

SEMI-ANNUAL REPORT INCLUDING MANAGEMENT REPORT OF FUND PERFORMANCE

Russell Global Equity Class

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 Class's investment objective is to provide long-term capital appreciation by obtaining diversified exposure to equity securities issued by corporations listed on recognized stock exchanges around the world.

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

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

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

Results of operations

For the six-month reporting period ending December 31, 2011, the Russell Global Equity Class (the Class) returned -8.51%*, while its Benchmark, the Russell Developed Large Cap Index Net, returned -5.75%.

During the reporting period, the Class's net assets increased by \$0.1 million, as a result of a \$1.8 million loss relating to investment holdings, net subscriptions of \$1.9 million and a net investment loss of \$0.2 million. Net investment loss is comprised of total investment income earned by securities less the expenses of the Class. The Class's expenses increased by \$39 thousand (approximately 19%) 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.

Over the second half of 2011, global equity markets experienced a period of heightened volatility as the broad-based decline in late July and August was followed by a robust rally in October that carried through for a stronger finish to the year. Global economic considerations dominated the news and, to a large extent, drove global equity markets. The key theme of the period was the sovereign debt crisis in the eurozone that escalated in the third quarter and plagued European markets. Greece and the other peripheral markets in the eurozone lost the most value while the core markets of Germany and France were also dragged down as credit markets began to seize up across the region. This created investor concern about consequences for the broader economy. In August, a downgrade of U.S. government debt from AAA to AAA- by Standard & Poor's, plus further deterioration in economic activity, undermined investor confidence. As fears of slowing global growth spread, the more export-oriented markets were also negatively affected in general. By contrast, Japan proved to be a relatively safe haven during this period and was the best performing region in the third quarter.

However, market fortunes changed in the fourth quarter as a better economic outlook emerged from the United States and the exit of long standing governments in Italy and Greece provided hope that workable austerity plans would be implemented. The U.S. was the best performing region in the fourth quarter based on the combination of improved economic indicators and perceived safe haven status. The markets of developed Europe, excluding the United Kingdom, outperformed those of Asia. After being the best performing region in the third quarter, Japan was the worst performing major market in the fourth quarter as a result of a stronger Yen and political turmoil. Emerging markets, although positive for the fourth quarter, were ultimately negatively affected over the reporting period by a substantial dependence on western economies to buy its exports.

As would be expected during a period of risk aversion in the third quarter, defensive sectors such as Consumer Staples and Healthcare outperformed, as did large capitalization stocks. Not surprisingly, given the sovereign debt contagion worries, Financial Services was one of the worst performing sectors during this period. The Materials and Energy sectors also underperformed over concerns about slowing economic growth. This trend was somewhat reversed in the fourth quarter, with Energy stocks rising sharply due to stable cash flows and increased geo-political turmoil in the Middle East. Defensive sectors remained in favour and

growth stocks, despite falling earnings forecasts, fared better than value stocks in the fourth quarter, as investors sought out well-run companies that had the potential to expand, or at least tread water, in the challenging economic times.

The Underlying Fund underperformed the Benchmark during the six-month period ending December 31, 2011. Fears of a rapid deceleration in global growth, particularly in the third quarter, had a negative effect on performance, as the Underlying Fund is oriented toward moderate, but continuing, economic expansion. While the Underlying Fund was well positioned across sectors and benefited from an underweight to the Financial Services and Materials sectors it was stock selection that hurt returns. The single largest detractor was stock selection within the Consumer Discretionary sector where a number of higher risk, higher growth potential stocks in the industries of auto manufacturing, luxury retailing and casinos proved detrimental. At the regional level, the large overweight to Europe (+8.5%) was a major detractor to performance as the region struggled with problems in periphery countries and was the worst performing region over the reporting period. However, these effects were offset by successful stock selection, as some of the more distressed holdings within Europe's Financial Services sector rebounded in October.

