Russell Investments

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Russell Emerging Markets Equity Class

JUNE 30, 2011

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the Class. You may also obtain an additional copy of the annual management report of fund performance and the annual financial statements by visiting our website or SEDAR's website at www.sedar.com. You can request a copy of the Class's proxy voting policies and procedures, proxy voting record or quarterly portfolio disclosure at no cost by: calling 1-888-509-1792; visiting our website at www.russell.com/ca; or writing to us at: Russell Investments Canada Limited, 100 King Street West, 1 First Canadian Place, Suite 5900, Toronto, Ontario M5X 1E4.

This report may contain forward-looking statements about the Class, its strategy, expected performance and condition. Forward-looking statements are statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risk, uncertainties and assumptions about the Class and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Class. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress the above-mentioned list is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Class has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

Russell Emerging Markets Equity Class

Annual management report of fund performance

Investment objective and strategies

The Class's investment objective is to provide maximum total return, primarily through capital appreciation, by assuming a higher level of volatility than is ordinarily expected from developed markets outside of North America through exposure primarily to equity securities of emerging market countries.

To achieve this objective, the Class invests in units of the Russell Emerging Markets Equity Pool (the "Underlying Fund").

The Class's investment in the Underlying Fund provides access to diversification that allocates among asset classes, investment styles and sub-advisers.

The current benchmark of the Class, against which its performance is compared, is the Russell Emerging Markets Index Net ("Benchmark"). Each sub-adviser may have a different sub-adviser benchmark allocated to it in respect of the assets of the Underlying Fund managed by that sub-adviser that better reflects the investment style or market segment of that sub-adviser.

Results of operations

For the twelve-month reporting period ending June 30, 2011, the Russell Emerging Markets Equity Class (the Class) returned 11.58%*, while its Benchmark, the Russell Emerging Markets Index Net, returned 15.69%.

During the reporting period, the Class's net assets increased by $5.6 million, as a result of a $2.1 million gain relating to investment holdings, net subscriptions of $3.9 million and a net investment loss of $0.4 million. Net investment income is comprised of total investment income earned by securities less the expenses of the Class. The Class's expenses increased by $178 thousand (approximately 66%) from the previous period's expenses. The increase is mainly due to an increase in management fees paid as a result of the higher net assets of the Class and the implementation of the Harmonized Sales Tax (HST) on July 1, 2010.

Emerging markets economies benefited from strong economic growth, consumer demand and capital inflows during the reporting period. However, the consequence of these three factors was rising inflation and central banks across Asia, Latin America and even Eastern Europe raised interest rates and tightened monetary policy in other ways to combat the threat of soaring prices. This dented investor confidence in the latter part of the reporting period, but failed to take the shine off a successful year for emerging market investment. Domestic emerging economies, in particular, saw strong growth as local consumers benefited from their nations' growing wealth. This growth attracted significant inflows from developed market investors and this underpinned share prices.

Russia was a strong performer over the reporting period, as returns from its market benefited from rising energy prices. South Korea and Taiwan also delivered strong returns for the period. Of the major countries represented on the Benchmark, China was the worst performer, as policymakers there tightened monetary policy aggressively to gain control of inflation and reign in excessive bank lending. In the second quarter of 2011, Premier Wen Jiabao declared victory over inflation, however this appeared somewhat premature as the latest data suggested inflation remained at the higher end of the spectrum. India also lagged during the period following further interest rate increases and a series of corruption scandals that undermined investor confidence. Initially posted strong gains for the period, Brazil's performance fell off as taxes that were imposed to discourage capital flows, rising inflation and a very strong currency weighed on that market. Stock market performance in Egypt declined after the Jasmine revolution prompted a popular uprising elsewhere in the Middle East, and resulted in ending Egyptian President Mubarak's reign.

