

Russell LifePoints All Equity Class Portfolio

DECEMBER 31, 2011

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements of the Class. You may also obtain an additional copy of the semi-annual management report of fund performance and the semi-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.

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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 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 December 31, 2011 is as follows:

Russell Canadian Equity Fund	31%
Russell US Equity Fund	23%
Russell Overseas Equity Fund	21%
Russell Global Equity Fund	15%
Russell Smaller Companies Pool	5%
Russell Emerging Markets Equity Pool	5%

The current Benchmark of the Class, against which its performance is compared, is comprised of 64.5% Russell Developed Large Cap Index Net and 35.5% S&P/TSX Capped Composite 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 six-month reporting period ending December 31, 2011, the Russell LifePoints All Equity Class Portfolio (the Class) returned -8.96%*, while the Benchmark returned -6.71%.

During the reporting period, the Class's net assets decreased by \$0.7 million, as a result of a \$0.6 million loss relating to investment holdings, net redemptions of \$0.3 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 \$210 thousand compared with total investment income of \$147 thousand in the previous reporting period. The main contributor for both reporting periods is income distributions from the Underlying Funds of \$210 thousand and \$118 thousand respectively.

The overriding theme during the reporting period was volatility, due largely to concerns about the growing sovereign debt problems in Europe and ongoing political brinkmanship in the United States. Financial markets were mainly driven by global economic concerns and, in particular, government action or inaction in dealing with these concerns. In this environment, company fundamentals were mostly ignored as investor sentiment moved to extremely negative levels. Equity markets suffered as investors fled riskier assets in search of safety due to mounting concerns over the European debt crisis. Defensive and yield-oriented market sectors fared best during the reporting period, while cyclical or economy-sensitive areas, which tend to do well when growth in the economy is accelerating, struggled. During the reporting period, the Canadian dollar achieved parity with the U.S. dollar but finished below that mark at the close of 2011.

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 underperformed the Benchmark for the reporting period. The majority of the Underlying Funds underperformed their respective benchmarks during the reporting period and Russell Canadian Equity Fund had the largest negative effect on performance relative to the Benchmark. In addition, the Class's allocation to non-benchmark small capitalization stocks through Russell Smaller Companies Pool and emerging markets exposures through Russell Emerging

Markets Equity Pool also detracted from overall performance. On the positive side, an overweight to Russell US Equity Fund and an underweight to Russell Overseas Equity Fund and Russell Global Equity Fund, benefited the Class's performance. Furthermore, because the Class is not hedged to the U.S. dollar, the depreciation of the Canadian dollar relative to the U.S. dollar during the reported period contributed positively to the Class's overall return.

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 "average" to "medium" to match with IFIC's risk rating methodology and terminology.

Recent developments

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 All Equity Class Portfolio Series B was reduced from 2.60% to 2.50%.

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.

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. At its December 12, 2011 meeting the ASB decided to further extend the deferral to January 1, 2014. The ASB expects to issue the amendment in March 2012.

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 minimal 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.

* 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 -8.29%. 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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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
2.50%	1.10%

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	38%
Portfolio Manager expenses & other fees	62%

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 past years ended June 30 and for the six months ended December 31, 2011.

The Class's net assets per share⁽¹⁾

Series B	Last six months	2011	2010	2009*
Net Assets, beginning of period	\$ 12.53	\$ 10.73	\$ 10.55	\$ 10.00
Increase (decrease) from operations				
Total revenue	\$ 0.56	\$ 0.55	\$ 0.48	\$ -
Total expenses	\$ (0.16)	\$ (0.36)	\$ (0.32)	\$ (0.19)
Realized gains (losses) for the period	\$ 0.10	\$ 0.61	\$ 0.49	\$ (0.02)
Unrealized gains (losses) for the period	\$ (1.62)	\$ 1.06	\$ (0.13)	\$ 1.37
Total increase (decrease) from operations⁽²⁾	\$ (1.12)	\$ 1.86	\$ 0.52	\$ 1.16
Distributions				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	\$ -	\$ (0.09)	\$ (0.12)	\$ -
From capital gains	\$ -	\$ (0.19)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -
Total annual distributions⁽³⁾	\$ -	\$ (0.28)	\$ (0.12)	\$ -
Net Assets at end of the period	\$ 11.41	\$ 12.53	\$ 10.73	\$ 10.55

Series F	Last six months	2011	2010	2009*
Net Assets, beginning of period	\$ 13.10	\$ 11.04	\$ 10.66	\$ 10.00
Increase (decrease) from operations				
Total revenue	\$ 0.57	\$ 0.56	\$ 0.45	\$ -
Total expenses	\$ (0.07)	\$ (0.17)	\$ (0.14)	\$ (0.09)
Realized gains (losses) for the period	\$ 0.10	\$ 0.62	\$ 0.55	\$ (0.02)
Unrealized gains (losses) for the period	\$ (1.77)	\$ 1.36	\$ (0.40)	\$ 1.41
Total increase (decrease) from operations⁽²⁾	\$ (1.17)	\$ 2.37	\$ 0.46	\$ 1.30
Distributions				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	\$ -	\$ (0.10)	\$ (0.10)	\$ -
From capital gains	\$ -	\$ (0.20)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -
Total annual distributions⁽³⁾	\$ -	\$ (0.30)	\$ (0.10)	\$ -
Net Assets at end of the period	\$ 12.01	\$ 13.10	\$ 11.04	\$ 10.66

* From October 27, 2008 to June 30, 2009

- (1) This information is derived from the Class's audited annual and unaudited semi-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.