During the reporting period, all sub-advisers to the Underlying Fund underperformed the Benchmark, consistent with active management results among a breadth of global strategies during this period. MFS Institutional Advisors Inc. was the best performing sub-adviser during the reporting period, modestly underperforming the Benchmark. The sub-adviser was helped by defensive sector positioning with an overweight to the Consumer Staples sector and underweight to the Financial Services sector. However, a large overweight to Europe, despite strong stock selection within the region, offset these gains. Marsico Capital Management, LLC was the worst performing sub-adviser in the second half of 2011 as a result of poor stock selection and a risk-averse environment that penalized their aggressive growth orientation. Holdings in automaker BMW AG and electrical equipment company Sensata Technologies Holding N.V., were key detractors as consumer confidence fell across the globe. In the fourth quarter of 2011 Marsico trimmed some of these losses with gains in holdings such as Apple Inc., online retailer MercadoLibre and medical instrument maker Intuitive Surgical, Inc. Value-oriented sub-adviser Harris Associates L.P. was the second worst performer during the period as a result of both negative sector allocation and stock selection. Harris's overweight to, and poor stock selection within, the Financial Services sector was the key driver to its underperformance.

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, the Benchmark for the Class has been changed from the MSCI World Index Net to the Russell Developed Large Cap Index Net, which provides a more accurate representation of the breadth of securities in which the Underlying Fund invests.

In October, Saunders Capital, LLC was added as a sub-adviser to the Underlying Fund. Saunders is a research-driven boutique investment firm focused on uncovering value opportunities, emphasizing large capitalization stocks trading at a significant discount relative to earnings power. As a result of this addition, the sub-adviser allocations in the Underlying Fund are:

- Marsico Capital Management, LLC – 15%

* Based on the performance of Series B shares net of all fees and expenses paid by the Class. The return for Series E and Series F shares were -8.19% and -7.75% 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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- MFS Institutional Advisors Inc. – 25%
- Harris Associates L.P. – 15%
- McKinley Capital Management, LLC – 15%
- Arrowstreet Capital, L.P. – 15%
- Saunders Capital, LLC – 15%

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.

Related party transactions

Manager, Portfolio Manager and Principal Distributor

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

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

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

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

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

Series description

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

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

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

Management fees

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

Series B	Series E	Series F
2.50%	1.85%	1.00%

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	46%
Portfolio Manager expenses & other fees	54%

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 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	\$ 11.90	\$ 10.12	\$ 9.80	\$ 10.00
Increase (decrease) from operations				
Total revenue	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ (0.15)	\$ (0.32)	\$ (0.28)	\$ (0.17)
Realized gains (losses) for the period	\$ 0.09	\$ 0.27	\$ 0.24	\$ (0.02)
Unrealized gains (losses) for the period	\$ (0.90)	\$ 1.83	\$ 0.16	\$ 0.59
Total increase (decrease) from operations⁽²⁾	\$ (0.96)	\$ 1.78	\$ 0.12	\$ 0.40
Distributions				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	\$ -	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -
Total annual distributions⁽³⁾	\$ -	\$ -	\$ -	\$ -
Net Assets at end of the period	\$ 10.88	\$ 11.90	\$ 10.12	\$ 9.80

Series E	Last six months	2011	2010**
Net Assets, beginning of period	\$ 12.25	\$ 10.35	\$ 10.00
Increase (decrease) from operations			
Total revenue	\$ -	\$ -	\$ -
Total expenses	\$ (0.12)	\$ (0.24)	\$ (0.20)
Realized gains (losses) for the period	\$ 0.09	\$ 0.27	\$ 0.18
Unrealized gains (losses) for the period	\$ (0.85)	\$ 1.34	\$ (0.85)
Total increase (decrease) from operations⁽²⁾	\$ (0.88)	\$ 1.37	\$ (0.87)
Distributions			
From income (excluding dividends)	\$ -	\$ -	\$ -
From dividends	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -
Total annual distributions⁽³⁾	\$ -	\$ -	\$ -
Net Assets at end of the period	\$ 11.25	\$ 12.25	\$ 10.35