The Underlying Fund underperformed the Benchmark for the year to the end of June. From a country perspective, negative stock selection within Taiwan and South Korea detracted from performance. Another key detractor to performance was the Underlying Fund's underweight position to HTC Corporation, a maker of smart handheld devices, which benefited from buoyant demand for smart phones. In addition, the Underlying Fund's overweight position in LCD-maker AU Optronics Corp was detrimental. The latter company's stock had sold off due to concerns among investors that its business model is under threat from increased competition.

Harding Loevner L.P., a recent addition to the Underlying Fund's sub-advisers, was the best performing sub-adviser for the second quarter of 2011. Positive stock selection was the main driver behind Harding Loevner's performance, particularly within China and smaller markets, including Chile and Indonesia. The largest contributor among individual stocks was the holding in Chilean fertilizer and specialty-chemical producer Sociedad Quimica y Minera S.A. following a surge in the company's net profit. An overweight position to the Consumer Staples sector was also rewarded. Gains were partially offset by Harding Loevner's underweight to South Korea and its stock selection within Brazil where retailers were negatively affected amid rising inflation.

Sub-adviser AllianceBernstein Canada, Inc. underperformed the Benchmark in the last quarter of reporting period, negatively affected by exposure to cheaply valued stocks and a longstanding underweight position to stocks influenced by consumer spending. Furthermore, AllianceBernstein's overweight positions to Russia and Turkey detracted from performance, as did its stock selection primarily in Asia. Within the Financial Services sector, the holding in South Korea's Hana Financial Group Inc. led the retreat after the regulator failed to approve its takeover of Korea Exchange Bank.

Risk

The overall risks of the Class are described in the prospectus. During the reporting period, there have been no changes to the Class that have materially affected the Class's risk profile. The Class's risk profile and the suitability of the investment remain as disclosed in the prospectus.

Recent developments

Effective January 1, 2011, the Benchmark for the Class has been changed from the MSCI Emerging Markets Index Net to the Russell Emerging Markets Index Net, which provides a more accurate representation of the markets in which the Underlying Fund invests.

During the first half of 2011, the difference in weightings between the Underlying Fund and the Benchmark was increased. This change significantly enhances the Underlying Fund's potential for long-term excess returns, the level of diversification in the Underlying Fund and its active management exposure. The change has, in part, been driven by changes to the sub-advisers in the Underlying Fund. T. Rowe Price International, Inc. was terminated in the first quarter and replaced by Harding Loevner L.P. and Delaware Investment Advisers. The addition of frontier markets (nations with generally lesser developed economies that have significant growth potential, such as Argentina, Kuwait and Vietnam, that are not represented on the Benchmark) in the second quarter of 2011 also increases the potential for outperformance. The Underlying Fund will generally have a frontier market allocation in the 8% to 15% range, however the allocation may go up to a maximum of 25%. The move from two sub-advisers to three sub-advisers and the diversifying properties of the exposure to frontier markets is also expected to result in a lower level of return volatility for the Underlying Fund.

On July 1st, 2010 British Columbia and Ontario adopted the Harmonized Sales Tax (HST) of 12% and 13% respectively. The Class is now required to pay an additional provincial tax on management fees and all operating expenses with the exception of filing fees. The levying of the HST is based on the province of the unitholders' residence. As such the Class is applying a blended HST rate based on the weighted average number of unitholders in each province for each Series in the Class. The HST is expected to result in an increase in the Class's management expense ratio.

International Financial Reporting Standards (IFRS) will replace Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises, which includes investment funds and other reporting issuers. On January 12, 2011, the Canadian Accounting Standards Board (ASB) made a decision to

* Based on the performance of Series B shares net of all fees and expenses paid by the Class. The return for Series E and Series F shares were 12.35% and 13.58% respectively. The returns of the Series of shares may differ as a result of varying fees and expenses. Please refer to the Series Description & Management Fees section for more details.

extend the deferral of IFRS adoption by investment companies for an additional year to January 1, 2013, which results in a two-year deferral for the adoption of IFRS compared with other publicly accountable entities. In preparation for meeting IFRS requirements, the Manager has taken the following steps:

- Established a working group to identify key differences between Canadian GAAP and IFRS, and to coordinate the transition to IFRS
- Identified areas where changes in disclosure will be required under IFRS standards
- Evaluated current information technology and reporting systems for IFRS readiness
- Assessed the likely effects on business activity and operational areas, such as internal controls, staffing and training requirements

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have no effect on the calculation of net assets or net asset value. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. However, the Manager's current assessment of the effect of IFRS may change if new standards are issued or if the interpretations of current standards as revised.

