

Russell Funds

SIMPLIFIED PROSPECTUS DATED JANUARY 9, 2012 RELATING TO:

Russell Funds

Russell LifePoints Fixed Income Class Portfolio*
Russell LifePoints Conservative Income Class Portfolio*
Russell LifePoints Balanced Income Class Portfolio*

Series of Shares

Series B and F shares
Series B and F shares
Series B, F, F-5 and I-5 shares

*Each a class of shares of Russell Investments Corporate Class Inc.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The funds and their securities offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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Introduction



This Simplified Prospectus contains selected important information to help you make an informed investment decision and understand your rights as an investor.

This Simplified Prospectus is divided into two parts. The first part, from pages 3 to 40, contains general information that applies to all Funds. The second part, from pages 41 to 49, contains specific information about each Fund.

Additional information about each Fund is available in the following documents:

- › The annual information form of the Fund
- › The most recently filed Fund Facts
- › The most recently filed annual financial statements of the Fund and any interim financial statements of the Fund filed after those annual financial statements
- › The most recently filed annual management report of fund performance of the Fund and any interim management report of fund performance of the Fund filed after that annual management report of fund performance

These documents are incorporated by reference into this Simplified Prospectus, which means that they are legally part of this document, just as if they were printed together. You can get a copy of these documents at no cost by:

- › Calling Russell Investments Canada Limited toll free at 1-888-509-1792
- › Sending us an e-mail at canada@russell.com
- › Asking your dealer

These documents and other information about the Funds are also available:

- › On our website at www.russell.com/ca
- › At www.sedar.com

In this Simplified Prospectus:

Business Day means each day on which there is a regular trading session of the Toronto Stock Exchange;

Corporate Fund means any Russell Fund that is a class of shares of the Corporation. These are the Russell LifePoints Class Portfolios and the Russell Sovereign Investment Classes. Each Corporate Fund includes the word "Class" in its name and offers Securities that are shares (not units);

Corporation means Russell Investments Corporate Class Inc.;

Distribution Series means a series of shares of a Fund on which monthly distributions are paid to investors at an announced annual rate. The current Distribution Series in this Simplified Prospectus are Series F-5 and I-5 of Russell LifePoints Balanced Income Class Portfolio;

Fee Based Securities means Series F and F-5 shares;

Funds means any of the mutual funds Russell manages that are described in this Simplified Prospectus. The Funds are listed on the front cover of this Simplified Prospectus;

Institutional Client means a large institutional investor or other large account we may accept from time to time who negotiates and pays a separate fee directly to us and purchases their Securities directly through us as their dealer;

Matured Securities means shares of a Fund that were purchased under the low load purchase option and have been held for at least three years, or that were purchased under the deferred sales charge (DSC) purchase option and have been held for at least seven years;

mutual fund means a mutual fund, generically, and not any specific mutual fund we manage;

Redemption Fee Securities means shares that are subject to a redemption fee if redeemed. Shares purchased under the low load purchase option are Redemption Fee Securities for the first three years after purchase. Shares purchased under the deferred sales charge (DSC) purchase option are Redemption Fee Securities for the first seven years after purchase;

Registered Plan means a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered disability savings plan, registered education savings plan or tax-free savings account, all as defined in the *Income Tax Act* (Canada);

Russell Funds means any of the mutual funds Russell manages that offer Securities under a simplified prospectus. The Russell Funds currently include the Russell LifePoints Portfolios, the Russell LifePoints Class Portfolios, the Russell Group of Funds, the Russell Sovereign Investment Program and the Russell Sovereign Investment Classes;

Russell Group of Funds means each of Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund and Russell Global Equity Fund. The Securities of the Russell Group of Funds are offered under a different simplified prospectus;

Russell LifePoints Class Portfolios currently means each of Russell LifePoints Fixed Income Class Portfolio, Russell LifePoints Conservative Income Class Portfolio, Russell LifePoints Balanced Income Class Portfolio, Russell LifePoints Balanced Class Portfolio, Russell LifePoints Balanced Growth Class Portfolio, Russell LifePoints Long-Term Growth Class Portfolio and Russell LifePoints All Equity Class Portfolio. The shares of Russell LifePoints

Fixed Income Class Portfolio, Russell LifePoints Conservative Income Class Portfolio and Russell LifePoints Balanced Income Class Portfolio are offered under this Simplified Prospectus. The Securities of the other Russell LifePoints Class Portfolios are offered under a different simplified prospectus;

Russell LifePoints Funds means the Russell LifePoints Portfolios and the Russell LifePoints Class Portfolios;

Russell LifePoints Portfolios currently means each of Russell LifePoints Fixed Income Portfolio, Russell LifePoints Conservative Income Portfolio, Russell LifePoints Balanced Income Portfolio, Russell LifePoints Balanced Portfolio, Russell LifePoints Balanced Growth Portfolio, Russell LifePoints Long-Term Growth Portfolio and Russell LifePoints All Equity Portfolio. The Securities of the Russell LifePoints Portfolios are offered under a different simplified prospectus;

Russell Sovereign Funds means the Russell Sovereign Investment Program and the Russell Sovereign Investment Classes;

Russell Sovereign Investment Classes currently means each of Russell Managed Yield Class, Russell Canadian Dividend Class, Russell Canadian Equity Class, Russell Smaller Companies Class, Russell US Equity Class, Russell Focused US Equity Class, Russell Overseas Equity Class, Russell Global Equity Class, Russell Emerging Markets Equity Class, Russell Money Market Class, Russell Income Essentials Class Portfolio, Russell Diversified Monthly Income Class Portfolio and Russell Enhanced Canadian Growth & Income Class Portfolio. The Securities of the Russell Sovereign Investment Classes are offered under a different simplified prospectus;

Russell Sovereign Investment Program currently means each of Russell Fixed Income Pool, Russell Core Plus Fixed Income Pool, Russell Global High Income Bond Pool, Russell Canadian Dividend Pool, Russell Canadian Equity Pool, Russell Smaller Companies Pool, Russell US Equity Pool, Russell Focused US Equity Pool, Russell Overseas Equity Pool, Russell Global Equity Pool, Russell Emerging Markets Equity Pool, Russell Money Market Pool, Russell Income Essentials Portfolio, Russell Diversified Monthly Income Portfolio and Russell Enhanced Canadian Growth & Income Portfolio. The Securities of the Russell Funds in the Russell Sovereign Investment Program are offered under a different simplified prospectus;

Securities mean units and shares of the Russell Funds that are offered under a simplified prospectus. Each Fund offers more than one series of its shares. See the front cover of this Simplified Prospectus for a listing of the series that are offered by each Fund;

Trust Fund means any Russell Fund that has been created as a trust. These are the Russell LifePoints Portfolios, the Russell Group of Funds and the Russell Funds in the Russell Sovereign Investment Program. Each Trust Fund does not include the word "Class" in its name and offers Securities that are units (not shares);

Underlying Fund refers to a Russell Fund when some of that Russell Fund's Securities are owned by another Russell Fund, or when the other Russell Fund's investment strategies link its returns to the returns of that Russell Fund;

we, us, our and *Russell* mean Russell Investments Canada Limited, the manager of each Russell Fund; and

you and *your* mean the person who invests in shares of a Fund offered by this Simplified Prospectus.

What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

A mutual fund is a pool of money where you combine your money with many other investors that have similar investment goals. We use this money to purchase different types of investments on behalf of you and the other investors. This gives you the benefit of diversification, that is, being invested in many different investments at once.

When we purchase investments for a Fund, we follow the investment objective and investment strategies of that Fund. You can find these objectives and strategies in the Fund descriptions beginning on page 41 of this Simplified Prospectus.

What is the difference between a Corporate Fund and a Trust Fund?

The Funds offered by this Simplified Prospectus are Corporate Funds. Some of the other Russell Funds are Trust Funds.

A Corporate Fund is a class of shares of the Corporation and has its own investment objective. To invest in a Corporate Fund, you purchase shares of that Corporate Fund.

A Trust Fund is created as a trust and has its own investment objective. To invest in a Trust Fund, you purchase units of that Trust Fund.

Some Corporate Funds and Trust Funds have the same or similar investment objectives. As a result, you have the option to invest in either the Corporate Fund or the equivalent Trust Fund, depending on the tax consequences and costs suitable to your investment program. Generally, Corporate Funds may be more suitable for you if you are investing outside a Registered Plan and Trust Funds may be more suitable for you if you are investing inside a Registered Plan. You should consult your own dealer or advisor regarding these tax consequences. For more information, see "Income tax considerations for investors" starting on page 29 of this Simplified Prospectus. For more information concerning your rights when holding shares of a Corporate Fund, see "Description of securities offered by the Funds" in the annual information form.

Each Fund offers more than one series of its shares. The differences between the series are described later in this Simplified Prospectus. Please see the front cover of this Simplified Prospectus for a listing of the series offered by each Fund.


What is risk?

"Risk" is the chance that your investment may not perform as expected. There are different degrees and types of risk but, in general, the more investment risk you are willing to accept, the higher are your potential returns and the greater are your potential losses.

What are the general risks of investing in a mutual fund?

There are many potential advantages of investing in mutual funds, but there are also several general risks you should know about.

Investing in a mutual fund is not like putting your money in a savings account. Unlike a savings account or a Guaranteed Investment Certificate (GIC), investments in mutual funds are not insured by the Canada Deposit Insurance Corporation or any other government deposit insurer.



When you invest in a mutual fund, there is no guarantee that the amount of your investment will be returned to you when you redeem your investment. The value of a mutual fund will change each day as the value of its investments change. As a result, when you redeem your units or shares of a mutual fund, you may receive less than the amount you paid for those units or shares. You and the other investors share in any profits the mutual fund makes or losses it suffers.

As with other investments, the greater the potential return, the greater the risk of loss. The time horizon for an investment is also critical in determining the types of mutual funds in which to invest. A longer investment horizon may allow additional risk to be assumed by lessening the effects of short-term market volatility. Short-term investment horizons may require investments to be sold in adverse market conditions. It is important to remember that mutual funds, excluding money market funds, are designed to be medium to long-term investments. Generally, investors in equity mutual funds should have at least a five-to-ten year investment horizon to provide enough time for their investment to grow.

In exceptional circumstances a mutual fund may not accept orders to purchase its units or shares, or may postpone orders to redeem its units or shares. These circumstances are explained on page 14.

What are the specific risks of investing in a mutual fund?

Set out below are some of the more specific investment risks associated with investing in mutual funds. For information on the material risks applicable to each Fund, see the risk section of each Fund description starting on page 42. A risk may be applicable to a Fund either directly because of the nature of the investments it makes, or indirectly because it invests in one or more Underlying Funds that have such risk.

In addition, each Fund may use foreign sub-advisers. Foreign sub-advisers may not be fully subject to the requirements of the *Securities Act* (Ontario) and regulations concerning proficiency, capital, insurance, record keeping, statements of account and portfolio and conflicts of interest. There may be difficulty in enforcing any legal rights against foreign sub-advisers because they are resident outside Canada and all or a substantial portion of their assets are located outside Canada. If we use a foreign sub-adviser that is not registered with the Ontario Securities Commission as an adviser, we assume responsibility for their investment decisions.

Concentration risk

A mutual fund may have a relatively high concentration of assets in a single or small number of issuers, which may reduce the diversification of the mutual fund and may result in increased volatility in the mutual fund's security price. If such concentration results in reduced liquidity, the mutual fund may need to suspend redemptions temporarily.

