

# Russell LifePoints Long-Term Growth Class Portfolio

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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](http://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](http://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.



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### Investment objective and strategies

The investment objective of the Class is to provide long-term capital growth primarily through exposure to Canadian and foreign equities. The Class will have some exposure to fixed income investments and financial instruments which will reduce volatility and also provide some growth through capital appreciation of these investments, as well as providing income.

The Class invests primarily in other mutual funds managed by Russell, referred to as the "Underlying Funds". The Class's investment in the Underlying Funds provides access to diversification that allocates among asset classes, investment styles and sub-advisers.

The target asset allocation of the Class in the Underlying Funds as at June 30, 2011 is as follows:

Russell Canadian Equity Fund	25%
Russell Canadian Fixed Income Fund	20%
Russell US Equity Fund	18%
Russell Overseas Equity Fund	17%
Russell Global Equity Fund	12%
Russell Smaller Companies Pool	4%
Russell Emerging Markets Equity Pool	4%

The current Benchmark of the Class, against which its performance is compared, is comprised of 20% DEX Universe Bond Index, 26.7% S&P/TSX Capped Composite Index and 53.3% Russell Developed Large Cap Index Net. Each sub-adviser may have a different sub-adviser benchmark allocated to it in respect of the assets of the Underlying Funds 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 LifePoints Long-Term Growth Class Portfolio (the Class) returned 16.48%\*, while the Benchmark returned 16.51%.

During the reporting period, the Class's net assets increased by \$3.0 million, as a result of a \$1.4 million gain relating to investment holdings, net subscriptions of \$1.3 million and net investment income of \$0.3 million. Net investment income is comprised of total investment income earned by securities less the expenses of the Class. The Class's total investment income for this period was \$0.6 million compared with total investment income of \$0.4 million in the previous reporting period. The main contributor to this change is a \$0.2 million gain in forward foreign currency exchange contracts compared with no gain in forward foreign currency exchange contracts in the previous reporting period. The Class's expenses increased by \$74 thousand (approximately 30%) 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.

Equity market performance was varied but positive for the reporting period. Healthy gains were posted during the second half of 2010 as confidence in the global economic recovery strengthened and investors favoured riskier assets. However, the first half of 2011 presented some unique challenges for capital markets. Investor confidence in the global economic recovery was put to the test as a confluence of events, ranging from geopolitical unrest in North Africa and the Middle East, supply shocks from the Japanese earthquake and its subsequent nuclear disaster, weaker-than-expected economic data from the United States and a further deterioration in the Euro zone's sovereign debt crisis, led to a general sell-off of higher risk securities. During May and June, commodity prices lost much of their gains from the first quarter; most notable was the price of oil, which fell to USD\$95 per barrel from a high of USD\$113 per barrel. Fears of slowing global growth and economic uncertainty negatively affected cyclical or economy-sensitive stocks (those that tend to do well when there is an expectation for the economy to improve) along with commodity-related

securities and markets, such as Canada. In this environment, investors favoured both defensive and dividend-paying stocks.

Slower global growth, lower inflation expectations and heightened risk aversion related to the debt crisis in Greece helped the bond market post a positive return for the reporting period. Economic releases during the third quarter of 2010 indicated slower global growth and contained inflation. This pushed interest rates lower and resulted in healthy gains for bonds. However, in the fourth quarter of 2010, bond markets were challenged as more positive economic news renewed confidence in the economic recovery and put upward pressure on interest rates. During this period, investors traded in bond holdings in favour of higher risk equities. Globally, and in Canada, fixed-income markets sold off during the last quarter of 2010 and first quarter of 2011 on the expectation that the economic recovery would gain pace. Early on, anticipation of mid-year interest rate increases had the effect of pushing bond yields higher. However, by April of 2011, investor sentiment dramatically changed as weak U.S. economic data, coupled with the ongoing Euro zone sovereign debt concerns, higher energy prices and Japanese supply constraints, indicated the potential for reduced consumption and growth ahead. As a result, fixed-income markets rallied during the second quarter of 2011. During the reporting period, the Bank of Canada raised its target overnight rate twice in July and September of 2010 and then held the target rate at 1.00% for the remainder of the reporting period. The U.S. Federal Reserve Board maintained its target range for Federal Funds rate at 0.00% to 0.25% throughout the reporting period.