Related party transactions

Manager, Portfolio Manager and Principal Distributor

The Class is managed by Russell. Russell is a wholly owned subsidiary of Frank Russell Company ("FRC").

Russell provides or arranges for the provision of all general management and administrative services required by the Class in its day-to-day operations, including providing or arranging for the provision of investment advice, as well as bookkeeping, record-keeping and other administrative services for the Class.

Russell is the portfolio manager of the Class (the "Portfolio Manager"). Russell has entered into sub-adviser agreements with FRC and Russell Implementation Services Inc. ("RIS"), an affiliate, to provide services to the Class.

Russell also serves as distributor of the Class and has exclusive rights to distribute and arrange for the distribution of shares of the Class on a continuous basis in all provinces and territories in Canada in which shares of the Class are qualified for sale.

Russell receives a monthly management fee, based on the average net asset value of each series of shares of the Class, calculated daily and payable monthly.

Series description

The Class offers the following series of shares: Series B, E, F.

Series B shares have an annual management fee. The dealer is paid a trailer fee out of this management fee. Series E shares have a lower management fee. The dealer is paid a trailer fee out of this management fee.

Series F shares are sold only to investors enrolled in a fee-for-service or wrap program. These shares have a reduced management fee and do not pay trailer fees to the dealer. Instead, each investor negotiates a separate, ongoing fee that is paid directly to their dealer.

Management fees

The annual management fee paid by the Class is a percentage of the average daily net asset value of each series exclusive of any applicable taxes and operating expenses. The percentage is set out below:

Series B	Series E	Series F
2.80%	2.15%	1.20%

From these management fees, Russell pays other service providers, including distributors and sub-advisers. The major services expressed as a percentage are set out below.

	Percentage of management fees
Trailing and sales commissions	39%
Portfolio Manager expenses & other fees	61%

Financial highlights

The following tables show selected key financial information about the Class and are intended to help you understand the Class's financial performance for the years ended June 30.

The Class's net assets per share[1]

Series B	2011	2010	2009*
Net Assets, beginning of period	$ 14.38	$ 13.06	$ 10.00
Increase (decrease) from operations			
Total revenue	$ -	$ -	$ 0.03
Total expenses	$ (0.53)	$ (0.44)	$ (0.22)
Realized gains (losses) for the period	$ 0.59	$ 0.74	$ 0.07
Unrealized gains (losses) for the period	$ 1.50	$ 0.55	$ 4.54
Total increase (decrease) from operations[2]	**$ 1.56**	**$ 0.85**	**$ 4.42**
Distributions			
From income (excluding dividends)	$ -	$ -	$ -
From dividends	$ -	$ -	$ -
From capital gains	$ -	$ -	$ -
Return of capital	$ -	$ -	$ -
Total annual distributions[3]	**$ -**	**$ -**	**$ -**
Net Assets at end of the period	**$ 16.05**	**$ 14.38**	**$ 13.06**

Series E	2011	2010**
Net Assets, beginning of period	$ 10.94	$ 10.00
Increase (decrease) from operations		
Total revenue	$ -	$ -
Total expenses	$ (0.33)	$ (0.26)
Realized gains (losses) for the period	$ 0.46	$ 0.48
Unrealized gains (losses) for the period	$ 0.46	$ (0.92)
Total increase (decrease) from operations[2]	**$ 0.59**	**$ (0.70)**
Distributions		
From income (excluding dividends)	$ -	$ -
From dividends	$ -	$ -
From capital gains	$ -	$ -
Return of capital	$ -	$ -
Total annual distributions[3]	**$ -**	**$ -**
Net Assets at end of the period	**$ 12.29**	**$ 10.94**