Credit risk

There is a risk that the issuer of a fixed income security (such as a bond or preferred share) held by a mutual fund will be unable to, or will not, pay the interest, dividends or other equivalent regular payments, or to repay at maturity the initial amount invested. Credit risk is greater for securities issued by a company or other type of issuer that has a low credit rating than for those whose issuer has a high credit rating. Where the fixed income investment is an interest in a loan, there also is a risk that the person administering the loan may default or not administer the loan properly.

Currency risk

When a mutual fund purchases an investment priced in foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavourably, it could reduce the value of the mutual fund's investments. Changes in the exchange rate can also increase the value of an investment.

Derivatives risk

A "derivative" is a contract whose value is based on, or derived from, the value or performance of another investment. Examples of derivatives include options, futures, swaps and forward contracts. Derivatives require or allow the holder to purchase or sell assets such as stocks, currencies or commodities at a certain price now or in the future. Derivatives have certain risks. Here are some of the most common ones:

- › Derivatives may not prevent changes in the market value of the mutual fund's investments or prevent losses if the market value of the investments falls.
- › A mutual fund may not be able to purchase or sell a derivative to make a profit or limit a loss.
- › Derivatives can limit a mutual fund's ability to benefit from increases in the stock markets.
- › There is no guarantee that the counterparty in a derivative will meet its obligations.
- › If the counterparty in a derivative, or a third party holding assets of the mutual fund in connection with a derivative, goes bankrupt, the mutual fund could lose any collateral it deposited and any gains made on the derivative.
- › Some derivatives traded on foreign markets may be harder to trade and have higher credit risk than derivatives traded in North America.

Emerging markets risk

An emerging market is a country with an economy that the World Bank or the United Nations considers to be emerging or developing. These countries generally include every country in the world except the United States, Canada, Japan, Hong Kong, Australia, New Zealand and most countries in Western Europe.

Mutual funds that invest in emerging markets are affected by the following risks:

- › Many foreign companies and governments do not have the same level of accounting, auditing and financial reporting standards as in Canada and the U.S. and, as a result, there is often less information available about these companies and governments.

- › Securities of some companies traded only in foreign countries may be less liquid and more volatile than securities of comparable companies traded in Canada or the U.S.
- › Many of the securities markets of the countries in which a mutual fund invests may be subject to greater volatility, due to adverse events or large investors trading significant blocks of securities, than is usual in Canadian and U.S. markets.
- › Political or social instability could also affect the value of investments held by the mutual fund or result in the complete loss of such investments.

Foreign investment risk

Mutual funds that invest in foreign securities are affected by the following risks:

- › A country may impose withholding or other taxes that could reduce the return on the investments of the mutual fund in that country.
- › A country may have foreign investment or exchange laws that make it difficult to sell an investment of the mutual fund in that country.
- › Portfolio securities that trade on foreign exchanges may trade on days that the mutual fund does not offer or redeem its units or shares. There is a risk that such trading may significantly increase or decrease the value of the mutual fund when an investor is not able to purchase or redeem units or shares of the mutual fund.

Interest rate risk

The value of units or shares of a mutual fund that invests in fixed income securities is affected by the level of interest rates in Canada and elsewhere. Generally, the value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the value of fixed income securities falls, and vice versa.

Large investor risk

Units or shares of a mutual fund may be purchased and redeemed by large investors, such as institutional investors or other mutual funds. These investors may purchase or redeem large numbers of units or shares of the mutual fund at one time. The purchase or redemption of a substantial number of units or shares of a mutual fund may require the mutual fund to change the composition of its portfolio significantly or may force the mutual fund to purchase or sell investments at unfavourable prices, which can affect the mutual fund's performance and may increase realized capital gains of the mutual fund.

Liquidity risk

"Liquidity" is often described as the speed and ease with which an asset can be sold and converted into cash. Most of the securities owned by a mutual fund can usually be sold promptly at a fair price and therefore can be described as relatively liquid. However, a mutual fund also may invest a portion of its assets in securities that are illiquid, which means they cannot be sold quickly or easily. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, or for other reasons. Sometimes, there may simply be a shortage of buyers. A mutual fund that has difficulty selling a security can lose value or incur extra costs. In addition, illiquid securities may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in a mutual fund's value.

Multi-class risk

A mutual fund that is part of a mutual fund corporation that also offers other mutual funds has an additional risk. Each mutual fund within the mutual fund corporation has its own investment objective and own fees and expenses, which are tracked separately. However, there is a risk that the expenses or liabilities of one mutual fund may affect the value of the other mutual funds within the same mutual fund corporation. If one mutual fund is unable to pay its expenses, the mutual fund corporation as a whole is legally responsible for covering the shortfall. As well, the tax consequences of an investment in a mutual fund will depend in part on the tax position of the mutual fund corporation as a whole and will differ from an investment in a mutual fund that is not part of a multi-class structure. For example, for tax purposes income is calculated at the level of the mutual fund corporation as a whole which may cause expenses or losses of one mutual fund to effectively be used by another mutual fund.

Multi-series risk

A mutual fund that offers multiple series of units or shares has an additional risk. Expenses are tracked for the mutual fund as a whole and then deducted from each series separately. If, however, one series is not able to pay all of its expenses, the remainder of the expenses may be deducted from the other series of the mutual fund. As a result, the unit or share price of the other series would drop by its share of the excess expenses. In addition, taxable income is calculated for the mutual fund as a whole (or, in the case of mutual funds that are part of a larger mutual fund corporation, for the corporation as a whole), which may cause expenses of one series of the mutual fund to be effectively used by another series of the mutual fund.

Securities lending risk

A mutual fund may enter into securities lending transactions to generate additional income from securities held in the mutual fund's portfolio. If the other party to the transaction becomes insolvent or otherwise cannot fulfill its agreement, the mutual fund may suffer losses.

Small companies risk

Shares of smaller companies are generally more volatile than those of larger, more established companies. Smaller companies may be more sensitive to the release of company, industry or economic news. There may be a less liquid market for their shares. As a result, the value of mutual funds that hold these investments may be more volatile and fluctuate significantly.

Stock market risk

The value of units or shares of a mutual fund that invests in securities is directly related to the market value of those investments held by the mutual fund. The market value of those investments will go up and down depending on the financial performance of the issuers and general economic, political, tax and market conditions. This fluctuation is referred to as *volatility*.

Organization and management of the Russell Funds

The table below shows the companies that are responsible for providing services to the Funds.

| Role | | Service provided |
|------------------------------|--|---|
| Manager | Russell Investments Canada Limited 1 First Canadian Place 100 King Street West, Suite 5900 Toronto, Ontario M5X 1E4 | Responsible for the overall and day-to-day administration of the Funds. |
| Portfolio manager | Russell Investments Canada Limited Toronto, Ontario | Develops investment programs; sets investment policies; undertakes sub-adviser research; appoints any sub-advisers to the Funds; selects, monitors and allocates assets among the sub-advisers of the Funds; and may directly manage the assets of the Funds on a transitional basis. |
| Custodian | Canadian Imperial Bank of Commerce Toronto, Ontario | Responsible for safekeeping the investments of the Funds. |
| Principal distributor | Russell Investments Canada Limited Toronto, Ontario | Arranges for the distribution of all series of shares of the Funds. |
| Auditor | PricewaterhouseCoopers LLP Toronto, Ontario | Audits the annual financial statements of each Fund and provides an opinion as to whether they fairly present the Fund's financial position and results of operations in accordance with generally accepted accounting principles. |
| Registrar | International Financial Data Services (Canada) Limited Toronto, Ontario | Processes the requests to purchase, redeem and switch shares of the Funds and keeps the register of the shareholders of each Fund. |
| Independent Review Committee | | <p>The Independent Review Committee ("IRC") provides independent oversight and judgment on conflicts of interest involving the Funds. Among other matters, the IRC prepares, at least annually, a report of its activities for shareholders of the Funds which will be available on our website at www.russell.com/ca or upon request by any investor, at no cost, by calling: 1-888-509-1792 or e-mailing to: canada@russell.com.</p> <p>The IRC currently is comprised of four members, each of whom is independent of Russell Investments Canada Limited, our affiliates and the Funds. Additional information concerning the IRC, including the names of its members, and governance of the Funds is available in the annual information form of the Funds.</p> <p>In order for a Fund to change its auditor, IRC approval is required and a written notice of any such change must be sent to you at least sixty (60) days before it takes effect. If approved by the IRC, we may merge a Fund into another mutual fund provided the merger fulfills the requirements of the Canadian securities regulators relating to mutual fund mergers and we send you a written notice of the merger at least sixty (60) days before it takes effect. In either case, no meeting of shareholders of the Fund will be called to approve the change.</p> |

About Russell Investments Canada Limited

Russell Investments Canada Limited is a wholly owned subsidiary of Frank Russell Company and was established in 1985. Russell Investments Canada Limited and its affiliates (including Frank Russell Company) are referred to collectively in this Simplified Prospectus as "Russell Investments". Russell Investments was founded in 1936 and has its headquarters in Seattle, Washington. Russell Investments Canada Limited has its head office in Toronto.

Russell Investments provides asset management and investment services to institutional and individual investors. Russell Investments offers mutual funds, indexes, alternative investments and implementation services such as transition management and trade execution. Russell Investments has offices in most major financial centres.

A pioneer in multimanager investing and the creator of the Russell Indexes, Russell Investments manages approximately C\$143 billion in assets (as of September 30, 2011). Russell Investments works with clients ranging from small and mid-sized organizations to many of the world's largest and most sophisticated investors, responsible for hundreds of billions of dollars. The innovative investment approach of Russell Investments is made available to individuals through a network of strategic distribution alliances and independent investment advisors. Clients of Russell Investments include banks and insurance companies, investment advisors, defined benefit and defined contribution plans, endowments, foundations and sovereign wealth funds.

Russell Investments seeks to understand capital markets and to identify superior investment managers. To achieve these goals, analysts from Russell Investments hold research meetings each year with investment managers around the world. The cumulative knowledge gained from this in-depth research serves as the foundation for all of the products and services of Russell Investments.

Fund-on-Fund investing

Each Fund currently invests substantially all of its assets in Securities of one or more Underlying Funds.

When you invest in a Fund, you will have no direct voting rights with respect to any changes proposed to the Underlying Funds. We are not permitted to vote a Fund's holdings in an Underlying Fund. We may, in our discretion, arrange for investors in the Fund to direct how their proportionate interest of the holdings in the Underlying Funds is to be voted by the Fund. We generally intend to provide investors in the Funds with the opportunity to direct voting as described above.

Purchases, switches and redemptions

Description of series offered by the Funds

Each Fund offers more than one series of shares described below. Not all series are offered by each Fund. See the front cover of this Simplified Prospectus for a listing of the series that are offered by each Fund.

- › **Series B:** This series is available to all investors.
- › **Series F and F-5:** These series (also called *Fee Based Securities*) are available only to investors who participate in an eligible wrap or fee-for-service program. We do not pay trailer fees to dealers for Fee Based Securities. Instead each investor negotiates a separate, ongoing fee that is paid directly to his or her dealer and is based on the market value of the investor's assets.
- › **Series I-5:** This series is available to all investors and offers monthly distributions at an announced annual rate.

For specific information about the fees you pay directly or the fees that the Funds pay for each series, see "Fees and Expenses" starting on page 23.

How we determine the share price for each series of a Fund

The *net asset value per share* is the amount you pay or receive for a share when you purchase, redeem or switch a share of a Fund. We determine a net asset value per share for each series of each Fund. To determine the net asset value per share for a series, we calculate the total value of the assets for the series and then subtract its liabilities. Then we divide that amount by the number of share of that series held by investors.