The Class invests its assets in units of underlying mutual funds managed by Russell to achieve its asset allocation mandate. A discussion of the relative performance of the underlying mutual funds as compared to their individual benchmarks is contained in the Management Report of Fund Performance for each underlying fund under Results of Operations.

The Class benefited from the strong performance of four of the seven Underlying Funds, relative to their respective benchmarks, during the reporting period. The Class was overweight equities and underweight bonds and this produced positive results, as equity markets outperformed the Canadian fixed-income market. Within the Class's equity allocation, the Class benefited from an overweight position in the Russell Global Equity Fund, which made one of the largest positive contributions to the Class's performance relative to the Benchmark as a result of strong security selection, notably in the Consumer Discretionary sector and positive country allocation; in particular an underweight to Japan. In addition, both the allocation to the Russell Overseas Equity Fund and Russell Canadian Equity Fund contributed to the Class's performance. However, the Class's exposure to the Russell Emerging Markets Equity Pool and the Russell Smaller Companies Pool had a negative influence on performance.

During the reporting period, the Class's fixed-income allocation aided returns. The Russell Canadian Fixed Income Fund outperformed its respective benchmark, benefiting from an overweight exposure to the corporate bond sector, which outperformed Government of Canada bonds for the period. In addition, the Russell Canadian Fixed Income Fund benefited as yields from longer-term bonds declined while rates for shorter-term bonds rose. The average length of bonds held by the Russell Canadian Fixed Income Fund was less than its benchmark. This added to returns during the majority of the reporting period when the bond market sold off but had a negative effect on returns during the last three months of the reporting period when the bond market rallied amid concerns that the economy was weakening.

### 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.

However, effective June 29, 2011 and as described in the Class's prospectus, the Russell Funds adopted a fund risk rating methodology recommended by

\* Based on the performance of Series B shares net of all fees and expenses paid by the Class. The returns for Series F shares was 18.30%. 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.

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the Investment Funds Institute of Canada (IFIC) to ensure consistency with the requirements of new National Instrument 81-101F3 "Mutual Fund Prospectus Disclosure - Contents of Fund Facts Document." Accordingly, the risk rating for the Class was changed from "below average" to "low to medium" to match with IFIC's risk rating methodology and terminology.

### Recent developments

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.

Effective October 31, 2010, Russell Investments Canada Limited added an allocation to the Russell Smaller Companies Pool to the Russell LifePoints Long-Term Growth Class Portfolio. The initial allocation was set at 3.75%, accommodated through an equal reduction in the allocation to both the Russell Canadian Equity Fund and the Russell Global Equity Fund. The Russell Smaller Companies Pool invests in companies with a market capitalization of less than CDN\$3 billion and provides additional diversification against the Class's large capitalization equity holdings.

Effective January 1, 2011, a portion of the Class's Benchmark has changed from the MSCI World with USA 100% hedged to CAD Index to the Russell Developed Large Cap Index Net Hedged USD to CAD, which provides a more accurate representation of the breadth of securities in which the Underlying Funds invest.

Effective January 1, 2011, the management fee rates for the Russell LifePoints Long-Term Growth Class Portfolio Series B and Series I-6 were reduced from 2.50% to 2.40%.

During the reporting period, the Class's U.S. dollar currency hedging strategy was removed on the belief that, as the U.S. economy begins to stabilize and the global economic recovery continues, the Canadian dollar is likely to weaken in the future relative to the U.S. dollar.

Effective April 4, 2011, Russell Investments Canada Limited added an allocation to the Russell Emerging Markets Equity Pool to the Russell LifePoints Long-Term Growth Class Portfolio. The initial allocation was set at 3.75%, accommodated through an equal reduction in the allocation to the Russell Global Equity Fund. The Russell Emerging Markets Equity Pool provides exposure to the significant growth potential of lesser developed economies as well as greater country diversification.