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The Class's net assets per share⁽¹⁾ (cont'd)

Series F	Last six months	2011	2010	2009*
Net Assets, beginning of period	\$ 12.41	\$ 10.38	\$ 9.89	\$ 10.00
Increase (decrease) from operations				
Total revenue	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ (0.07)	\$ (0.13)	\$ (0.12)	\$ (0.07)
Realized gains (losses) for the period	\$ 0.09	\$ 0.28	\$ 0.24	\$ (0.02)
Unrealized gains (losses) for the period	\$ (0.93)	\$ 1.78	\$ 0.32	\$ 0.59
Total increase (decrease) from operations⁽²⁾	\$ (0.91)	\$ 1.93	\$ 0.44	\$ 0.50
Distributions				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	\$ -	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -
Total annual distributions⁽³⁾	\$ -	\$ -	\$ -	\$ -
Net Assets at end of the period	\$ 11.44	\$ 12.41	\$ 10.38	\$ 9.89

* From October 27, 2008 to June 30, 2009

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

(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.

Ratios and supplemental data

Series B	Last six months	2011	2010	2009*
Total net asset value (000's) ⁽¹⁾	\$ 11,431	\$ 10,890	\$ 8,915	\$ 6,510
Number of shares outstanding ⁽¹⁾	1,050,186	915,232	881,094	664,094
Management expense ratio ⁽²⁾	2.99%	3.01%	2.81%	2.71%
Management expense ratio before waivers or absorptions	3.23%	3.24%	3.20%	3.06%
Trading expense ratio (%) ⁽³⁾	0.08%	0.16%	0.22%	0.11%
Portfolio turnover rate (%) ⁽⁴⁾	90.31%	15.56%	22.01%	10.97%
Net asset value per share	\$ 10.88	\$ 11.90	\$ 10.12	\$ 9.80

Series E	Last six months	2011	2010**
Total net asset value (000's) ⁽¹⁾	\$ 1,921	\$ 1,784	\$ 698
Number of shares outstanding ⁽¹⁾	170,845	145,635	67,438
Management expense ratio ⁽²⁾	2.30%	2.32%	2.13%
Management expense ratio before waivers or absorptions	2.54%	2.56%	2.52%
Trading expense ratio (%) ⁽³⁾	0.08%	0.16%	0.22%
Portfolio turnover rate (%) ⁽⁴⁾	90.31%	15.56%	22.01%
Net asset value per share	\$ 11.25	\$ 12.25	\$ 10.35

Series F	Last six months	2011	2010	2009*
Total net asset value (000's) ⁽¹⁾	\$ 8,227	\$ 8,794	\$ 6,006	\$ 5,732
Number of shares outstanding ⁽¹⁾	718,886	708,848	578,717	579,409
Management expense ratio ⁽²⁾	1.33%	1.35%	1.24%	1.13%
Management expense ratio before waivers or absorptions	1.57%	1.58%	1.62%	1.49%
Trading expense ratio (%) ⁽³⁾	0.08%	0.16%	0.22%	0.11%
Portfolio turnover rate (%) ⁽⁴⁾	90.31%	15.56%	22.01%	10.97%
Net asset value per share	\$ 11.44	\$ 12.41	\$ 10.38	\$ 9.89

* From October 27, 2008 to June 30, 2009

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

(1) The information is provided as at June 30 of the year shown 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.