We determine the net asset value per share after the close of each Business Day. If the Toronto Stock Exchange is closed for any reason, we determine the net asset value per share on the next Business Day.

The net asset value per share for each series is calculated in Canadian dollars. However, some shares may be purchased in US dollars by the Fund converting the Canadian dollar net asset value per share to US dollars. If we do this, we will use the exchange rate available on the day the shares are issued to determine the number of shares to be issued, regardless of the exchange rate on the settlement date of the purchase of the shares.

For more details about calculating the net asset value per share, see the annual information form.

Purchasing, redeeming and switching shares of the Funds

If your order to purchase, redeem or switch shares of a Fund is received by us by the close of regular trading of the Toronto Stock Exchange (generally 4:00 p.m. Toronto time) on a Business Day, we will process your order using the net asset value per share after the close of business that day. Otherwise, we will process the order the next Business Day using the net asset value per share determined after the close of business on that day.

If you purchase, redeem or switch shares of the Funds, income tax consequences may result, as described later in this Simplified Prospectus.

In exceptional circumstances, your ability to purchase, redeem or switch shares units of a Fund may be suspended by the Fund. We will not accept any orders to purchase, redeem or switch shares of a Fund if we have suspended the calculation of the net asset value per share of that Fund. The Canadian securities regulators allow us to suspend the calculation of the net asset value per share of a Fund if:

- › Normal trading is suspended on any stock exchange on which securities or derivatives that make up 50% or more of the Fund's value or market exposure are traded, provided those securities or derivatives are not traded on any other exchange that is a reasonable alternative for the Fund;
- › During any period when the right to redeem shares is suspended for any Underlying Fund in which the Fund invests all its assets; or
- › We have received permission from the Canadian securities regulators to do so.

Purchasing shares of the Funds

Purchasing options

When you purchase shares of a Fund, you may pay a sales fee at the time of purchase or a redemption fee at the time of redemption. The purchase option you choose determines the amount of the fee and when you pay it. There are four different purchase options:

1. **No load.** Under the no load purchase option, you pay no sales fee at the time you purchase your shares and you pay no redemption fee at the time you redeem your shares.
2. **Low load.** Under the low load purchase option, you do not pay a sales fee when you purchase your shares. If you redeem your shares within three years after purchasing them, you pay us a redemption fee. The redemption fee is calculated as a percentage of the original cost of your shares being redeemed and decreases each year over a three year period. If you hold your shares for three or more years (which we then call *Matured Securities*), you pay no redemption fee when you redeem those Matured Securities. See "Fees and expenses payable directly by you" on page 25 for more information, including the schedule of redemption fee percentages that may apply depending on the year in which you redeem your shares.
3. **Deferred sales charge (or DSC).** Under the DSC purchase option, you do not pay a sales fee when you purchase your shares. If you redeem your shares within seven years after purchasing them, you pay us a redemption fee. The redemption fee is calculated as a percentage of the original cost of your shares being redeemed and decreases each year over a seven year period. If you hold your shares for seven or more years (which we then call *Matured Securities*), you pay no redemption fee when you redeem those Matured Securities. See "Fees and expenses payable directly by you" on page 25 for more information, including the schedule of redemption fee percentages that may apply depending on the year in which you redeem your shares.
4. **Front load.** Under the front load purchase option, you pay a sales fee to your dealer when you purchase your shares, but you do not pay a redemption fee when you redeem your shares. The amount of the sales fee is negotiated between you and your dealer, but cannot exceed 5% of the cost of the shares purchased.

Not all purchase options are available for every series of each Fund. The purchase options available depend upon the Fund and the series you select, as summarized below.

| Purchase option | Available Series¹ |
|---|-------------------------------------|
| No load | All series |
| Low load, Deferred sales charge (or DSC) and Front load | B and I-5 only |
| ¹ See the front cover of this Simplified Prospectus for a listing of which series are available for each Fund. | |

You should note that not all dealers make all series or all purchase options available. Contact your dealer for information about which series and purchase options are available to you through your dealer. Your dealer should assist you in choosing an appropriate series and purchase option. Your choice of series and purchase option will require you to pay different fees and will affect the amount of compensation your dealer receives. See “Fees and Expenses” on page 23 and “Dealer Compensation” on page 27 for more information.

No sales fee is paid to your dealer when shares are issued as part of the reinvestment of a dividend or distribution by a Fund and there is no redemption fee payable when such shares are redeemed.

Processing your purchase order

You can purchase shares of the Funds on any Business Day. You must give instructions to your dealer to purchase any shares and you must pay for your shares when you place your order. Your dealer should then send your order to us the same day they receive it from you.

We must receive your payment and all the necessary documents within three (3) Business Days of the day you place your order. If we do not receive your payment or if your cheque is returned because of insufficient funds, we will redeem the shares you purchased. If we redeem them for more than you paid, the Fund will keep the difference. If we redeem them for less than you paid, we will charge your dealer for the difference. If we charge your dealer, they may charge you the difference.

We may refuse any order to purchase shares, in whole or in part, within one (1) Business Day of receiving it. If we refuse your order, we return all of your money, without any interest, to your dealer to be credited to your account.

Minimum investment

The first time you purchase shares of a Fund, you must invest at least \$5,000, in aggregate, in the Russell LifePoints Funds. Each subsequent investment in a Fund is subject to a minimum of \$100. At all times, you must continue to hold Securities of the Russell LifePoints Funds having an aggregate value not less than \$5,000. We may waive these minimum initial or subsequent investment amounts at any time in our discretion.

If the aggregate value of your Securities of the Russell LifePoints Funds drops below the relevant minimum investment level set out above, we have the option of redeeming your shares of the Funds and your dealer will credit your account with the proceeds of the redemption.

As stated above, we may waive the minimum amounts required for the initial or any subsequent investments in the Funds and for continuous holdings in the Funds at any time at our discretion. Your dealer may establish higher minimum thresholds.

Redeeming shares of the Funds

You can redeem your shares of the Funds on any Business Day.

You must give instructions to your dealer or to us to redeem your shares. If your shares are registered in the name of your dealer or other intermediary, you must instruct your dealer to provide us with a redemption order. If you provide your instructions to your dealer, your dealer should then send us your redemption order the same day they receive it from you. We will redeem your shares on the same Business Day we receive the order if we receive the order by 4:00 p.m. (Toronto time).

If you used more than one purchase option to purchase shares of the same series of a Fund and you wish to redeem some of those shares, your order also must specify the purchase option of the shares you wish to redeem.

If you purchased shares of a Fund under the low load purchase option or the DSC purchase option, you may be required to pay a redemption fee to us from your sale proceeds. See "Fees and expenses payable directly by you" on page 25 for additional information.

We will redeem your shares in a Fund, from the series and purchase option you specified, in the following order:

1. shares of that Fund that are not subject to a redemption fee, then
2. shares of that Fund which are subject to a redemption fee (which we call *Redemption Fee Securities*) and that qualify for the 10% free redemption entitlement described below, then
3. Redemption Fee Securities of that Fund that are subject to the smallest redemption fee

We may redeem your shares of a Fund in the following circumstances:

- › The aggregate value of your holdings of the Russell LifePoints Funds falls below the minimum investment amount set out under "Minimum investment" on page 15
- › To pay any outstanding fees or expenses you owe as set out under "Fees and expenses payable directly by you" on page 25
- › If you no longer meet the eligibility requirements for the series of the Fund you are invested in, or otherwise fail to meet the criteria for investment in a Fund or series that are specified by us from time to time
- › If we are authorized to do so by applicable securities law or securities regulators
- › If your holding of those shares may have an adverse effect on other investors in the Fund or the Corporation.

10% free redemption entitlement

If you hold Redemption Fee Securities, each year you can redeem at no charge:

1. 10% of the net asset value of your low load Securities and of your DSC Securities as of December 31 of the prior calendar year (calculated after giving effect to any dividends or distributions at the end of the year); and
2. 10% of the cost of the low load Securities and of the DSC Securities you purchased in the current calendar year.

The 10% free redemption entitlement is calculated separately for each of your low load units, your low load shares, your DSC units and your DSC shares. For this purpose, when calculating the cost of the Securities you purchased in the current calendar year, we will deduct the amount of any cash dividends or distributions you have received in the current calendar year. Since shares of the Funds issued as part of the reinvestment of dividends or distributions are issued under the no load purchase option, such shares are not included in the calculation of the 10% free redemption entitlement. Matured Securities are no longer subject to a redemption fee and therefore not included in the calculation of the 10% free redemption entitlement. You cannot carry forward your unused free redemption entitlement to the next year. If you switch Redemption Fee Securities of a Fund to Redemption Fee Securities of another Russell Fund during a year, your free redemption entitlement for the remainder of the year will utilize the net asset value per Security of the new Redemption Fee Securities at the time of the switch, rather than the net asset value per share of the Redemption Fee Securities on December 31 of the previous year.

What is an example of a 10% free redemption entitlement?

Assume the following situation occurs:

1. You invested \$500 last year in shares of a Fund under the low load purchase option and \$500 last year in additional shares of the Fund under the DSC purchase option when the net asset value per share was \$10 per share. This means that you purchased 50 shares under the low load purchase option and 50 shares under the DSC purchase option.
2. The Fund's net asset value per share increased to \$11 per share and the Fund paid a dividend of \$1 per share at the end of last year. This means that you received \$100 in dividends (\$50 in respect of the low load shares and \$50 in respect of the DSC Securities) and the Fund's net asset value per share returned to \$10.
3. You reinvested the \$100 dividend in more shares of the Fund at \$10 per share under the no load purchase option, so that you then held 10 shares under the no load purchase option at the end of last year worth \$100 in aggregate, 50 low load shares at the end of last year worth \$500 in aggregate and 50 DSC Securities at the end of last year worth \$500 in aggregate.
4. You purchased 25 shares of the Fund this year under the low load purchase option at \$11 per share and 25 shares of the Fund this year under the DSC purchase option at \$11 per share.

Your 10% free redemption entitlement would be calculated as follows:

| | |
|--|-------------------------------------|
| Net asset value of holdings at December 31 (low load shares only) | \$500 (50 shares) |
| Net asset value of holdings at December 31 (DSC Securities only) | \$500 (50 shares) |
| Net asset value of holdings at December 31 (no load shares only) | \$100 (10 shares) |
| 10% of net asset value of holdings at December 31 (low load shares only) | \$50 |
| 10% of net asset value of holdings at December 31 (DSC Securities only) | \$50 |
| Cost of low load shares acquired in the current year | \$275 (25 shares at \$11 per share) |
| Cost of DSC Securities acquired in the current year | \$275 (25 shares at \$11 per share) |
| 10% of cost of low load shares acquired in the current year | \$27.50 |
| 10% of cost of DSC Securities acquired in the current year | \$27.50 |
| Total 10% free redemption entitlement for the current year in respect of low load shares | \$77.50 (\$50 + \$27.50) |
| Total 10% free redemption entitlement for the current year in respect of DSC Securities | \$77.50 (\$50 + \$27.50) |

We can change or end the 10% free redemption entitlement at any time or in any circumstance at our discretion.

Processing your redemption order

We will redeem your shares on the same Business Day we receive the order if we receive the order by 4:00 p.m. (Toronto time). We then send the money to your dealer to be credited to your account within three (3) Business Days of the day we have received all of the necessary documents.

If a corporation, partnership, trust or fiduciary asks us to redeem shares, we may require some additional documents. We will not pay the redemption proceeds until we have received the additional information. If we do not receive the documents necessary to complete the transaction within ten (10) Business Days of the day we redeem the shares, then on the next Business Day we will re-issue the shares you redeemed. If we re-issue them for less than we redeemed them for, the Fund will keep the difference. If we re-issue them for more than we redeemed them for, we will charge your dealer for the difference plus any costs. Your dealer may, in turn, charge you for these amounts.