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Ratios and supplemental data

Series B	Last six months	2011	2010	2009*
Total net asset value (000's) ⁽¹⁾	\$ 2,674	\$ 2,947	\$ 1,645	\$ 2,193
Number of shares outstanding ⁽¹⁾	234,393	235,180	153,229	207,998
Management expense ratio ⁽²⁾	2.87%	2.97%	2.86%	2.95%
Management expense ratio before waivers or absorptions	3.35%	3.40%	3.51%	3.27%
Trading expense ratio (%) ⁽³⁾	0.21%	0.15%	0.09%	0.14%
Portfolio turnover rate (%) ⁽⁴⁾	10.55%	27.74%	18.40%	8.72%
Net asset value per share	\$ 11.41	\$ 12.53	\$ 10.73	\$ 10.55

Series F	Last six months	2011	2010	2009*
Total net asset value (000's) ⁽¹⁾	\$ 1,437	\$ 1,857	\$ 1,614	\$ 1,535
Number of shares outstanding ⁽¹⁾	119,626	141,750	146,143	143,970
Management expense ratio ⁽²⁾	1.34%	1.42%	1.28%	1.37%
Management expense ratio before waivers or absorptions	1.89%	1.86%	1.94%	1.70%
Trading expense ratio (%) ⁽³⁾	0.21%	0.15%	0.09%	0.14%
Portfolio turnover rate (%) ⁽⁴⁾	10.55%	27.74%	18.40%	8.72%
Net asset value per share	\$ 12.01	\$ 13.10	\$ 11.04	\$ 10.66

* From October 27, 2008 to June 30, 2009

- (1) The information is provided as at June 30 of the year shown and for the six months ended December 31.
- (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 portfolio 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.

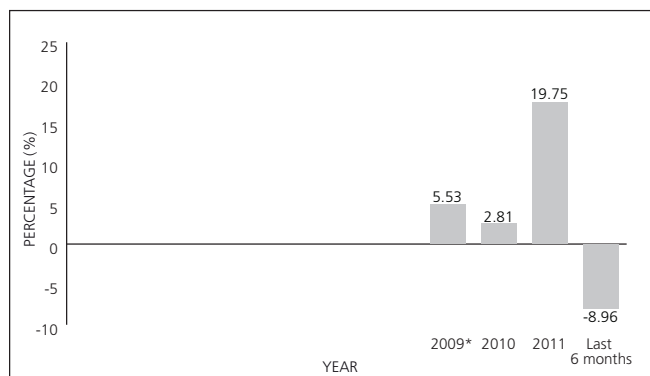
The past performance information assumes that all distributions were re-invested in additional shares of the same series of the Class. The past performance information does not take into account sales, redemption, optional fees, income taxes or fees paid directly to Russell or your investment adviser 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 and includes the performance for the last six months ending December 31, 2011. 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.

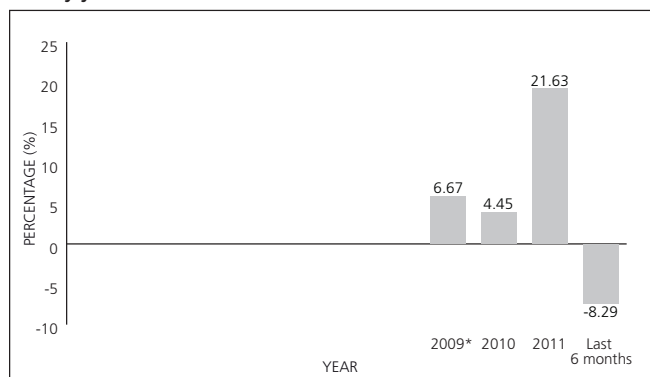
The charts also illustrate how the Class's performance has changed from year to year and in the last six months, and show, in percentage terms, how much an investment made on each financial first day of the year would have grown or decreased by the last day of each financial year and in the last six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

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)

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Summary of investment portfolio

Top 25 holdings*

As at December 31, 2011

	Percentage of net asset value of the Class
Russell Canadian Equity Fund, Series 'B' Units	31.4%
Russell US Equity Fund, Series 'B' Units	26.4%
Russell Overseas Equity Fund, Series 'B' Units	19.9%
Russell Global Equity Fund, Series 'B'	13.7%
Russell Smaller Companies Pool, Series O Units	5.1%
Russell Emerging Markets Equity Pool, Series 'O' Units	4.8%
Net Asset Value (thousands of dollars)	\$4,111

* This Portfolio has only 6 holdings as at December 31, 2011

Note: The summary of investment portfolio may change due to ongoing portfolio transactions of the Portfolio. 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 Funds are available at www.russell.com/ca or at www.sedar.com.

Portfolio by category

As at December 31, 2011

	Percentage of net asset value of the Class
Domestic Equities	36.5 %
International Equities	64.9 %
Other Assets and Liabilities, Net	(1.4)%

100 King Street West
1 First Canadian Place, Suite 5900
Toronto, Ontario, M5X 1E4

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