothetical example assumes a return of 9% on equity and 6% on fixed income, 5% interest income, 1.5% dividends, 2.5% turnover rate on equities, monthly rebalancing and 0.50% forward transaction counterparty fee for Russell Managed Yield Class. The Ontario 2008 highest marginal tax rate is used for calculating tax liabilities. This example is used to illustrate the effect of compound growth on a trust versus corporate class structure and is not intended to reflect actual or expected future returns. Investors should consult their tax advisors prior to implementing any changes to their investment strategy.

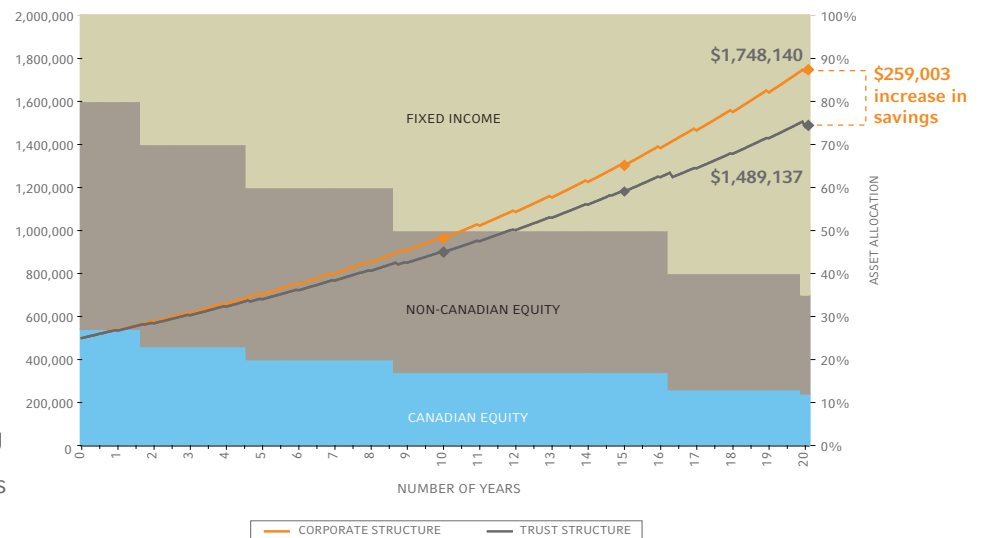
### AN EXAMPLE OF SIGNIFICANT SAVINGS

Jeff and Anne are 20 years away from retirement. Their advisor recommends investing \$500,000 in a Russell Corporate Class portfolio consisting of 80% equities and 20% fixed income.

As retirement approaches, their advisor gradually shifts their portfolio mix to 35% equities and 65% fixed income.

Thanks to the corporate class structure, Jeff and Anne will minimize the taxable distributions from their portfolio, and avoid capital gains taxes when their portfolio is rebalanced within the same mutual fund corporation.

When they reach retirement, corporate class will have provided John and Anne with a cumulative increase in savings of **\$259,003**, or **more than 17 percent**.\*



## IS CORPORATE CLASS RIGHT FOR YOU?

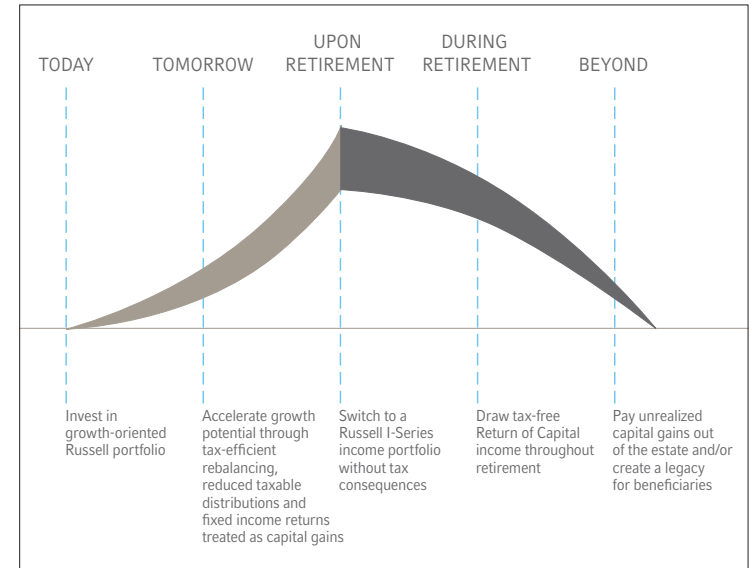
If you have investments outside your RRSP, Russell Corporate Class offers an opportunity for superior growth and income potential, plus compelling strategies for tax and retirement planning.

- › **Defer capital gains.** Being able to rebalance your portfolio without realizing taxable capital gains makes Russell Corporate Class a great option above and beyond your RRSP investments.
- › **Keep more money working.** By minimizing distributions and generating capital gains on fixed income investments through Russell Managed Yield Class, more after-tax money is able to remain invested and working for you.
- › **Receive more after-tax income.** If you're seeking exposure to fixed income returns, Russell Managed Yield Class can give you this stability while potentially generating tax efficient capital gains.
- › **Better tax and retirement planning.** Russell Corporate Class lets you determine the best time to realize capital gains on your investment. It also makes it easy to switch to a tax-efficient I-Series income portfolio at retirement without triggering tax consequences.

## CORPORATE CLASS AT EACH STAGE OF LIFE

Russell Corporate Class creates a tax-efficient “umbrella” that can serve you well at many stages of life. Working with your advisor, you can develop a seamless long-term strategy:

- › **Today.** Potentially accelerate the growth of your assets.
- › **Tomorrow.** Work with your advisor to keep your portfolio mix on track to your goals, and make changes to your financial strategy as needed without incurring a taxable event.
- › **Retirement.** Switch to a corporate class I-Series income portfolio without triggering capital gains, and expect steady, tax-efficient retirement income. Plus, with ROC distributions in retirement, it's possible to maintain Old Age Security eligibility and avoid clawbacks.
- › **Beyond.** Corporate class and I-Series can facilitate estate planning strategies, such as creating a stream of income for your beneficiaries or a charitable cause that's important to you.



To learn more, please talk to your advisor or visit us at [www.russell.com/ca](http://www.russell.com/ca) today.

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