

# Russell Enhanced Canadian Growth & Income 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 Class's investment objective is to provide income and long-term capital growth primarily through exposure to Canadian equity securities and exposure to fixed income securities, either directly or through investments in other mutual funds.

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 provide 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 Pool	30%
Russell Canadian Dividend Pool	30%
Russell Fixed Income Pool	20%
Russell Core Plus Fixed Income Pool	20%

Enhanced asset allocation (EAA) may be utilized to modify the asset allocation and Underlying Fund holdings from time to time. This may result in a temporary shift in target asset allocation from that described above, and may result in investment in other Underlying Funds, including Underlying Funds that invest principally in foreign equity securities. When EAA is being utilized, the target asset allocations could deviate up to +/- 10% from the neutral target asset allocations of 60% in equity securities and 40% in fixed income securities.

The current Benchmark of the Class, against which its performance is compared, is comprised of 60% S&P/TSX Capped Composite Index and 40% DEX Universe Bond Index. 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 Enhanced Canadian Growth & Income Class Portfolio (the Class) returned 10.99%\*, while the Benchmark returned 14.24%.

During the reporting period, the Class's net assets increased by \$21.4 million, as a result of a \$0.6 million gain relating to investment holdings, net subscriptions of \$20.6 million and net investment income of \$0.2 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 \$454 thousand compared with total investment income of \$19 thousand in the previous reporting period, which began on March 20, 2010 and ended just more than three months later on June 30, 2010. The Class's expenses increased by \$267 thousand from the previous period's expenses. The significant changes in income and expenses are attributed to the increase in assets held in the Class during the twelve-month reporting period.

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. 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 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 the majority of the Underlying Funds during the reporting period, relative to their respective benchmarks. Four of the seven Underlying Funds outperformed their benchmarks. The Class was overweight equities and underweight fixed-income investments and this produced positive results, as equity markets generally outperformed fixed-income markets. However, the Russell Canadian Dividend Pool significantly underperformed its benchmark for the reporting period and this detracted from returns.

## 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 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.

\* Based on the performance of Series B shares net of all fees and expenses paid by the Class. The returns for Series E, Series E-5, Series E-6, Series E-7, Series F, Series F-5, Series F-6, Series F-7, Series I-5, Series I-6 and Series I-7, shares were 11.40%, 11.28%, 11.42%, 11.50%, 12.18%, 12.20%, 12.22%, 12.24%, 10.95%, 10.96% and 11.02% 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.

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## Recent developments (cont'd)

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.

## Series description

The Class offers the following series of shares: B, E, E-5, E-6, E-7, F, F-5, F-6, F-7, I-5, I-6, I-7.

Series B, Series I-5, Series I-6 and Series I-7 shares have the same management fee. The dealer is paid a trailer fee out of this management fee.

Series E, Series E-5, Series E-6 and Series E-7 shares have a lower management fee. The dealer is paid a trailer fee out of this management fee.

Series F, Series F-5, Series F-6 and Series F-7 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.

It is our current intention to distribute approximately 5% of the net asset value per share each year for Series E-5, Series F-5 and Series I-5 shares. For Series E-6, Series F-6 and Series I-6 shares, it is our current intention to distribute

approximately 6% of the net asset value per share each year. For Series E-7, F-7 and Series I-7 shares, it is our current intention to distribute approximately 7% of the net asset value per share each year.