Series F	2011	2010	2009*
Net Assets, beginning of period	$ 14.84	$ 13.21	$ 10.00
Increase (decrease) from operations			
Total revenue	$ -	$ -	$ 0.03
Total expenses	$ (0.26)	$ (0.20)	$ (0.10)
Realized gains (losses) for the period	$ 0.62	$ 0.76	$ 0.07
Unrealized gains (losses) for the period	$ 1.28	$ 0.85	$ 4.87
Total increase (decrease) from operations[2]	**$ 1.64**	**$ 1.41**	**$ 4.87**
Distributions			
From income (excluding dividends)	$ -	$ -	$ -
From dividends	$ -	$ -	$ -
From capital gains	$ -	$ -	$ -
Return of capital	$ -	$ -	$ -
Total annual distributions[3]	**$ -**	**$ -**	**$ -**
Net Assets at end of the period	**$ 16.86**	**$ 14.84**	**$ 13.21**

* From October 27, 2008 to June 30, 2009

** From July 20, 2009 to June 30, 2010

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(1) This information is derived from the Class's audited annual financial statements.
(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.
(3) Distributions were reinvested in additional shares of the Class, unless the investor requested payment in cash.

Ratios and supplemental data

Series B	2011	2010	2009*
Total net asset value (000's)[1]	$ 9,421	$ 7,387	$ 4,657
Number of shares outstanding[1]	586,970	513,507	356,472
Management expense ratio[2]	3.41%	3.26%	3.09%
Management expense ratio before waivers or absorptions	3.41%	3.63%	3.43%
Trading expense ratio (%)[3]	0.68%	0.26%	0.08%
Portfolio turnover rate (%)[4]	13.91%	18.66%	7.77%
Net asset value per share	**$ 16.05**	**$ 14.38**	**$ 13.06**

Series E	2011	2010**
Total net asset value (000's)[1]	$ 1,104	$ 447
Number of shares outstanding[1]	89,823	40,860
Management expense ratio[2]	2.73%	2.58%
Management expense ratio before waivers or absorptions	2.73%	2.95%
Trading expense ratio (%)[3]	0.68%	0.26%
Portfolio turnover rate (%)[4]	13.91%	18.66%
Net asset value per share	**$ 12.29**	**$ 10.94**

Series F	2011	2010	2009*
Total net asset value (000's)[1]	$ 8,735	$ 5,790	$ 4,763
Number of shares outstanding[1]	518,144	390,142	360,462
Management expense ratio[2]	1.63%	1.58%	1.42%
Management expense ratio before waivers or absorptions	1.63%	1.95%	1.76%
Trading expense ratio (%)[3]	0.68%	0.26%	0.08%
Portfolio turnover rate (%)[4]	13.91%	18.66%	7.77%
Net asset value per share	**$ 16.86**	**$ 14.84**	**$ 13.21**

* From October 27, 2008 to June 30, 2009
** From July 20, 2009 to June 30, 2010
(1) The information is provided as at June 30 of the year shown.
(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) including expenses indirectly incurred as a result of the Class's investment in the Underlying Fund(s), for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The calculation of the trading expense ratio requires an investment fund that invests in securities of other investment funds to calculate the trading expense ratio by including commissions and other portfolio transaction costs that are attributable to its investment in each of the underlying investment funds.
(4) The Class's portfolio turnover rate indicates how actively the Class's portfolio adviser manages its investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past performance

The past performance shows historical performance information for each series of shares of the Class. This information is provided to show past performance only and is not necessarily indicative of what may happen in the future.