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 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 are 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.

### Fund administration expense

Fund administration expense is fund operating expenses incurred by Russell on behalf of the Class. These include but are not limited to time spent on regulatory requirements, quarterly commentaries, client statements, tax statements, other shareholder communications, coordination of fund audits and other operational activities. Russell recovers these expenses from the Class and the amount of this charge is disclosed as Fund administration expense in the Class's Statement of Operations.

The Class's Independent Review Committee ("IRC") has provided a standing instruction confirming its opinion that Russell's procedure for recovery of these Class operating expenses achieves a fair and reasonable result for the Class. The standing instruction is dependent on Russell following specific written policies and procedures with respect to the allocation of these expenses.

### Series description

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

Series B shares have an annual 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 F
2.40%	1.05%

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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	50%
Portfolio Manager expenses & other fees	50%

### 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<sup>(1)</sup>

Series B	2011	2010	2009*
<b>Net Assets, beginning of period</b>	\$ 10.86	\$ 10.49	\$ 10.00
<b>Increase (decrease) from operations</b>			
Total revenue	\$ 0.60	\$ 0.52	\$ 0.06
Total expenses	\$ (0.34)	\$ (0.31)	\$ (0.18)
Realized gains (losses) for the period	\$ 0.57	\$ 0.20	\$ (0.05)
Unrealized gains (losses) for the period	\$ 0.90	\$ (0.09)	\$ 1.14
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.73</b>	<b>\$ 0.32</b>	<b>\$ 0.97</b>
<b>Distributions</b>			
From income (excluding dividends)	\$ -	\$ -	\$ -
From dividends	\$ (0.08)	\$ (0.07)	\$ -
From capital gains	\$ (0.15)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.23)</b>	<b>\$ (0.07)</b>	<b>\$ -</b>
<b>Net Assets at end of the period</b>	<b>\$ 12.40</b>	<b>\$ 10.86</b>	<b>\$ 10.49</b>

Series F	2011	2010	2009*
<b>Net Assets, beginning of period</b>	\$ 11.14	\$ 10.60	\$ 10.00
<b>Increase (decrease) from operations</b>			
Total revenue	\$ 0.63	\$ 0.54	\$ 0.06
Total expenses	\$ (0.16)	\$ (0.14)	\$ (0.08)
Realized gains (losses) for the period	\$ 0.61	\$ 0.19	\$ (0.05)
Unrealized gains (losses) for the period	\$ 0.68	\$ 0.18	\$ 1.28
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.76</b>	<b>\$ 0.77</b>	<b>\$ 1.21</b>
<b>Distributions</b>			
From income (excluding dividends)	\$ -	\$ -	\$ -
From dividends	\$ (0.08)	\$ (0.07)	\$ -
From capital gains	\$ (0.15)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.23)</b>	<b>\$ (0.07)</b>	<b>\$ -</b>
<b>Net Assets at end of the period</b>	<b>\$ 12.92</b>	<b>\$ 11.14</b>	<b>\$ 10.60</b>

\* From October 27, 2008 to June 30, 2009

- (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) <sup>(1)</sup>	\$ 11,537	\$ 9,236	\$ 7,242
Number of shares outstanding <sup>(1)</sup>	930,499	850,754	690,176
Management expense ratio <sup>(2)</sup>	2.88%	2.78%	2.76%
Management expense ratio before waivers or absorptions	3.00%	3.21%	3.09%
Trading expense ratio (%) <sup>(3)</sup>	0.12%	0.07%	0.11%
Portfolio turnover rate (%) <sup>(4)</sup>	31.23%	15.70%	26.70%
<b>Net asset value per share</b>	<b>\$ 12.40</b>	<b>\$ 10.86</b>	<b>\$ 10.49</b>