## Management fees

The annual management fee paid by the Fund 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 E-5	Series E-6	Series E-7
1.80%	1.55%	1.55%	1.55%	1.55%

Series F	Series F-5	Series F-7	Series I-5	Series I-6	Series I-7
0.80%	0.80%	0.80%	1.80%	1.80%	1.80%

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	47%
Portfolio Manager expenses & other fees	53%

## 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*
<b>Net Assets, beginning of period</b>	\$ 9.62	\$ 10.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 0.30	\$ 0.08
Total expenses	\$ (0.22)	\$ (0.05)
Realized gains (losses) for the period	\$ 0.07	\$ -
Unrealized gains (losses) for the period	\$ 0.52	\$ (0.49)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.67</b>	<b>\$ (0.46)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.04)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ -	\$ -
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.04)</b>	<b>\$ -</b>
<b>Net Assets at end of the period</b>	<b>\$ 10.63</b>	<b>\$ 9.62</b>

Series E	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 9.64	\$ 10.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 0.28	\$ 0.05
Total expenses	\$ (0.21)	\$ (0.03)
Realized gains (losses) for the period	\$ 0.05	\$ -
Unrealized gains (losses) for the period	\$ (0.94)	\$ (0.35)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.82)</b>	<b>\$ (0.33)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.04)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ -	\$ -
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.04)</b>	<b>\$ -</b>
<b>Net Assets at end of the period</b>	<b>\$ 10.70</b>	<b>\$ 9.64</b>

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## The Class's net assets per share<sup>(1)</sup> (cont'd)

Series E-5	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.42	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.36	\$ 0.37
Total expenses	\$ (1.18)	\$ (0.24)
Realized gains (losses) for the period	\$ -	\$ -
Unrealized gains (losses) for the period	\$ 1.18	\$ (2.64)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 2.36</b>	<b>\$ (2.51)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (3.78)	\$ (0.93)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.03)</b>	<b>\$ (0.93)</b>
<b>Net Assets at end of the period</b>	<b>\$ 75.34</b>	<b>\$ 71.42</b>

Series E-6	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.21	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ -	\$ 0.37
Total expenses	\$ -	\$ (0.24)
Realized gains (losses) for the period	\$ -	\$ -
Unrealized gains (losses) for the period	\$ -	\$ (2.64)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ -</b>	<b>\$ (2.51)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (4.56)	\$ (1.14)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.81)</b>	<b>\$ (1.14)</b>
<b>Net Assets at end of the period</b>	<b>\$ 74.41</b>	<b>\$ 71.21</b>

Series E-7	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.05	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ -	\$ 0.37
Total expenses	\$ -	\$ (0.24)
Realized gains (losses) for the period	\$ -	\$ -
Unrealized gains (losses) for the period	\$ -	\$ (2.64)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ -</b>	<b>\$ (2.51)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (5.34)	\$ (1.32)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (5.59)</b>	<b>\$ (1.32)</b>
<b>Net Assets at end of the period</b>	<b>\$ 73.50</b>	<b>\$ 71.05</b>

Series F	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 9.64	\$ 10.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 0.30	\$ 0.08
Total expenses	\$ (0.11)	\$ (0.04)
Realized gains (losses) for the period	\$ 0.06	\$ -
Unrealized gains (losses) for the period	\$ (0.03)	\$ (0.45)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.22</b>	<b>\$ (0.41)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.04)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ -	\$ -
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.04)</b>	<b>\$ -</b>
<b>Net Assets at end of the period</b>	<b>\$ 10.77</b>	<b>\$ 9.64</b>

Series F-5	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.21	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.34	\$ 0.39
Total expenses	\$ (0.74)	\$ (0.14)
Realized gains (losses) for the period	\$ 0.49	\$ -
Unrealized gains (losses) for the period	\$ 0.62	\$ (2.74)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 2.71</b>	<b>\$ (2.49)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (3.78)	\$ (0.93)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.03)</b>	<b>\$ (0.93)</b>
<b>Net Assets at end of the period</b>	<b>\$ 75.75</b>	<b>\$ 71.21</b>

Series F-6	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.30	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.04	\$ 0.37
Total expenses	\$ (0.82)	\$ (0.14)
Realized gains (losses) for the period	\$ 0.41	\$ -
Unrealized gains (losses) for the period	\$ (6.32)	\$ (2.64)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (4.69)</b>	<b>\$ (2.41)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (4.62)	\$ (1.14)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.87)</b>	<b>\$ (1.14)</b>
<b>Net Assets at end of the period</b>	<b>\$ 75.01</b>	<b>\$ 71.30</b>