If you hold the shares in Canadian dollars, we will send your dealer payment in Canadian dollars when you redeem those shares. If you hold shares in US dollars, we will send your dealer payment in US dollars. Such payment will be calculated by converting the net asset value per share in Canadian dollars to US dollars using an exchange rate on that day.

If, within a thirty (30) day period, you redeem shares with an aggregate net asset value exceeding 10% of the net asset value of a series of shares of a Fund, the Fund may deduct from the redemption proceeds a large transaction fee in an amount not exceeding 0.5% of such proceeds and retain such amount in the Fund to compensate the remaining investors in the Fund for trading costs incurred by the Fund to effect such redemption.

Switching shares of a Fund

You can switch the shares you hold in a Fund for a different series of shares of the same Fund. You also can switch to Securities of a different Russell Fund. In each case, you must be eligible to hold the new Securities in order to make the switch.

Switching shares within a Fund

You can switch shares of one series to shares of another series within the same Fund by sending a request to your dealer. We must approve all switches within a Fund. If the right to redeem shares of a Fund has been suspended as outlined on page 14, we will not accept orders to switch shares within that Fund.

Switching to a different series within the same Fund does not involve a redemption. Instead, your shares will be converted into the new series you wish to hold.

No redemption fees apply to this type of switch. However, if you switch from Redemption Fee Securities to shares of a different series under a different purchase option, you will pay to us a reclassification fee at the time you make the switch. The reclassification fee is equal to the redemption fee you would have paid if you redeemed your original shares and is paid by redeeming a sufficient number of shares. See "Fees and expenses payable directly by you" on page 25 for the redemption fee rate schedule. If you switch to Redemption Fee Securities and select a different purchase option, a new redemption fee schedule associated with that purchase option will commence on the date of the switch.

If you switch from Redemption Fee Securities to shares of a different series under the same purchase option, the new Redemption Fee Securities issued to you will have the same redemption fee schedule as the shares you switched from, and any redemption fee payable on the redemption of the new shares will be calculated based on the original cost of the original shares and the date you purchased the original shares.

We will not pay a fee to your dealer when you make a switch within the same Fund.

We may switch your series of shares to another series within the same Fund if:

- › You change your dealer and your new dealer does not sell the series of shares in which you are invested, or your dealer ceases to sell the series of shares in which you are invested
- › You have Fee Based Securities and your agreement with your dealer for the wrap or fee-for-service program ends
- › The aggregate value of your Securities in the Russell LifePoints Funds falls below the minimum investment amount set out under "Minimum investment" on page 15, or you otherwise become ineligible to hold the series of shares in which you are invested

Switching between series of the same Fund is not a taxable disposition except to the extent that shares are redeemed to pay any applicable reclassification fee. If you hold your shares outside a Registered Plan, you may be required to pay tax on any capital gain you realize from the redemption of shares to pay a reclassification fee. See "Income tax considerations for investors" on page 29 for more information.

Switching shares to another Russell Fund

You can switch shares you own in a Fund to Securities of another Russell Fund by sending a request to your dealer. The procedures for switching shares to another Russell Fund are the same as the procedures described above under "Purchasing shares of the Funds" and "Redeeming shares of the Funds". Should the right to redeem Securities of a Russell Fund be suspended as outlined on page 14, we also will not accept orders to switch to or from Securities of that Russell Fund.

A switch from a Fund to a Trust Fund involves a redemption of the shares you currently hold and a purchase of the units of the Trust Fund you wish to switch to. Switching from a Fund to a different Corporate Fund does not involve a redemption. Your shares will simply be converted into the series of shares of the new Corporate Fund you wish to hold. However, if you are switching from Redemption Fee Securities of a Fund to shares of another Corporate Fund under a different purchase option, you will be required to pay us a reclassification fee at the time of the switch. The reclassification fee is equal to the redemption fee you would have paid if you redeemed your original shares and is paid by redeeming a sufficient number of shares. In this case, the new redemption fee schedule (if any) associated with that purchase option will commence on the date of the switch. See "Fees and expenses payable directly by you" on page 25 for the redemption fee rate schedule.

If you switch Redemption Fee Securities of a Fund for Redemption Fee Securities of a different Russell Fund using the same purchase option, no redemption fee will be payable at the time of the switch. Instead, the new Redemption Fee Securities issued to you will have the same redemption fee schedule as the shares you switched from, and any redemption fee payable on the redemption of the new Securities will be calculated based on the original cost of the original shares and the date you purchased the original shares.

In all other cases, if you switch Redemption Fee Securities, the redemption fee (or, in the case of a switch to another Corporate Fund, a reclassification fee equal to the redemption fee you would have paid if you redeemed your Redemption Fee Securities) will be payable at the time of the switch and the new redemption fee schedule (if any) associated with the purchase option of the Securities you have switched to will commence on the date of the purchase of those Securities. See "Fees and expenses payable directly by you" on page 25 for the redemption fee rate schedule.

Your dealer may charge you a switch fee up to 2% of the value of the shares you switch for switching between Russell Funds. We will not pay a fee to your dealer when you make a switch between Russell Funds.

If, within a thirty (30) day period, you request to switch shares with an aggregate net asset value exceeding 10% of the net asset value of a series of shares of a Fund, the Fund may charge a large transaction fee in an amount not to exceed 0.5% of the value of the shares switched and retain such amount in the Fund to compensate the remaining investors in the Fund for trading costs incurred by the Fund to effect such switch. The large transaction fee is paid by redeeming a sufficient number of shares.

See "Fees and expenses payable directly by you" on page 25 for additional information.

A switch from a Fund to another Corporate Fund is not considered a disposition for tax purposes, so no capital gain or loss will result. A switch from a Fund to a Trust Fund is a disposition for tax purposes, and any redemption of shares to pay for any fees charged by your dealer, a Fund or by us as described above also will be considered a disposition for tax purposes. If you hold your shares outside a Registered Plan, you may be required to pay tax on any capital gain you realize from the disposition of shares. See "Income tax considerations for investors" on page 29 for more information.



Short-term trading

Redeeming or switching shares to a different Russell Fund within thirty (30) days after they were purchased (which we refer to as “short-term trading”) may have an adverse effect on other investors in the Fund because it can increase trading costs to the Fund to the extent the Fund purchases and sells portfolio securities in response to each redemption or switch request. An investor who engages in short-term trading also may participate in any appreciation in the net asset value of the Fund during the short period that the investor was invested in the Fund, which reduces the amount of the appreciation that is experienced by other, longer term investors in the Fund.

Each Fund may charge you a fee of up to 2% of the value of the shares of the Fund you redeem or switch if you engage in short-term trading. This fee is paid to the Fund and is in addition to any other fees that may apply. We may also require that you redeem all of your holdings in the Fund. We may waive the short-term trading fee charged by the Fund for other trades if the size of the trade was small enough or the short-term trade did not otherwise harm other investors in the Fund. See “Short-term trading” in the annual information form for additional information.

The Funds do not have any arrangements, formal or informal, with any person or company to permit short-term trading.

Optional services

Systematic purchase program

To invest money in Funds on a regular basis, you may be able to set up a systematic purchase program at no charge other than the fees associated with the purchase option you select. Ask your dealer for details.

Systematic withdrawal program

To withdraw money from your Funds on a regular basis, you may be able to set up a systematic withdrawal program at no charge other than any applicable redemption fees. Ask your dealer for details. The systematic withdrawal program may also be used in certain series of the Funds to generate cash to pay ongoing amounts due from you to your dealer.

If your withdrawals over time are greater than the income and growth in the Funds, you may eventually reduce your balance to zero.

Dollar-cost averaging program

You can switch shares you own of a Fund for Securities of a different Russell Fund on a regularly scheduled basis by establishing a dollar-cost averaging program with us. We have several options available to you regarding the frequency of the switches under the program. Ask your dealer for details. You must be eligible to hold the Securities of the Russell Funds to which you wish to make switches.

The fees and redemption fee schedule applicable to switches under the dollar-cost averaging program are identical to those for switches not using the program, except that no short-term trading fees apply to switches under the dollar-cost averaging program.

Fees and expenses

There are certain fees and expenses associated with investing in shares of the Funds. You may have to pay some of these fees directly. The Funds may have to pay some of these fees and expenses, which reduces the value of your investment in the Funds. At any time, we may change the basis of the calculation of a fee or expense that is charged to a Fund by a person or company that is at arm's length to the Fund. Though the approval of investors in the Fund will not be sought before making the change, we will give those investors sixty (60) days' notice of such change if such change could result in an increase in charges to the Fund.

The annual management fees we receive from the Funds are a percentage of the average daily net asset value of each series of shares of each Fund as set out below. Not all series are available for each Fund. Please see the front cover of this Simplified Prospectus for a listing of which series are available from each Fund.

Fees and expenses payable by the Fund

| Management fees | | |
|--|---|------------------|
| | Series B and I-5 | Series F and F-5 |
| Russell LifePoints Fixed Income Class Portfolio | 1.45% | 0.70% |
| Russell LifePoints Conservative Income Class Portfolio | 1.70% | 0.70% |
| Russell LifePoints Balanced Income Class Portfolio | 2.00% | 0.85% |
| | <p>The fees above are exclusive of any applicable taxes and operating expenses.</p> <p>We may reduce the amount of the management fee we receive from the Funds. We are not bound to continue the reduction in the future and we may stop the reduction without notice to you.</p> <p>We may also reduce the management fee for large investments by certain investors. The reduction is paid by us to the investor and reinvested in additional shares on behalf of the investor. We refer to the reduction as a <i>management fee rebate</i>.</p> | |

Fees and expenses payable by the Fund CONTINUED

| | | | | | | | | | |
|--------------------------|--|--------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Operating expenses | <p>Each Fund pays its own operating expenses. These expenses include legal, audit, custodial, safekeeping fees, taxes, interest, operating and administrative costs, investor servicing costs and the costs for reports and prospectuses. If a Fund invests in Underlying Funds, the Fund also bears indirectly its proportionate share of the operating expenses of its Underlying Funds as described below. Each Fund also shares the fees of the members of the board of directors of the Corporation (currently \$36,000 per annum, in aggregate). Only members of the board of directors of the Corporation who are not representatives of Russell receive compensation for their services and are reimbursed for their expenses. We allocate the expenses to each series of shares based on its share of the expenses. As required by securities regulations, the Funds pay the expenses of their Independent Review Committee (<i>IRC</i>), which include fees and expenses of IRC members and Independent Review Inc. (a corporation that provides administrative assistance, including secretarial services, for the operations of the IRC). The IRC members are paid a fixed annual fee for their services, which the IRC determines and discloses in its annual report to investors in the Funds, and are reimbursed for expenses including secretarial costs. The current compensation for the members of the IRC is as follows:</p> <table data-bbox="909 1123 1372 1270"> <tr> <td>Stanley M. Beck (Chair):</td> <td>\$24,000 per annum</td> </tr> <tr> <td>Lawrence A. Ward:</td> <td>\$18,000 per annum</td> </tr> <tr> <td>W. William Woods:</td> <td>\$18,000 per annum</td> </tr> <tr> <td>Eamonn McConnell:</td> <td>\$18,000 per annum</td> </tr> </table> <p>The fees and expenses of the IRC are allocated across all Russell Funds managed by us proportionately based on their relative net asset values, with the result that only a small portion of such fees and expenses are charged to any individual Russell Fund.</p> <p>When a Fund invests in Underlying Funds:</p> <ul data-bbox="909 1459 1469 1837" style="list-style-type: none"> › There are fees and expenses that are payable by the Underlying Funds in addition to the fees and expenses payable by the Fund › There are no management or incentive fees payable by the Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service › No sales fees or redemption fees are payable by the Fund upon the purchase or redemption of Securities of any Underlying Fund › The Fund does not pay any management fees to us in respect of its investment in Securities of any Underlying Fund <p>We may assume responsibility for some of the operating expenses of the Funds. However, this does not bind us to continue this in the future and we may stop this without notice to you.</p> | Stanley M. Beck (Chair): | \$24,000 per annum | Lawrence A. Ward: | \$18,000 per annum | W. William Woods: | \$18,000 per annum | Eamonn McConnell: | \$18,000 per annum |
| Stanley M. Beck (Chair): | \$24,000 per annum | | | | | | | | |
| Lawrence A. Ward: | \$18,000 per annum | | | | | | | | |
| W. William Woods: | \$18,000 per annum | | | | | | | | |
| Eamonn McConnell: | \$18,000 per annum | | | | | | | | |