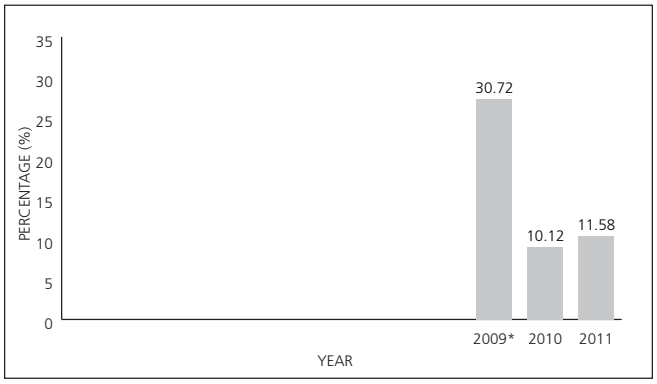
The past performance information assumes that all distributions were re-invested in additional shares of the same series of the Class. The past performance information does not take into account sales, redemption, optional fees, income taxes or fees paid directly to Russell or your investment adviser that would have reduced returns or performance. Even if your distributions are reinvested you may have to pay tax on those distributions. Please consult your tax adviser.

Year-by-year returns

The following charts show the annual performance of each series of shares for each of the years ended June 30. The start date used in this Past Performance section is the date the series were first made available to the public, whereas, the start date disclosed in the Financial Highlights section, is the formation date.

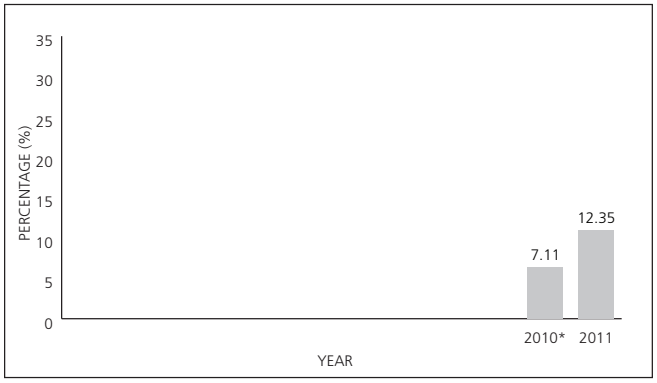
The charts also illustrate how the Class's performance has changed from year to year, and show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Year-by-year returns – Series B



*From October 31, 2008 to June 30, 2009 (not annualized)

Year-by-year returns – Series E



*From July 31, 2009 to June 30, 2010 (not annualized)

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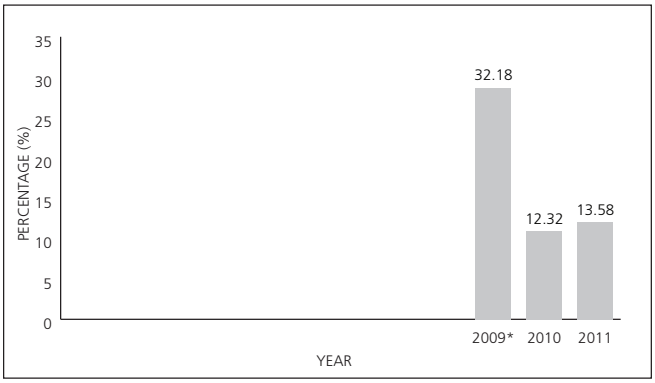
Year-by-year returns – Series F



*From October 31, 2008 to June 30, 2009 (not annualized)

Annual compound returns

The tables show the historical annual compound total returns of the shares of the Class compared to the Russell Emerging Markets Index Net ("Benchmark").

Period ending June 30, 2011

Annual Compound Returns	Since October 31, 2008	Last year
Series B shares[1]	19.47%	11.58%
Series F shares[1]	21.68%	13.58%
Russell Emerging Markets Index Net[2], [3]	21.73%	15.69%
MSCI Emerging Markets Index[4]	21.88%	16.07%

Period ending June 30, 2011

Annual Compound Returns	Since July 31, 2009	Last year
Series E shares[1]	10.15%	12.35%
Russell Emerging Markets Index Net[2], [3]	12.77%	15.69%
MSCI Emerging Markets Index[4]	12.96%	16.07%

(1) Net of all fees and expenses paid by the Class.