Series F-7	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.14	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.37	\$ 0.37
Total expenses	\$ (0.74)	\$ (0.14)
Realized gains (losses) for the period	\$ 0.49	\$ -
Unrealized gains (losses) for the period	\$ 2.95	\$ (2.64)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 5.07</b>	<b>\$ (2.41)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (5.34)	\$ (1.32)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (5.59)</b>	<b>\$ (1.32)</b>
<b>Net Assets at end of the period</b>	<b>\$ 74.11</b>	<b>\$ 71.14</b>

Series I-5	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 71.14	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.20	\$ 0.59
Total expenses	\$ (1.60)	\$ (0.59)
Realized gains (losses) for the period	\$ 0.45	\$ -
Unrealized gains (losses) for the period	\$ 3.75	\$ (3.57)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 4.80</b>	<b>\$ (3.57)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (3.78)	\$ (0.93)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.03)</b>	<b>\$ (0.93)</b>
<b>Net Assets at end of the period</b>	<b>\$ 74.80</b>	<b>\$ 71.14</b>

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## The Class's net assets per share<sup>(1)</sup> (cont'd)

Series I-6	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 70.92	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.25	\$ 0.54
Total expenses	\$ (1.62)	\$ (0.54)
Realized gains (losses) for the period	\$ 0.50	\$ -
Unrealized gains (losses) for the period	\$ 3.62	\$ (3.23)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 4.75</b>	<b>\$ (3.23)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.25)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (4.56)	\$ (1.14)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (4.81)</b>	<b>\$ (1.14)</b>
<b>Net Assets at end of the period</b>	<b>\$ 73.77</b>	<b>\$ 70.92</b>

Series I-7	2011	2010*
<b>Net Assets, beginning of period</b>	\$ 70.76	\$ 75.00
<b>Increase (decrease) from operations</b>		
Total revenue	\$ 2.08	\$ 0.47
Total expenses	\$ (1.51)	\$ (0.38)
Realized gains (losses) for the period	\$ 0.49	\$ -
Unrealized gains (losses) for the period	\$ 4.92	\$ (3.21)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 5.98</b>	<b>\$ (3.12)</b>
<b>Distributions</b>		
From income (excluding dividends)	\$ -	\$ -
From dividends	\$ (0.24)	\$ -
From capital gains	\$ -	\$ -
Return of capital	\$ (5.28)	\$ (1.32)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (5.52)</b>	<b>\$ (1.32)</b>
<b>Net Assets at end of the period</b>	<b>\$ 72.91</b>	<b>\$ 70.76</b>

\* From March 26, 2010 to June 30, 2010.

- (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*
Total net asset value (000's) <sup>(1)</sup>	\$ 9,676	\$ 2,506
Number of shares outstanding <sup>(1)</sup>	910,060	260,542
Management expense ratio <sup>(2)</sup>	2.20%	2.10%
Management expense ratio before waivers or absorptions	2.39%	4.21%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 10.63</b>	<b>\$ 9.62</b>

Series E	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 1,740	\$ -
Number of shares outstanding <sup>(1)</sup>	162,641	10
Management expense ratio <sup>(2)</sup>	2.00%	1.85%
Management expense ratio before waivers or absorptions	2.18%	3.40%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 10.70</b>	<b>\$ 9.64</b>

## Ratios and supplemental data (cont'd)

Series E-5	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 91	\$ -
Number of shares outstanding <sup>(1)</sup>	1,215	1
Management expense ratio <sup>(2)</sup>	2.00%	1.85%
Management expense ratio before waivers or absorptions	2.18%	3.40%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 75.34</b>	<b>\$ 71.42</b>

Series E-6	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ -
Number of shares outstanding <sup>(1)</sup>	1	1
Management expense ratio <sup>(2)</sup>	2.03%	1.85%
Management expense ratio before waivers or absorptions	2.21%	3.40%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 74.41</b>	<b>\$ 71.21</b>