Fees and expenses payable directly by you

| Sales charges | If you purchase shares under the front load purchase option, you may have to pay your dealer a sales fee at the time of purchase. You can negotiate this sales fee with your dealer, but it must not exceed 5% of the amount you invest. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|---|--|-----------------------|-------|------|------------------------|-------|------|-----------------------|-------|------|------------------------|-----|------|-----------------------|-----|------|-----------------------|-----|------|-------------------------|-----|------|------------------------|-----|-----|
| Switch fees | Your dealer may charge you a fee when you switch from a Fund to another Russell Fund. You can negotiate this switch fee with your dealer, but it must not exceed 2% of the amount you switch. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Redemption fees | <p>You do not pay a sales fee to your dealer when you purchase shares under the low load purchase option or the DSC purchase option. However, you will pay to us a redemption fee if you redeem those shares within three years (in the case of low load shares) or within seven years (in the case of DSC Securities) after purchasing them. The redemption fee is calculated as a percentage of the original cost of the shares being redeemed. The table below shows the redemption fee schedule for the low load purchase option and DSC purchase option:</p> <table border="1"> <thead> <tr> <th>Shares redeemed during the following period after you purchased them</th> <th>Redemption Fee Rate for low load shares</th> <th>Redemption Fee Rate for DSC Securities</th> </tr> </thead> <tbody> <tr> <td>during the first year</td> <td>3.00%</td> <td>6.0%</td> </tr> <tr> <td>during the second year</td> <td>2.50%</td> <td>5.5%</td> </tr> <tr> <td>during the third year</td> <td>2.00%</td> <td>5.0%</td> </tr> <tr> <td>during the fourth year</td> <td>Nil</td> <td>4.5%</td> </tr> <tr> <td>during the fifth year</td> <td>Nil</td> <td>4.0%</td> </tr> <tr> <td>during the sixth year</td> <td>Nil</td> <td>3.0%</td> </tr> <tr> <td>during the seventh year</td> <td>Nil</td> <td>1.0%</td> </tr> <tr> <td>after the seventh year</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>In some cases, the redemption fee will be charged if you switch to a different Russell Fund. See "Switching shares to another Russell Fund" on page 19 for additional information.</p> | Shares redeemed during the following period after you purchased them | Redemption Fee Rate for low load shares | Redemption Fee Rate for DSC Securities | during the first year | 3.00% | 6.0% | during the second year | 2.50% | 5.5% | during the third year | 2.00% | 5.0% | during the fourth year | Nil | 4.5% | during the fifth year | Nil | 4.0% | during the sixth year | Nil | 3.0% | during the seventh year | Nil | 1.0% | after the seventh year | Nil | Nil |
| Shares redeemed during the following period after you purchased them | Redemption Fee Rate for low load shares | Redemption Fee Rate for DSC Securities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the first year | 3.00% | 6.0% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the second year | 2.50% | 5.5% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the third year | 2.00% | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the fourth year | Nil | 4.5% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the fifth year | Nil | 4.0% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the sixth year | Nil | 3.0% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| during the seventh year | Nil | 1.0% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| after the seventh year | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other fees and expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advisory fees | If you purchase Fee Based Securities, you may have to pay an advisory fee to your dealer based on the market value of your assets. The amount of the fee is determined between you and your dealer and may be paid by redeeming a sufficient number of shares. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Short-term trading fees | If you redeem shares of a Fund, or switch shares of a Fund to a different Russell Fund, in either case within thirty (30) days after purchasing them, you may be charged a short-term trading fee of up to 2% of the value of those shares. This fee will be paid to the Fund and is in addition to any other fees that may apply. We also may require that you redeem all of your holdings in the Fund. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reclassification fees | <p>You will pay to us a reclassification fee if you switch Redemption Fee Securities:</p> <ul style="list-style-type: none"> › to a different series of shares of the same Fund under a different purchase option, or › from a Fund to another Corporate Fund under a different purchase option. <p>The reclassification fee is payable to us at the time you make the switch and is equal to the redemption fee you would have paid if you had redeemed your shares. We collect the reclassification fee by redeeming a sufficient number of your shares.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Fees and expenses payable directly by you CONTINUED

| | |
|--|--|
| Large transaction fee | If, within a thirty (30) day period, you redeem, or switch to a different Russell Fund, shares having an aggregate value exceeding 10% of the aggregate value of all outstanding shares of the series of the Fund redeemed or switched from, the Fund may charge you a large transaction fee not exceeding 0.5% of the value of the shares redeemed or switched. |
| Fees for the Systematic Purchase Program | None |
| Fees for the Systematic Withdrawal Program | None |
| Fees for the Dollar-Cost Averaging Program | None |

Impact of sales charges

The table below shows the fees you would have to pay if you purchased shares of a Fund under our different purchase options. It assumes that:

- › You invest \$1,000 in the Fund for each period and redeem all of your shares immediately before the end of that period; and
- › The sales fee you negotiate with your dealer under the front load purchase option is 5%.

| | When you purchase your shares | 1 year | 3 years | 5 years | 10 years |
|---------------------------------------|-------------------------------|--------|---------|---------|----------|
| Front load purchase option | \$50 | — | — | — | — |
| Low load purchase option | — | \$30 | \$20 | — | — |
| Deferred sales charge purchase option | — | \$60 | \$50 | \$40 | — |
| No load purchase option | n/a | n/a | n/a | n/a | n/a |

Dealer compensation

Sales fees

Your dealer may receive a fee when you purchase shares.

If you purchase shares under the front load purchase option, you will pay to your dealer a sales fee of up to 5% of the amount you invest. The fee is negotiated between you and your dealer and is deducted from your investment.

If you purchase shares under the low load purchase option or the DSC purchase option, we will pay your dealer a fee equal to a percentage of the amount you invest as described below.

| Fund | Sales Fee Paid to Dealer (%) | |
|--|------------------------------|---------------------|
| | Low Load Purchase Option | DSC Purchase Option |
| Russell LifePoints Fixed Income Class Portfolio | 1.5% | 4.0% |
| Russell LifePoints Conservative Income Class Portfolio | 2.5% | 5.0% |
| Russell LifePoints Balanced Income Class Portfolio | 2.5% | 5.0% |

Trailer fees

Trailer fees are amounts we pay to dealers to compensate them for providing ongoing services to you. These fees are calculated as an annual percentage of the average daily value of the shares you hold and are paid out of the management fees we receive from each Fund. The trailer fee percentage varies based on the Fund, series and purchase option you chose when you purchased your shares and the length of time that you have owned the shares, as summarized in the table below.

| Fund | Series | Trailer Fee if Purchased Under the Low Load or Deferred Sales Charge Purchase Option (%) | | Trailer Fee if Purchased Under the No Load or Front Load Purchase Option (%) |
|--|--------|--|---------------------|--|
| | | Not Matured Securities* | Matured Securities* | |
| Russell LifePoints Fixed Income Class Portfolio | B | 0.25 | 0.75 | 0.75 |
| Russell LifePoints Conservative Income Class Portfolio | B | 0.25 | 1.00 | 1.00 |
| Russell LifePoints Balanced Income Class Portfolio | B, I-5 | 0.50 | 1.25 | 1.25 |

* *Matured Securities* are shares of a Fund that were purchased under the low load purchase option and have been held for at least three years, or that were purchased under the deferred sales charge (DSC) purchase option and have been held for at least seven years. *Not Matured Securities* are shares of a Fund that were purchased under the low load purchase option and have been held for less than three years, or that were purchased under the deferred sales charge (DSC) purchase option and have been held for less than seven years.

Trailer fees are exclusive of any applicable taxes.

We may change the terms of the trailer fees or cancel them at any time. We do not pay trailer fees for Fee Based Securities. Fee Based Securities are available only to investors enrolled in a fee-for-service or wrap program who pay their dealer directly.

Marketing and promotional fees

We may pay approved dealers for promotional activities and marketing expenses as allowed by Canadian securities regulations. In particular, we may pay for materials to help support the sales efforts of the dealers or share some of the advertising costs.

Dealer compensation from management fees

As each Fund is newly established, no management fees from the Funds have been used to fund commissions, trailer fees, promotional activities and marketing expenses for shares of the Funds.

Income tax considerations for investors

This summary of Canadian federal income tax considerations only applies to individual investors (other than trusts) who are residents of Canada, deal with the Funds at arm's length and hold their shares as capital property. This summary assumes that the Corporation qualifies as a mutual fund corporation under the *Income Tax Act* (Canada) (the "Tax Act") at all material times. This summary is not exhaustive and is based on tax rules and legislation as of the date of this Simplified Prospectus. Please consult with a tax advisor about your own circumstances. Please also see the annual information form for additional tax information.

The Funds

As a mutual fund corporation, the Corporation can have three types of income:

- › *Canadian dividends*. These are subject to a tax which is fully refundable provided the Corporation pays sufficient ordinary taxable dividends to its shareholders.
- › *Taxable capital gains*. These are subject to tax at full corporate income tax rates. This tax is refundable through the capital gains redemption formula and by paying capital gains dividends to shareholders.
- › *Other income*: This is subject to tax at full corporate income tax rates and is not refundable. The Corporation does not qualify for reduced corporate tax rates that are available to other corporations for certain types of income.

The Corporation must include the revenues, deductible expenses, and capital gains and losses of all of its investment portfolios when it calculates its taxable income. We will allocate the taxes payable and recoverable of the Corporation to each of its share classes and series. The Corporation may pay ordinary taxable dividends or capital gains dividends to shareholders of any class or series in order to receive a refund of taxes on Canadian dividends and capital gains taxes under the refund mechanisms described above.

Shares held in a Registered Plan

Shares of the Funds are qualified investments for Registered Plans. If you hold shares of a Fund in a Registered Plan, you generally pay no tax on dividends or distributions paid from the Fund on those shares or on any capital gains that your Registered Plan realizes from redeeming or switching shares. However, withdrawals from Registered Plans, other than tax-free savings accounts, are generally taxable at your personal marginal income tax rate.

Shares not held in a Registered Plan

Income to you

Your investment in a Fund can generate income for tax purposes in two ways:

- › **Dividends by the Fund**. When a Fund earns income from its investments or realizes a capital gain by selling securities, the Fund may pass these amounts on to you as a *dividend*.
- › **Capital gains (or losses)**. You can realize a capital gain (or loss) when you redeem or switch your shares of a Fund for more (or less) than you paid for them. However, you will not realize a capital gain (or loss) when you switch shares of one series of a Fund to shares of another series of the same Fund, or when you switch to a different Corporate Fund.