(2) Russell Emerging Markets Index Net was adopted on December 31, 2010. Historical performance prior to December 31, 2010 is linked to the MSCI Emerging Markets Index calculated with net dividends invested daily.

(3) The Russell Indexes referenced are trademarks of Frank Russell Company. Russell Investments Canada Limited, a wholly owned subsidiary of Frank Russell Company, is the manager of the respective pools (the "Products"). The Products are not sponsored, endorsed, sold or promoted by Frank Russell Company and Frank Russell Company makes no representation regarding the advisability of investing in the Products. Frank Russell Company is not responsible for and has not reviewed the Products nor any associated literature or publication and makes no representation or warranty express or implied as to their accuracy or completeness, or otherwise. Frank Russell Company does not guarantee the accuracy and/or the completeness of the Russell Indexes referenced or any data included therein and Frank Russell Company shall have no liability for any errors, omissions, or interruptions therein. Without limiting the foregoing, in no event shall Frank Russell Company have any liability for any direct, indirect, special, punitive or consequential damages including lost profits), even if notified of the possibility of such damages.

(4) MSCI Emerging Markets Index is calculated with net dividends invested daily. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity performance in the global emerging market. Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used to create any financial instruments or products or any indices. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating the MSCI information (collectively, the "MSCI Parties") makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and the MSCI Parties hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

Performance commentary

For the period ended June 30, 2011 the Class returned 11.58% (Series B), while the Benchmark returned 15.69%. A discussion of the relative performance of the Class as compared to the Benchmark is contained in the Management Report of Fund Performance under Results of Operations.

The Benchmark is a composition of securities. It is not possible to invest directly in the Benchmark and the Benchmark does not have embedded expenses, fees or taxes. Any investment in securities requires the payment of fees and or expenses.

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Summary of investment portfolio

Top 25 holdings*	As at June 30, 2011
	Percentage of net asset value of the Class
Ishares Msci Taiwan Index Fund	3.1%
Petroleo Brasileiro SA	2.6%
Vale SA	2.2%
Lukoil OAOADR	2.1%
Gazprom OAOADR	1.9%
Ipath MSCI India Index	1.7%
Samsung Electronics Co Ltd.	1.6%
America Movil Sab De CV	1.3%
Samsung Electrs Co.	1.3%
Banco Do Brasil SA Com.	1.0%
KGHM Polska Miedz Pln	1.0%
Avon Products Inc.	1.0%
MTN Group Ltd.	1.0%
China Mobile Ltd.	0.9%
CNOOC Ltd.	0.9%
Banco Bradesco SA	0.9%
Bank Rakyat Indonesia	0.8%
Wal-Mart De Mexico Sab De	0.8%
Hana Financial Holding	0.8%
Sberbank-CLS	0.7%
Kazmunaigaz GDR	0.7%
Ishares S&P India Nifty 50 Ind	0.7%
Sociedad Quimica Y Minera De Cadr	0.7%
X 5 Retail Group Nv Gdr Eachrepr 0.25 Shs Eur1reg's'	0.7%
Gazprom OAO	0.7%
Net Asset Value (thousands of dollars)	**$19,278**

Note: The summary of investment portfolio may change due to ongoing portfolio transactions of the Underlying Fund. This list will be updated within 60 days of each quarter end and is available on our website–www.russell.com/ ca. The prospectus and other information about the Underlying Fund is available at www.russell.com/ca or at www.sedar.com.

Sector weights*	As at June 30, 2011
	Percentage of net asset value of the Class
Financials	24.1%
Energy	16.3%
Materials	15.4%
Consumer Staples	11.4%
Information Technology	9.8%
Consumer Discretionary	8.1%
Telecommunications Services	8.1%
Industrials	4.2%
Health Care	1.3%
Utilities	1.2%

*These are the portfolio holdings and sector weights of the Russell Emerging Markets Equity Pool, the Underlying Fund. The Class is exposed to these portfolio holdings and sector weights as a result of investing substantially all of its assets in units of the Underlying Fund.

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