Series E-7	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ -
Number of shares outstanding <sup>(1)</sup>	1	1
Management expense ratio <sup>(2)</sup>	2.11%	1.85%
Management expense ratio before waivers or absorptions	2.29%	3.40%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 73.50</b>	<b>\$ 71.05</b>

Series F	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 5,486	\$ 419
Number of shares outstanding <sup>(1)</sup>	509,255	43,483
Management expense ratio <sup>(2)</sup>	1.14%	1.06%
Management expense ratio before waivers or absorptions	1.33%	3.17%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 10.77</b>	<b>\$ 9.64</b>

Series F-5	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 1,300	\$ -
Number of shares outstanding <sup>(1)</sup>	17,167	1
Management expense ratio <sup>(2)</sup>	1.15%	1.06%
Management expense ratio before waivers or absorptions	1.34%	3.17%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 75.75</b>	<b>\$ 71.21</b>

Series F-6	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 1,043	\$ -
Number of shares outstanding <sup>(1)</sup>	13,904	1
Management expense ratio <sup>(2)</sup>	1.15%	1.06%
Management expense ratio before waivers or absorptions	1.34%	3.17%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 75.01</b>	<b>\$ 71.30</b>

Series F-7	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 1,310	\$ -
Number of shares outstanding <sup>(1)</sup>	17,669	1
Management expense ratio <sup>(2)</sup>	1.12%	1.06%
Management expense ratio before waivers or absorptions	1.31%	3.17%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 74.11</b>	<b>\$ 71.14</b>

# Russell Enhanced Canadian Growth & Income Class Portfolio

Annual management report of fund performance

## Ratios and supplemental data (cont'd)

Series I-5	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 2,477	\$ 585
Number of shares outstanding <sup>(1)</sup>	33,111	8,217
Management expense ratio <sup>(2)</sup>	2.24%	2.11%
Management expense ratio before waivers or absorptions	2.42%	4.22%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 74.80</b>	<b>\$ 71.14</b>

Series I-6	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 867	\$ 209
Number of shares outstanding <sup>(1)</sup>	11,752	2,946
Management expense ratio <sup>(2)</sup>	2.23%	2.11%
Management expense ratio before waivers or absorptions	2.41%	4.22%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 73.77</b>	<b>\$ 70.92</b>

Series I-7	2011	2010*
Total net asset value (000's) <sup>(1)</sup>	\$ 2,346	\$ 1,241
Number of shares outstanding <sup>(1)</sup>	32,173	17,531
Management expense ratio <sup>(2)</sup>	2.18%	2.11%
Management expense ratio before waivers or absorptions	2.37%	4.22%
Trading expense ratio (%) <sup>(3)</sup>	0.25%	0.09%
Portfolio turnover rate (%) <sup>(4)</sup>	31.89%	1.00%
<b>Net asset value per share</b>	<b>\$ 72.91</b>	<b>\$ 70.76</b>

\* From March 26, 2010 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 reinvested 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 April 1, 2010 to June 30, 2010 (not annualized)

### Year-by-year returns – Series E



\*From April 1, 2010 to June 30, 2010 (not annualized)

### Year-by-year returns – Series E-5



\*From April 1, 2010 to June 30, 2010 (not annualized)

# Russell Enhanced Canadian Growth & Income Class Portfolio

Annual management report of fund performance

**Year-by-year returns – Series E-6**



\*From April 1, 2010 to June 30, 2010 (not annualized)

**Year-by-year returns – Series F-5**



\*From April 1, 2010 to June 30, 2010 (not annualized)