If you hold shares of a Fund outside a Registered Plan, you must include the following in calculating your income each year:

- › *Dividends from the Fund:* Any dividends paid to you by the Corporation whether you receive them in cash or you reinvest them in additional shares of the Fund. These dividends may include ordinary taxable dividends or capital gains dividends. Ordinary taxable dividends are subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations and include “eligible dividends” which are subject to an enhanced gross-up and dividend tax credit. Capital gains dividends are treated as capital gains realized by you. In general, you must include one-half of the amount of a capital gain in your income for tax purposes.
- › *Capital Gains from selling or switching shares:* The taxable portion of any capital gains you realize from selling your shares (including to pay any fees described in this Simplified Prospectus) or switching your shares (other than a switch between series of the same Fund or a switch to another Corporate Fund) when the value of the shares is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of shares redeemed or switched is less than their adjusted cost base plus reasonable costs of disposition (including any redemption fees), you will have a capital loss. You may use capital losses you realize to offset capital gains.
- › *Management fee rebates:* Generally, the amount of any management fee rebates we paid to you in respect of a Fund.

All reported amounts (including adjusted cost base, dividends and proceeds of disposition) must be computed in Canadian dollars.

We will issue a tax slip to you each year for the Corporation that shows the taxable amount of your dividends and any federal dividend tax credit that applies, as well as any capital gains dividends paid by the Corporation and any return of capital.

Dividends paid by the Corporation and capital gains realized on the disposition of shares may give rise to alternative minimum tax. Alternative minimum tax is a tax that may be payable by you in circumstances where a recalculation of your income using different rules and different tax rates results in a larger amount of tax than otherwise would be payable by you.

In certain circumstances, the Corporation may be prevented from recognizing capital losses on the disposition of its securities. This may increase the amount of capital gains dividends that are paid to you.

You should consult your tax advisor about the tax treatment in your particular circumstances of any investment advisory fees you pay to your dealer when investing in the Funds.

Return of capital

Each monthly distribution paid by the Corporation is expected to be a return of capital. In the event that a monthly distribution cannot be paid by the Corporation for a series of a Corporate Fund as a return of capital, that Corporate Fund’s monthly distribution will instead be a dividend.

A return of capital is not taxable, but will reduce the adjusted cost base of your shares. If the adjusted cost base of your shares becomes a negative amount at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and the adjusted cost base of your shares will be reset to zero.

Buying shares late in the year

The net asset value per share of a Fund may include dividends that the Fund has received and capital gains that the Fund has realized, but not yet paid out as a dividend. If you buy shares of a Fund just before it pays a dividend, you may have to pay tax on that dividend, even though it results from dividends that the Fund received and capital gains that the Fund realized before you owned shares of the Fund. You also may have to pay tax on a capital gain dividend paid by the Fund in a subsequent year in respect of net capital gains it realizes, even though the Fund may have earned such capital gains before you bought your shares. See “Income to you” above for more information regarding how dividends paid to you by a Fund are taxed.

Turnover rate

Certain Funds may be expected to have a high portfolio turnover rate due to their investment strategy. The higher turnover of investments may cause these Funds to incur higher brokerage costs and may increase the amount of dividends that are paid to you by these Funds. There is not necessarily a relationship between a Fund’s turnover rate and its performance.

Calculating your adjusted cost base

In general, the adjusted cost base of each of your shares of a particular series of a Fund can be calculated using the following steps:

1. Add together your initial investment and all your additional investments in shares of that series of the Fund (including any sales charges paid under the front load purchase option).
2. Add to the result of Step 1 all your dividends and management fee rebates reinvested in additional shares of that series of the Fund.
3. Subtract from the result of Step 2 any return of capital distributions to you from the Fund in respect of shares of that series of the Fund.
4. Subtract from the result of Step 3 the adjusted cost base of any shares of that series of the Fund that you previously redeemed or switched.
5. Divide the result of Step 4 by the number of shares of that series of the Fund that you continue to hold.

You should keep detailed records of the purchase cost of your investments and dividends and distributions you receive on those shares so you can calculate their adjusted cost base. All amounts must be computed in Canadian dollars. Other factors may affect the calculation of the adjusted cost base and you may want to consult a tax advisor.

In certain situations where you dispose of shares of a Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired shares of the same Fund (which are considered to be “substituted property”) within thirty (30) days before or after you dispose of your shares. In these circumstances, your capital loss may be deemed to be a “superficial loss” and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the shares which are substituted property.

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to purchase shares of the Funds within two (2) business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to purchase shares of the Funds and get your money back, or to make a claim for damages, if the Simplified Prospectus, annual information form or financial statements misrepresent any material facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory, or consult your lawyer.

Specific information about each of the mutual funds described in this document

Introduction

In the pages that follow, we have provided specific information about each Fund. Please read this introductory section for general information that also applies to each Fund.

The Russell investment process

Investment styles

In our view, no one investment style within an asset class will consistently outperform competing styles. For instance, at any point in time investment styles favouring securities with growth characteristics may outperform styles favouring income producing securities and vice versa. It is largely for this reason that no single manager has consistently outperformed the market over extended periods. Also, while performance cycles do tend to repeat themselves, they do not do so predictably.

We attempt to reduce the risk relating to any one investment style by using a combination of investment styles. The styles we use in the Russell Funds may include any of the styles described below. While the Funds do not directly use any of these styles, they indirectly use these styles through their investments in the Underlying Funds.

- › **Value:** The value style focuses more on the current price of a stock as opposed to future earnings. A value investor will make a judgement that the current price of a stock is too low and that they will be rewarded if the stock price reverts back to more normal levels. This implies that the value investor is counting on the price/earnings multiple to expand.
- › **Market-Oriented:** This style attempts to track the broad market in a general sense. A market-oriented style can be distinguished from a growth or value style in that the market-oriented style will provide diversification by making both growth and value stock selections. The emphasis on either growth or value may vary at any point in time, but a market-oriented style will not generally exhibit a persistent growth or value bias.
- › **Growth:** The growth style focuses on future earnings growth. If the expected earnings growth of a stock materializes and the price/earnings multiple remains at least constant, then the stock's price should rise. The focus of a growth investor is more on the future than the present. Holdings will typically exhibit higher growth rates and higher valuations than the overall market.
- › **Small-capitalization:** This style focuses on the stocks which are smaller in market cap than their large cap counterparts. These stocks normally comprise roughly the bottom two-thirds of the securities in the relevant index.

The styles we use in the fixed income Russell Funds may include any of the following:

- › **Interest Rate Management:** This investment style focuses on adding value through management of the Russell Fund's duration and yield curve exposures versus its benchmark. *Duration* is the weighted average term-to-maturity of all cash flows from a bond. It takes into account a bond's coupon rate and yield-to-maturity and is a more precise measure of a bond's sensitivity to interest rate changes than the simple term-to-maturity. The *yield curve* refers to a series of interest rates plotted against their term to maturity. In a normal interest rate environment, a bond's interest rate increases with the length of its term to maturity.

- › **Sector Selection:** This strategy focuses on adding value by investing (over weighting or under weighting relative to the benchmark) in sectors of the bond market deemed to have attractive risk/reward characteristics. Examples include Government of Canada bonds, provincial bonds, corporate bonds and high-yield bonds.
- › **Security Selection:** This style focuses on adding value by constructing a portfolio with a higher yield-to-maturity but similar duration to a benchmark. This involves selecting bonds by trading off the default and other risks of corporate bonds against the higher yield they provide relative to comparable Government of Canada bonds.
- › **Global Management:** This style tactically invests in bonds from non-Canadian issuers. This is done when there are attractive opportunities relative to opportunities in the Canadian market. This strategy will normally hedge most of the foreign currency exposure of foreign bonds into Canadian dollars.
- › **Currency Management:** This style separates the management of currency risk from the security selection decisions. It differs from Global Management in that, rather than solely hedging the foreign currency exposure from foreign bonds back into Canadian dollars, this style normally attempts to add value by strategically taking advantage of investment opportunities in the currency market.

While a Russell Fund cannot change its investment objectives without the approval of its shareholders or unitholders, a Russell Fund may change its investment styles and investment strategies at any time without advance notice. In addition, each Russell Fund may depart temporarily from its investment objectives as a result of adverse market, economic or other considerations. If so, we may as a temporary measure increase the cash or short-term money market investments held by the Russell Fund.

The top 25 holdings of each Russell Fund are generally disclosed on the Russell Investments website, at www.russell.com/ca, approximately fifteen business days after the end of each calendar quarter. The top 10 holdings of each Russell Fund may also be disclosed on the Russell Investments website on a monthly basis, and such disclosure may be made immediately after the end of each month. From time to time, we also may disclose portfolio holdings of the Russell Funds to institutional investors invested in those Russell Funds, generally for their audit, analysis or reporting purposes. We will provide such information to institutional investors only if the portfolio holdings will not be used by the institutional investor for trading purposes or in violation of any applicable laws, or in a manner that could harm the Russell Funds or its other investors. When we provide this information to an institutional investor, we require that the institutional investor enter into an agreement with us that restricts their use of this information to non-trading purposes that are in accordance with applicable laws.

Sub-adviser selection

Another impact on risk and return is the ability of the sub-adviser.

Sub-advisers are selected based primarily upon the research and recommendations of us and our affiliated companies. We evaluate quantitatively and qualitatively the sub-adviser's skills and results in managing assets for specific asset classes, investment styles and strategies. Short-term investment performance, by itself, is not necessarily a controlling factor in the selection or termination of any sub-adviser.

Each sub-adviser has complete discretion to purchase and sell portfolio securities for its segment of a Russell Fund. At the same time, however, each sub-adviser must operate within each Russell Fund's investment objectives, restrictions and policies. Additionally, each sub-adviser must operate within more specific constraints developed, from time to time, by us. We develop such constraints for each sub-adviser based on our assessment of the sub-adviser's expertise and investment style. By assigning more specific constraints to each sub-adviser, we intend to capitalize on the strengths of each sub-adviser and to combine their investment activities in a complementary fashion. Although we monitor all sub-advisers on an ongoing basis, we do not direct the individual security selections of any sub-adviser. We may hire or terminate sub-advisers at any time.

Although most of the decisions relating to the purchasing and selling of securities are done by the sub-advisers, there are times in which we may be directing the purchasing or selling of securities for the Russell Funds. For example, if a sub-adviser is terminated, we may manage the transition from the previous sub-adviser to the new sub-adviser(s) and if necessary, manage the portfolio on an interim basis. We may also purchase or sell securities on behalf of sub-advisers to facilitate contributions or redemptions to or from the Russell Funds. We may become involved in the trading of a security whose weight approaches 10% of a Russell Fund so that we can ensure that the Russell Fund remains in compliance with regulatory restrictions.

Russell Implementation Services Inc. ("RIS"), in Seattle, Washington, acts as a sub-adviser from time to time to each Russell Fund in connection with each Russell Fund's use of derivatives and in assisting us with the transition of a Russell Fund from its previous sub-adviser to a new sub-adviser. Frank Russell Company, Seattle, Washington, acts as a sub-adviser, from time to time to each Russell Fund in connection with providing sub-adviser research, selection and monitoring services to us, as well as in connection with portfolio management services.

Investment Return Target-Setting

From time to time, as part of Russell's investment management and risk reduction process, the Russell Funds may attempt to maintain tracking error of investment returns within a specified range from a target based on each Russell Fund's investment objective and strategies.