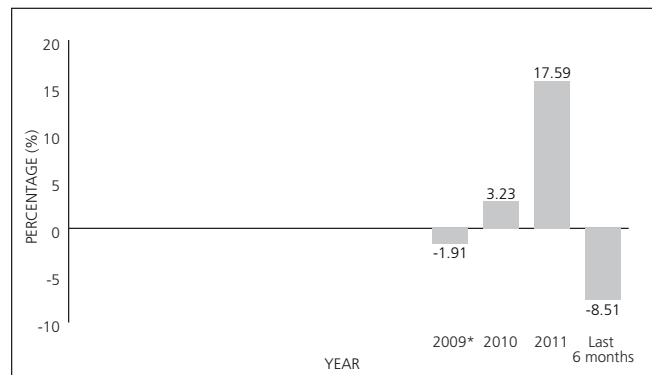
The past performance information assumes that all distributions were re-invested in additional shares of the same series of the Class. The past performance information does not take into account sales, redemption, optional fees, income taxes or fees paid directly to Russell or your investment adviser 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 the first day of each financial 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

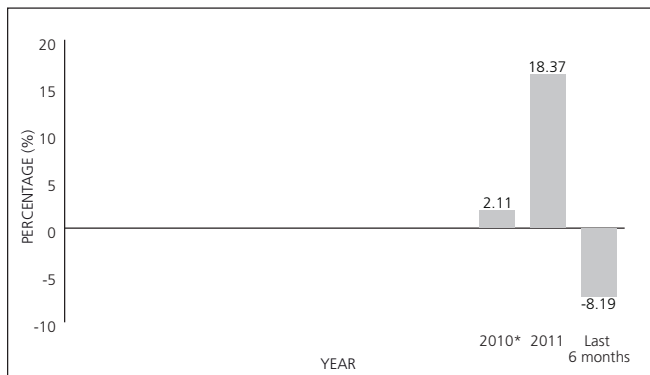


*From October 31, 2008 to June 30, 2009 (not annualized)

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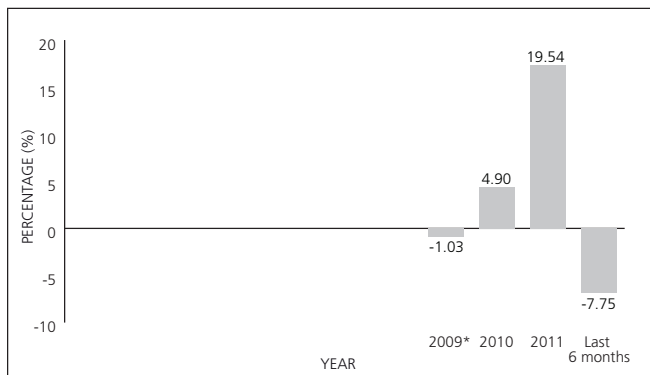
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Year-by-year returns – Series E



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

Year-by-year returns – Series F



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

Summary of investment portfolio

Top 25 holdings*

As at December 31, 2011

	Percentage of net asset value of the Class
Nestlé SA, Registered, Series 'B'	1.7%
Intel Corp.	1.5%
Julius Baer Group Ltd.	1.2%
Apple Inc.	1.1%
Compagnie Financière Richemont SA	1.0%
Diageo PLC	0.9%
Samsung Electronics Inc.	0.9%
Visa Inc.	0.8%
National-Oilwell Varco Inc.	0.8%
Akzo Nobel NV	0.8%
Accenture PLC	0.8%
Linde AG	0.8%
International Business Machine Corp.	0.7%
Canon Inc.	0.7%
Allianz SE	0.7%
Walt Disney Co. (The)	0.7%
BP PLC	0.7%
GlaxoSmithKline PLC	0.7%
Medtronic Inc.	0.6%
IAC Interactive Corp.	0.6%
BNP Paribas	0.6%
Danone Groupe	0.6%
Reckitt Benckiser Group PLC	0.6%
Novartis AG	0.6%
Heineken NV	0.6%

Net Asset Value (thousands of dollars)

\$21,579

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

Sector weights*

As at December 31, 2011

	Percentage of net asset value of the Class
Information Technology	17.0%
Consumer Discretionary	16.2%
Financials	16.2%
Consumer Staples	11.9%
Health Care	10.6%
Energy	9.0%
Industrials	8.8%
Materials	5.5%
Telecommunications Services	3.1%
Utilities	1.7%

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

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