**Year-by-year returns – Series E-7**



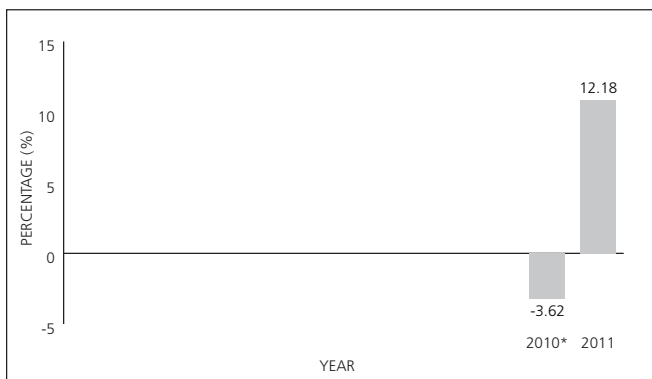
\*From April 1, 2010 to June 30, 2010 (not annualized)

**Year-by-year returns – Series F-6**



\*From April 1, 2010 to June 30, 2010 (not annualized)

**Year-by-year returns – Series F**



\*From April 1, 2010 to June 30, 2010 (not annualized)

**Year-by-year returns – Series F-7**



\*From April 1, 2010 to June 30, 2010 (not annualized)

# Russell Enhanced Canadian Growth & Income Class Portfolio

Annual management report of fund performance

## Year-by-year returns – Series I-5



\*From April 1, 2010 to June 30, 2010 (not annualized)

## Year-by-year returns – Series I-6



\*From April 1, 2010 to June 30, 2010 (not annualized)

## Year-by-year returns – Series I-7



\*From April 1, 2010 to June 30, 2010 (not annualized)

## Annual compound returns

The tables show the historical annual compound total returns of the shares of the Class compared to the Benchmark, S&P/TSX Capped Composite Index and DEX Universe Bond Index. The Benchmark is comprised of 60% S&P/TSX Capped Composite Index and 40% DEX Universe Bond Index.

Period ending June 30, 2011

Annual Compound Returns	Since	
	April 1, 2010	Last year
Series B shares <sup>(1)</sup>	5.35%	10.99%
Series I-5 shares <sup>(1)</sup>	5.23%	10.95%
Series I-6 shares <sup>(1)</sup>	5.22%	10.96%
Series I-7 shares <sup>(1)</sup>	5.29%	11.02%
Series E shares <sup>(1)</sup>	5.87%	11.40%
Series E-5 shares <sup>(1)</sup>	5.77%	11.28%
Series E-6 shares <sup>(1)</sup>	5.88%	11.42%
Series E-7 shares <sup>(1)</sup>	5.96%	11.50%
Series F shares <sup>(1)</sup>	6.46%	12.18%
Series F-5 shares <sup>(1)</sup>	6.19%	12.20%
Series F-6 shares <sup>(1)</sup>	6.61%	12.22%
Series F-7 shares <sup>(1)</sup>	6.64%	12.24%
Benchmark	8.77%	14.24%
S&P/TSX Capped Composite Index <sup>(2)</sup>	10.34%	20.87%
DEX Universe Bond Index <sup>(3)</sup>	6.06%	4.67%

(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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## Performance commentary

For the period ended June 30, 2011 the Class returned 10.99% (Series B), while the Benchmark returned 14.24%. 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.

# Russell Enhanced Canadian Growth & Income Class Portfolio

Annual management report of fund performance

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## Summary of investment portfolio

### Top 25 holdings\*

As at June 30, 2011

	Percentage of net asset value of the Class
Russell Canadian Dividend Pool, Series 'O' Units	30.9%
Russell Canadian Equity Pool, Series 'O' Units	30.7%
Russell Core Plus Fixed Income Pool, Series 'O' Units	17.8%
Russell Fixed Income Pool, Series 'O' Units	17.6%
Russell US Equity Pool, Series 'O' Units	1.8%
<b>Net Asset Value (thousands of dollars)</b>	<b>\$26,200</b>

\*This Class has only 5 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	56.9%
International Equities	4.2%
Domestic Fixed Income	35.2%
Other Assets and Liabilities, Net	3.7%



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