Regional and Sector Weightings

Certain Russell Funds may allocate their assets to the U.S. and foreign markets or to industry sectors according to their regional or industrial sector weightings included in an appropriate index.

Use of derivatives

Each Fund may use derivatives for hedging and non-hedging purposes. A *derivative* generally is a contract between two parties to buy or sell an underlying investment at a later date. The value of the contract is based upon, or derived from, the value of the underlying investment being purchased or sold.

Examples of derivatives include options, debt-like securities, forward contracts, futures contracts and swaps. An *option* is the right, but not an obligation, to buy or sell specific securities or properties at a specified price within a specified time. A *debt-like security* is a debt instrument where the amount of interest and/or principal payable by the issuer is linked, in whole or in part, to the performance of an underlying interest. A *forward contract* is an agreement for the future delivery or sale of a foreign currency, commodity or other asset, with the price set at the time the agreement is made. A *futures contract* is similar to a forward contract, except that it is a standardized contract traded on a futures exchange and the price is set through the exchange. A *swap* is an agreement to exchange principal amounts of a security or to receive cash payments or an underlying asset based on the value, level or price, or change in value, level or price, of the underlying asset. Please see the section relating to each Fund for more information on how the Fund expects to use derivatives.

When a Fund uses derivatives for hedging purposes, the Fund is seeking to protect against potential losses due to changes in interest rates, foreign exchange rates, commodity prices, credit spreads or stock prices.

A Fund may use derivatives for non-hedging purposes for several reasons. For example, a derivative may be less expensive to buy and sell than the underlying investment. In some cases, a derivative may be more liquid than its underlying investment or may provide the Fund with a means to gain exposure to a particular market without actually buying securities in that market. As well, it sometimes is possible to change an investment portfolio more quickly by using a derivative rather than by purchasing and selling investments directly. Certain derivatives can enhance returns for other investments held by the Fund.

Each Fund also must hold a certain amount of cash to meet redemption requests. However, holding cash can make it difficult for a Fund to achieve its investment goals. In these circumstances, the Fund may use a derivative which allows the Fund to maintain its cash reserve while receiving a return on that cash reserve similar to that of a market index. For example, a Fund can enter into a futures contract linked to the S&P/TSX 60 stock index which provides a return similar to the return which would be achieved if the Fund purchased all of the stocks that make up that index, but purchasing the futures contract is faster and less expensive than directly purchasing all the stocks that make up that index. This is called "cash equitization".

Forward contracts also may be used. In a forward contract, the Fund enters into a contract with a counterparty to purchase or sell a security or a currency at a fixed date in the future at a fixed price. If the value of that contract increases, the contract may be sold prior to its maturity date to generate income for the Fund. A Fund may enter into a forward currency contract to effectively convert Canadian cash to foreign currency. In this way, the Fund predetermines the exchange rate for the cash as at a future date.

The Funds also may use other derivatives to the extent permitted by Canadian securities regulations or to the extent the Funds have received permission to deviate from these regulations. Derivatives will be used for non-hedging purposes only when a Fund has enough cash or securities to cover its exposure to the derivatives. Derivatives will not be used to leverage assets.

Each Fund has received an exemption from National Instrument 81-102 (“NI 81-102”) which permits the Fund to engage in the following derivatives transactions in accordance with certain conditions imposed by the exemption:

1. To enter into interest rate swaps and credit default swaps with a remaining term to maturity greater than 3 years,
2. To the extent that cash cover is required in respect of specified derivatives, to cover specified derivative positions with:
 - (a) any bonds, debentures, notes or other evidences of indebtedness that are liquid and have a remaining term to maturity of 365 days or less and an “approved credit rating” as defined in NI 81-102 (“Fixed Income Securities”),
 - (b) floating rate evidences of indebtedness (“FRNs”) which are a “conventional floating rate debt instrument” as defined in NI 81-102 with principal amounts having a market value of approximately par at the time of each change in the rate to be paid and the interest rates are reset no later than every 185 days and
 - (i) if the FRN is issued by the government of Canada or the government of a province or territory of Canada, the principal and interest of the FRN is fully and unconditionally guaranteed by such federal, provincial or territorial government,
 - (ii) if the FRN is issued by the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state, or a “permitted supranational agency” as defined in NI 81-102, the principal and interest of the FRN is fully and unconditionally guaranteed by such government or permitted supranational agency and the FRN has an “approved credit rating” as defined in NI 81-102, and
 - (iii) if the FRN is issued by another person or company, the FRN has an “approved credit rating” as defined in NI 81-102, and
 - (c) securities of money market mutual funds we manage to which NI 81-102 applies (“Money Market Fund Securities”),

3. To use as cover when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract:
 - (a) cash cover, Fixed Income Securities, FRNs and Money Market Fund Securities (collectively, "Cover") in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative,
 - (b) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and Cover that together with margin on account for the position, is not less than the amount, if any, by which the strike price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest, or
 - (c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract,
4. To use as cover, when the Fund has a right to receive payments under an interest rate swap:
 - (a) Cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap,
 - (b) a right or obligation to enter into an offsetting interest rate swap on an equivalent quantity and with an equivalent term and Cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the interest rate swap less the obligations of the Fund under such offsetting interest rate swap, or
 - (c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the interest rate swap.

Who should invest in this Fund?

This section will help you decide, with your dealer's help, whether a Fund is right for you. **This information is only a guide.** In this section, we state what type of investor should consider an investment in the Fund. For example, an investor may want to grow their capital over the long term or may want to protect their investment or earn income. Equities generally give higher returns over the long-term than fixed income investments, but they can also go up and down in value a great deal over the short term. Conversely, fixed income returns are generally lower over the long-term when compared to equities, however they don't usually fluctuate as much. Fixed income securities are therefore considered to be a lower-risk investment than equity securities. Money market investments generally provide lower returns than fixed income or equity securities, but are also lower in risk. An investor may wish to invest outside of a registered plan or may wish to invest in a specific region or industry.

We also assign a risk rating to each Fund using the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada ("IFIC") to

determine the risk ratings of mutual funds. The methodology includes both quantitative and qualitative considerations. The IFIC Task Force concluded that the most comprehensive, easily understood form of quantitative risk in this context is historical volatility risk as measured by the standard deviation of fund performance. Standard deviation is a common statistic used to measure the volatility and risk of an investment. Mutual funds with higher standard deviations are generally classified as being more risky. You can obtain an explanation of the methodology at no cost by:

- › Calling Russell Investments Canada Limited
toll free at 1-888-509-1792
- › Sending us an email at: canada@russell.com
- › Writing to us at the following address: Russell Investments Canada Limited
1 First Canadian Place
100 King Street West, Suite 5900
Toronto, Ontario, M5X 1E4
Attention: Director, Client Services

You should know that other types of risk, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, a Fund's historical volatility may not be indicative of its future volatility. We review annually the risk rating assigned to each Fund and our recommendation concerning tolerance for risk is based primarily on our review of the past volatility of the Fund.

Here are the IFIC risk rating categories:

Low – for mutual funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed-income funds;

Low to medium – for mutual funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

Medium – for mutual funds with a level of risk that is typically associated with investments in equity portfolios that are broadly-diversified among a number of large-capitalization Canadian and/or international equity securities;

Medium to high – for mutual funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High – for mutual funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

A Fund may be suitable for you as an individual component within your entire portfolio, even if the Fund's risk rating is higher or lower than your personal risk tolerance level. When you choose investments through your dealer, you should consider your whole portfolio, investment objectives, your time horizon, and your personal risk tolerance level.

Distribution policy

The board of directors of the Corporation determines when dividends are paid by the Corporation. The history of dividends paid from the Corporation is no indication of future dividend payments. Several factors determine the dividends to be paid from the Corporation. These include, but are not limited to, net switches, realized and unrealized gains, and distributions from the underlying investments.

The distribution policy of the Corporation is to pay such dividends annually as are necessary for the Corporation to obtain refunds of any refundable taxes. Generally, any annual capital gains dividend will be paid within 60 days following June 30 and any other annual dividend that will provide the Corporation with a refund of taxes will be paid on or before June 30. The Corporation does not have a policy of regularly paying dividends with respect to any Fund. The board of directors of the Corporation has the right to pay dividends on shares of any class or series and in any amount that the board believes is appropriate in the relevant circumstances. The Corporation may change or deviate from the distribution policies described above at any time, and with respect to any class or series of shares.

Each Fund offers series of shares where the Fund expects to make monthly distributions attributable to such series. Please see the section relating to each Fund for additional information concerning such monthly distributions.

We automatically reinvest all dividends and distributions to purchase additional shares of the same series of the Fund. You may request that all dividends and distributions paid by a Fund be paid to you in cash by notifying your dealer in writing. Your request will take effect with respect to dividend and distribution dates falling at least 15 days after such notice.

Russell LifePoints Fixed Income Class Portfolio

FUND DETAILS

| | |
|----------------------------------|--|
| Type of fund | Fixed income |
| Date the fund was started | January 9, 2012 |
| Type of securities offered | Series B and F shares |
| Eligibility for registered plans | This Fund is eligible as an investment for Registered Plans. |

WHAT DOES THE FUND INVEST IN?

Investment objective

The Fund's objective is to provide income primarily through exposure to Canadian and foreign fixed income investments. To achieve its objective, the Fund will invest primarily in other mutual funds.

The investment objective cannot be changed unless shareholders of the Fund approve the change at a meeting.

Investment strategies

The target asset allocation of the Fund is:

- › Fixed income exposure 100%

To achieve its objective, the Fund invests primarily in Underlying Funds. The decision to invest in an Underlying Fund is based on Russell's assessment of the market outlook and the Underlying Fund's ability to help the Fund meet its stated investment objectives. We may replace the Underlying Funds with other Funds or change the weighting of the Underlying Funds at any time without advance notice.

It is our current strategy to hold the Underlying Funds as set out below in approximately the percentages shown below.

| | |
|--------------------------------------|-----|
| Russell Canadian Fixed Income Fund | 50% |
| Russell Core Plus Fixed Income Pool | 43% |
| Russell Global High Income Bond Pool | 7% |

We monitor the asset allocation of the Fund on a daily basis and generally will rebalance when the asset allocation varies by more than 5% from the target asset allocation. We may in our discretion perform rebalancing more frequently.

There is no specific allocation for cash, but the Fund will hold cash for various purposes.

Each of Russell Canadian Fixed Income Fund, Russell Core Plus Fixed Income Pool and Russell Global High Income Bond Pool may invest up to 10% of its assets in asset-backed commercial paper from time to time.

The Fund may use derivatives from time to time for hedging and non-hedging purposes. The Fund may use derivatives to hedge against changes in the value of the Fund's investments caused by changes to the exchange rates between the Canadian dollar and other currencies. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information on how derivatives may be used by this Fund.

The Fund has received an exemption from the Canadian securities regulators which permits the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information concerning this exemption.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Investing in the Russell LifePoints Fixed Income Class Portfolio and, indirectly, the Underlying Funds is subject to the following risks:

- › Concentration risk
- › Credit risk
- › Currency risk
- › Derivatives risk
- › Emerging markets risk
- › Foreign investment risk
- › Interest rate risk
- › Large investor risk
- › Liquidity risk
- › Multi-class risk
- › Multi-series risk
- › Securities lending risk

For more information about these risks as well as a general discussion about the risks of investing in mutual funds, please see "What is a mutual fund and what are the risks of investing in a mutual fund?" on page 6.

WHO SHOULD INVEST IN THIS FUND?

