

Managed Yield

Increase your income, not your tax bill

Russell Investments pioneered sophisticated, institutional-style investment portfolios for individual investors working with their advisors. Now, our disciplined approach to fixed income investing is available with enhanced tax efficiency.

THE TAX ADVANTAGES OF RUSSELL MANAGED YIELD CLASS

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.

Russell Managed Yield Class solves this problem. By engaging principally in a forward contract with one or more major Canadian banks, it achieves returns based on the performance of a conventional fixed income fund, but expects to deliver better after-tax returns. It does so by generating tax-efficient capital gains, instead of interest income. (Figure 1)

HOW DOES THIS TRANSLATE INTO DOLLAR FIGURES?

Based on a 5% forecasted return over 10 years, an investor in Ontario taxed at the highest marginal tax rate (in 2008) would experience over \$23,000 in savings when comparing Russell Managed Yield Class to a traditional fixed income fund.* (Figure 2)

*This hypothetical illustration is used only to illustrate the effect of the compound growth on a traditional fixed income fund versus Russell Managed Yield Class. Investors should consult their tax advisor prior to implementing any changes to their investments.

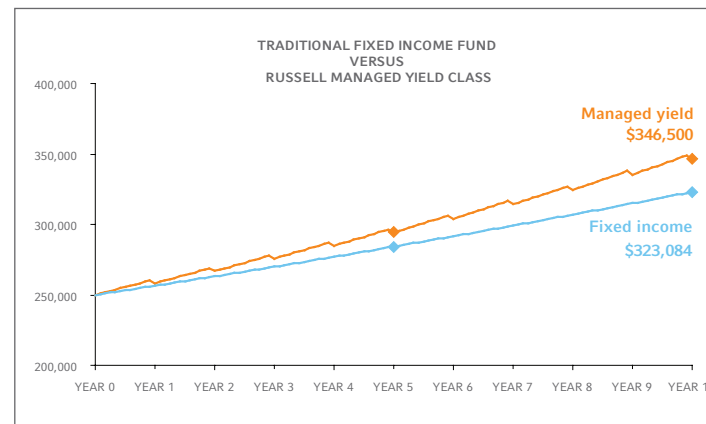
**The forward transaction counterparty fee is currently 0.50% per year and can change at any time.

Figure 1

Traditional fixed income fund	
Interest income	5.00%
Tax payable	2.32%
After-tax return	2.68%
Russell Managed Yield Class	
Capital gain	5.00%
Forward transaction counterparty fee**	0.50%
Net pre-tax return	4.50%
Taxable capital gain	2.25%
Tax payable	1.04%
After-tax return	3.46%

With Russell Managed Yield Class, investors can keep nearly 30% more of their income in their pockets on an after-tax basis.

Figure 2



An increase of over \$23,000 in savings



Managed Yield

Three unique money managers for a truly unique income solution

Russell Managed Yield Class is managed by Russell Investments Canada Limited and sub-advised by three unique institutional fixed income managers, each with their own areas of specialization. The result is a tax-smart solution with a consistent long-term performance record.

CANSO INVESTMENT COUNSEL

Corporate fixed income specialists

Canso Investment Counsel Ltd. was founded in 1997 and specializes in corporate bond security selection and portfolio management. The firm's investment philosophy is to buy financial assets at low prices and hold them over very long periods of time. This is based on a belief that true value comes from finding good quality investments with solid underlying cashflows that are overlooked by the market. The Canso investment process focuses on internal company analysis, with an emphasis on companies with strong recurring cashflow, solvency, and financial capacity.

BEUTEL GOODMAN & CO.

Domestic fixed income specialists

Beutel Goodman was founded in 1967 and manages a number of specialized fixed income portfolios. The firm's objective is to position portfolio term exposures at the yield curve points that are expected to benefit most from the firm's outlook. The firm has a very high level of quantitative sophistication relative to its peers. The portfolio team has a lengthy history of leveraging in-house quantitative tools for yield curve management and sector analysis, including a proprietary Modified Yield Curve model that helps identify mis-priced securities.

PACIFIC INVESTMENT MANAGEMENT CO. (PIMCO)

Global fixed income specialists

PIMCO was established in 1971, and is currently the world's largest bond manager. The firm aims to generate excess returns through interest rate decisions, sector allocation, and issue selection. PIMCO's quantitative expertise and strong understanding of risk sources enable it to construct portfolios with a balanced exposure to interest rate, volatility, spread, and credit risk. The portfolio managers seek to combine attractive risk/return trade-offs that are expected to generate reasonably uncorrelated pay-offs for investors.

To learn more, please talk to your advisor or visit us at www.russell.com/ca today.

Nothing in this publication is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. This is a publication of Russell Investments Canada Limited and has been prepared solely for information purposes. It is made available on an "as is" basis. Russell Investments Canada Limited does not make any warranty or representation regarding the information.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The Russell Investments logo is a trademark of Frank Russell Company and used under license by Russell Investments Canada Limited. Copyright © Russell Investments Canada Limited 2008. All rights reserved. Date of first publication: November 2008.