Series F	2011	2010	2009*
Total net asset value (000's) <sup>(1)</sup>	\$ 1,449	\$ 732	\$ 802
Number of shares outstanding <sup>(1)</sup>	112,174	65,731	75,603
Management expense ratio <sup>(2)</sup>	1.34%	1.26%	1.24%
Management expense ratio before waivers or absorptions	1.45%	1.68%	1.57%
Trading expense ratio (%) <sup>(3)</sup>	0.12%	0.07%	0.11%
Portfolio turnover rate (%) <sup>(4)</sup>	31.23%	15.70%	26.70%
<b>Net asset value per share</b>	<b>\$ 12.92</b>	<b>\$ 11.14</b>	<b>\$ 10.60</b>

\* From October 27, 2008 to June 30, 2009

- (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.

# Russell LifePoints Long-Term Growth Class Portfolio

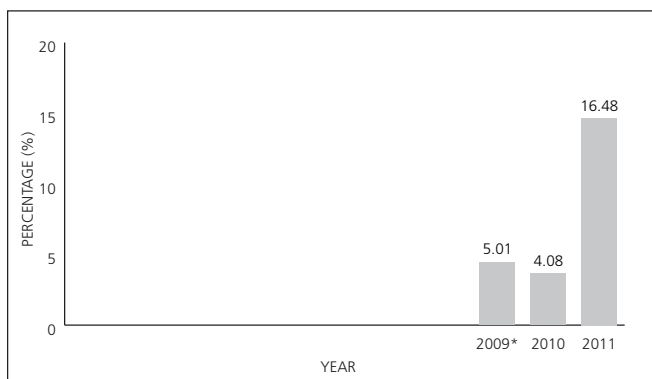
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## Year-by-year returns

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.

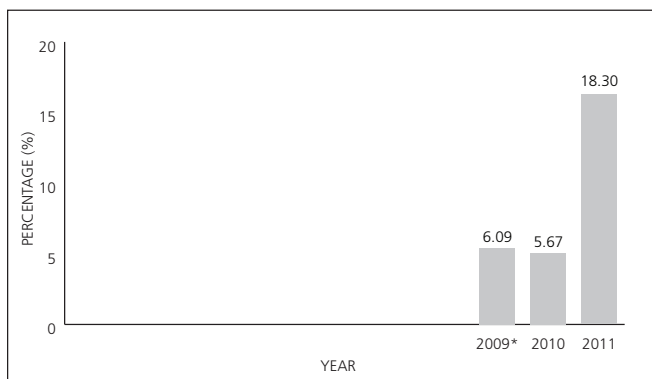
The charts also illustrate how the Class's performance has changed from year to year, and show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

### Year-by-year returns – Series B



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

### Year-by-year returns – Series F



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

## Annual compound returns

The tables show the historical annual compound returns of the units of the Class compared to the Benchmark, Benchmark with MSCI Index, Benchmark with hedging, S&P/TSX Capped Composite Index, DEX Universe Bond Index, Russell Developed Large Cap Index Net, MSCI World Index and MSCI World with USA 100% hedged to CAD Index.

The Benchmark, as of June 30, 2011, is comprised of 20% DEX Universe Bond Index, 26.7% S&P/TSX Capped Composite Index and 53.3% Russell Developed Large Cap Index Net.

The Benchmark with MSCI Index shows the performance of the Benchmark without the change to the Russell Developed Large Cap Index Net from the MSCI World Index, which occurred on December 31, 2010, and is comprised of 20% DEX Universe Bond Index, 26.7% S&P/TSX Capped Composite Index and 53.3% MSCI World Index.

The Benchmark with hedging is comprised of 20% DEX Universe Bond Index, 26.7% S&P/TSX Capped Composite Index and 53.3% MSCI World with USA 100% hedged to CAD Index. Benchmark changes are discussed in the Recent developments section of the Management Report of Fund Performance.