The Russell LifePoints Fixed Income Class Portfolio is suitable for those investors who:

- › Have a low tolerance for risk
- › Want to invest for the intermediate to long-term
- › Want to receive interest income
- › Want to invest in fixed income (Canadian and foreign)
- › Want monthly distributions and will accept a return of capital



DISTRIBUTION POLICY

The Fund intends to make regular monthly distributions of a return of capital on each series of its shares so long as there is sufficient capital attributable to the relevant series. Monthly distributions will be in amounts we estimate to be approximately 1/12 of the Fund's return for the year. Each distribution generally will be a return of capital but will adjust the cost base of your shares. We automatically reinvest your distributions in the same series. If you would like to receive your distributions in cash, please notify your dealer. Your request will take effect with respect to distribution dates falling at least 15 days after we receive the request.

Monthly distributions are not guaranteed to occur on a specific date and the Fund is not responsible for any fees or charges incurred by you because the Fund did not make a distribution on a particular day.

Other than as described above, the distribution policy of the Corporation is to pay such dividends annually as are necessary for the Corporation to obtain refunds of any refundable taxes. The Corporation does not have a policy of regularly paying dividends. See "Specific information about each of the mutual funds described in this document – Distribution Policy" on page 40 for additional information.

For information about how dividends and distributions can affect your taxes, see "Income tax considerations for investors" on page 29.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

This information is not currently available because this Fund was recently created.

Russell LifePoints Conservative Income Class Portfolio

FUND DETAILS

| | |
|----------------------------------|--|
| Type of fund | Balanced |
| Date the fund was started | January 9, 2012 |
| Type of securities offered | Series B and F shares |
| Eligibility for registered plans | This Fund is eligible as an investment for Registered Plans. |

WHAT DOES THE FUND INVEST IN?

Investment objective

The Fund's investment objective is to provide income and some long-term capital growth primarily through exposure to Canadian fixed income investments, foreign fixed income investments and equity securities. To achieve its objective, the Fund will invest primarily in other mutual funds.

The investment objective cannot be changed unless shareholders of the Fund approve the change at a meeting.

Investment strategies

The target asset allocation of the Fund is:

- › Fixed income exposure 80%
- › Equity exposure 20%

The equity exposure of the Fund is roughly one-third Canadian equities, and two-thirds foreign equities.

To achieve its objective, the Fund invests primarily in Underlying Funds. The decision to invest in an Underlying Fund is based on Russell's assessment of the market outlook and the Underlying Fund's ability to help the Fund meet its stated investment objectives. We may replace the Underlying Funds with other Funds or change the weighting of the Underlying Funds at any time without advance notice.

It is our current strategy to hold the Underlying Funds as set out below in approximately the percentages shown below.

| | |
|--------------------------------------|-----|
| Russell Canadian Fixed Income Fund | 40% |
| Russell Core Plus Fixed Income Pool | 35% |
| Russell Global High Income Bond Pool | 5% |
| Russell Canadian Dividend Pool | 7% |
| Russell Focused US Equity Pool | 7% |
| Russell Overseas Equity Fund | 6% |

We monitor the asset allocation of the Fund on a daily basis and generally will rebalance when the asset allocation varies by more than 5% from the target asset allocation. We may in our discretion perform rebalancing more frequently.

There is no specific allocation for cash, but the Fund will hold cash for various purposes.

Each of Russell Canadian Fixed Income Fund, Russell Core Plus Fixed Income Pool and Russell Global High Income Bond Pool may invest up to 10% of its assets in asset-backed commercial paper from time to time.

The Fund may use derivatives from time to time for hedging and non-hedging purposes. The Fund may use derivatives to hedge against changes in the value of the Fund's investments caused by changes to the exchange rates between the Canadian dollar and other currencies. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information on how derivatives may be used by this Fund.

The Fund has received an exemption from the Canadian securities regulators which permits the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information concerning this exemption.

We may change the Fund's investment strategies at our discretion, at any time.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Investing in the Russell LifePoints Conservative Income Class Portfolio and, indirectly, the Underlying Funds is subject to the following risks:

- › Concentration risk
- › Credit risk
- › Currency risk
- › Derivatives risk
- › Emerging markets risk
- › Foreign investment risk
- › Interest rate risk
- › Large investor risk
- › Liquidity risk
- › Multi-class risk
- › Multi-series risk
- › Securities lending risk
- › Small companies risk
- › Stock market risk

For more information about these risks as well as a general discussion about the risks of investing in mutual funds, please see "What is a mutual fund and what are the risks of investing in a mutual fund?" on page 6.

WHO SHOULD INVEST IN THIS FUND?

The Russell LifePoints Conservative Income Class Portfolio is suitable for those investors who:

- › Have a low tolerance for risk
- › Want to invest for the intermediate to long-term
- › Want to receive interest income and, to a lesser extent, some long-term growth
- › Want to invest in equities and fixed income (Canadian and foreign)
- › Want monthly distributions and will accept a return of capital

DISTRIBUTION POLICY

The Fund intends to make regular monthly distributions of a return of capital on each series of its shares so long as there is sufficient capital attributable to the relevant series. Monthly distributions will be in amounts we estimate to be approximately 1/12 of the Fund's return for the year. Each distribution generally will be a return of capital but will adjust the cost base of your shares. We automatically reinvest your distributions in the same series. If you would like to receive your distributions in cash, please notify your dealer. Your request will take effect with respect to distribution dates falling at least 15 days after we receive the request.

Monthly distributions are not guaranteed to occur on a specific date and the Fund is not responsible for any fees or charges incurred by you because the Fund did not make a distribution on a particular day.

Other than as described above, the distribution policy of the Corporation is to pay such dividends annually as are necessary for the Corporation to obtain refunds of any refundable taxes. The Corporation does not have a policy of regularly paying dividends. See "Specific information about each of the mutual funds described in this document – Distribution Policy" on page 40 for additional information.

For information about how dividends and distributions can affect your taxes, see "Income tax considerations for investors" on page 29.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

This information is not currently available because this Fund was recently created.

Russell LifePoints Balanced Income Class Portfolio

FUND DETAILS

| | |
|----------------------------------|--|
| Type of fund | Balanced |
| Date the fund was started | January 9, 2012 |
| Type of securities offered | Series B, F, F-5 and I-5 shares |
| Eligibility for registered plans | This Fund is eligible as an investment for Registered Plans. |

WHAT DOES THE FUND INVEST IN?

Investment objective

The Fund's investment objective is to provide income with some long-term capital growth primarily through exposure to Canadian fixed income investments and, to a lesser extent, exposure to Canadian and foreign equity securities. To achieve its objective, the Fund will invest primarily in other mutual funds.

The investment objective cannot be changed unless shareholders of the Fund approve the change at a meeting.

Investment strategies

The target asset allocation of the Fund is:

- › Fixed income exposure 68%
- › Equity exposure 32%

The equity exposure of the Fund is roughly one-third Canadian equities, and two-thirds foreign equities.

To achieve its objective, the Fund invests primarily in Underlying Funds. The decision to invest in an Underlying Fund is based on Russell's assessment of the market outlook and the Underlying Fund's ability to help the Fund meet its stated investment objectives. We may replace the Underlying Funds with other Funds or change the weighting of the Underlying Funds at any time without advance notice.

It is our current strategy to hold the Underlying Funds as set out below in approximately the percentages shown below.

| | |
|--------------------------------------|-----|
| Russell Canadian Fixed Income Fund | 63% |
| Russell Global High Income Bond Pool | 5% |
| Russell Canadian Dividend Pool | 12% |
| Russell US Equity Fund | 7% |
| Russell Overseas Equity Fund | 6% |
| Russell Global Equity Fund | 7% |

We monitor the asset allocation of the Fund on a daily basis and generally will rebalance when the asset allocation varies by more than 5% from the target asset allocation. We may in our discretion perform rebalancing more frequently.

There is no specific allocation for cash, but the Fund will hold cash for various purposes.

Each of Russell Canadian Fixed Income Fund and Russell Global High Income Bond Pool may invest up to 10% of its assets in asset-backed commercial paper from time to time.

The Fund may use derivatives from time to time for hedging and non-hedging purposes. The Fund may use derivatives to hedge against changes in the value of the Fund's investments caused by changes to the exchange rates between the Canadian dollar and other currencies. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information on how derivatives may be used by this Fund.

The Fund has received an exemption from the Canadian securities regulators which permits the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See "Specific information about each of the mutual funds described in this document – Use of derivatives" on page 36 for additional information concerning this exemption.

We may change the Fund's investment strategies at our discretion, at any time.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Investing in the Russell LifePoints Balanced Income Class Portfolio and, indirectly, the Underlying Funds is subject to the following risks:

- › Concentration risk
- › Credit risk
- › Currency risk
- › Derivatives risk
- › Emerging markets risk
- › Foreign investment risk
- › Interest rate risk
- › Large redemption risk
- › Liquidity risk
- › Multi-class risk
- › Multi-series risk
- › Securities lending risk
- › Small companies risk
- › Stock market risk

For more information on these risks as well as the general risks of investing in mutual funds, please see "What is a mutual fund and what are the risks of investing in a mutual fund?" on page 6.

WHO SHOULD INVEST IN THIS FUND?

The Russell LifePoints Balanced Income Class Portfolio is suitable for those investors who:

- › Have a low tolerance for risk
- › Want to invest for the intermediate to long-term
- › Want to receive interest income plus some long-term growth
- › Want to invest in equities (Canadian and foreign) and fixed income
- › For investors purchasing Distribution Series shares, want monthly distributions and will accept a return of capital

DISTRIBUTION POLICY

The Distribution Series shares available from this Fund are Series F-5 and I-5. The Fund intends to make to holders of Distribution Series shares regular monthly distributions of a return of capital (the "Monthly Amount") so long as there is sufficient capital attributable to the relevant series. The Monthly Amount in any year is currently determined by us by applying a percentage to the net asset value attributable to the series. In the case of Series F-5 and I-5 shares, the annual percentage is currently 5% and the Monthly Amount is one twelfth of the amount so determined. The Monthly Amount may be changed by us at any time, including for reasons due to changes in the net asset value attributable to the series. Each distribution generally will be a return of capital but will adjust the cost base of your shares. We automatically reinvest your distributions in the same series. If you would like to receive your distributions in cash, please notify your dealer. Your request will take effect with respect to distribution dates falling at least 15 days after we receive the request.

Distributions on Series F-5 and I-5 shares are not guaranteed to occur on a specific date and the Fund is not responsible for any fees or charges incurred by you because the Fund did not make a distribution on a particular day.

Other than as described above, the distribution policy of the Corporation is to pay such dividends annually as are necessary for the Corporation to obtain refunds of any refundable taxes. The Corporation does not have a policy of regularly paying dividends. See "Specific information about each of the mutual funds described in this document – Distribution Policy" on page 40 for additional information.

For information about how dividends and distributions can affect your taxes, see "Income tax considerations for investors" on page 6.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

This information is not currently available because this Fund was recently created.

Russell Funds

Additional information about the Funds is available in the Fund's annual information form, Fund Facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they are legally part of this document, just as if they were printed as part of it. You can obtain a copy of these documents at your request and at no cost:

- › By calling Russell Investments Canada Limited toll free at 1-888-509-1792
- › By sending us an email at canada@russell.com

You can also ask your dealer for copies of any of these documents or contact us at the following address:

Russell Investments Canada Limited
1 First Canadian Place
100 King Street West, Suite 5900
Toronto, Ontario
M5X 1E4

Attention: Director, Client Services

The documents and other information about the Funds, such as information circulars and material contracts, also are available:

- › on our website at www.russell.com/ca
- › at www.sedar.com

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