### Period ending June 30, 2011

Annual Compound Returns	Since October 31, 2008	Last year
Series B shares <sup>(1)</sup>	9.49%	16.48%
Series F shares <sup>(1)</sup>	11.19%	18.30%
Benchmark	9.28%	16.51%
Benchmark with MSCI Index	9.22%	16.34%
Benchmark with hedging	10.25%	19.32%
S&P/TSX Capped Composite Index <sup>(2)</sup>	15.73%	20.87%
DEX Universe Bond Index <sup>(3)</sup>	7.48%	4.67%
Russell Developed Large Cap Index Net <sup>(4),(8)</sup>	6.33%	18.85%
MSCI World Index <sup>(5),(7),(8)</sup>	6.23%	18.53%
MSCI World with USA 100% hedged to CAD Index <sup>(6),(7),(8)</sup>	8.04%	24.16%

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

(2) Source: TSX © Copyright 2011 TSX Inc. All Rights Reserved.

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(4) Russell Developed Large Cap Index Net was adopted on December 31, 2010. Historical performance prior to December 31, 2010 is linked to the MSCI World Index calculated with net dividends invested daily. MSCI World Index calculated with net dividends invested daily was adopted on December 31, 2008. Historical performance prior to December 31, 2008 is linked to the MSCI World ex-Canada Index (a custom index calculated by MSCI) calculated with net dividends invested daily. 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

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- (5) MSCI World Index is not currently a component of the Benchmark. It is included as a component of the Benchmark with MSCI Index. MSCI World Index calculated with net dividends invested daily was adopted on December 31, 2008. Historical performance prior to December 31, 2008 is linked to the MSCI World ex-Canada Index (a custom index calculated by MSCI) calculated with reinvested dividends after the deduction of withholding taxes.
- (6) MSCI World with USA 100% hedged to CAD Index is not a component of the Benchmark. It is included as a component of the Benchmark with hedging. MSCI World with USA 100% hedged to CAD Index calculated with net dividends reinvested daily was adopted on October 30, 2009. Historical performance is linked to the MSCI World Index calculated with net dividends invested daily. MSCI World Index calculated with net dividends invested daily was adopted on December 31, 2008. Historical performance prior to December 31, 2008 is linked to the MSCI World ex-Canada Index (a custom index calculated by MSCI) calculated with reinvested dividends after the deduction of withholding taxes.
- (7) Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated 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, noninfringement, 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.
- (8) The annual compound returns shown for this index are calculated by incorporating the performance of each index whose historical performance is linked to this index for the period that such index was included in the Benchmark (or Benchmark with MSCI Index or Benchmark with hedging, as applicable) of the Portfolio. It does not include the performance of this index over the time period that it was not included in the Benchmark of the Portfolio. The Benchmark (or Benchmark with MSCI Index or Benchmark with hedging, as applicable) is a blended index that incorporates this annual compound returns calculation for its allocation to this asset class.

### Performance commentary

For the period ended June 30, 2011 the Class returned 16.48% (Series B), while the Benchmark returned 16.51%. 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.

### Summary of investment portfolio

#### Top 25 holdings\*

As at June 30, 2011

	Percentage of net asset value of the Class
Russell Canadian Equity Fund, Series 'B' Units	25.2%
Russell US Equity Fund, Series 'B' Units	19.6%
Russell Canadian Fixed Income Fund, Series 'B' Units	17.7%
Russell Overseas Equity Fund, Series 'B' Units	17.5%
Russell Global Equity Fund, Series 'B'	12.6%
Russell Emerging Markets Equity Pool, Series 'O' Units	3.7%
Russell Smaller Companies Pool, Series O Units	3.6%

**Net Asset Value (thousands of dollars)**

**\$12,985**

\*This Class has only 7 holdings as at June 30, 2011

Note: The summary of investment portfolio may change due to ongoing portfolio transactions of the Class. This list will be updated within 60 days of each quarter end and is available on our website—[www.russell.com/ca](http://www.russell.com/ca). The prospectus and other information about the Underlying Funds are available at [www.sedar.com](http://www.sedar.com).

#### Portfolio by category

As at June 30, 2011

	Percentage of net asset value of the Class
Domestic Equities	29.6%
International Equities	51.5%
Domestic Fixed Income	18.3%
Other Assets and Liabilities, Net	0.6%

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