

Steps to a multi-level investment strategy

A guide to Russell's Model Portfolios
for UK retail investors



Access Russell's investment expertise

Russell Model Portfolios make sophisticated investment strategies available to you with the simplicity of a single investment decision.

Introducing Russell Model Portfolios

Over
40*

of the world's top
investment managers

+

4

multi-style,
multi-manager funds

+

10

strategic, multi-asset
Russell Model
Portfolios

=

1

DECISION

Access some of the best investment managers.

Russell actively monitors more than 5000 investment manager products globally, and selects only an elite few for the IM Russell ICVC Funds which make up the Russell Model Portfolios.

Target your goals

Target your personal investment goals with a highly diversified strategy utilising multiple asset classes, multiple geographic regions, multiple economic sectors and multiple investment managers.

Make one decision

One decision gives you a complete managed portfolio with strategic diversification and outstanding investment management.

Get the attention you deserve

You benefit from the detailed research and analysis that goes into all Russell products. That way, your portfolio gets the same attention enjoyed by some of the world's largest and most sophisticated investors.

All from one of the world's investment authorities

With more than three decades of fund manager research experience and more dedicated manager research analysts than any other firm, Russell performs the vital work of keeping your money in the very best hands. No wonder we manage approximately £102 billion (as at 30.06.2011) for clients in over 40 countries.

* As at 31.08.2011. Russell may hire, dismiss or replace managers at any time. For a list of current managers, please see the IM Russell ICVC Fund information sheets.

Sophistication made simple

Russell Model Portfolios make the most sophisticated institutional style investment strategies available to individuals – with the simplicity of a single investment decision.

Product sophistication, ease of implementation

Using the IM Russell ICVC funds as the underlying components, our Model Portfolios give structured exposure to a broad range of assets, economic markets, geographic regions, industrial sectors and some of the best fund managers from around the world.

By producing truly diversified portfolios which combine the skills and complementary styles of different managers, we believe that we've created the right environment for consistent performance with reduced risk.

Adjusting the exposure to the underlying funds - and thus to a different blend of asset classes - enables us to offer a unique range of portfolios that cater for different investment objectives and investor attitudes to risk.

How they work

Our model portfolios use sophisticated modelling techniques to configure asset allocation across the underlying funds. This gives rise to a range of ten Model Portfolios, with risk ratings ranging from secure to aggressive.

Each Model Portfolio invests a set percentage of your money in the IM Russell ICVC funds. For each portfolio, we provide an indication of projected future growth and associated risk over a 10 year period based on analytical capital market assumptions.

More information about the IM Russell ICVC Fund range is available within the Prospectus and Simplified Prospectus which are available from your adviser.



Targeting your investment objectives

Our Model Portfolios are designed to help you achieve your investment objectives taking into consideration your time horizon and attitude to risk. They provide a sophisticated investment solution in a single package.

By analysing current and historic data from across the underlying markets and assets, we're able to generate a reasonable forecast of future returns and risk for the following 10 year period. We provide this level of information to help you and your adviser develop your investment plans with a degree of accuracy.

The expected return and risk for each of our ten Model Portfolio are shown on the following pages. This information is produced using Russell's Asset Class

Assumptions and is based on index data as described in the section "Expected return and risk" at the end of this brochure. Fees are not reflected in these numbers and if they were the returns would be lower. You should ask your adviser to explain the affect of fees on your portfolio.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Any past performance figures or projections of future performance are not necessarily a guide to actual future performance.



Ten model portfolios

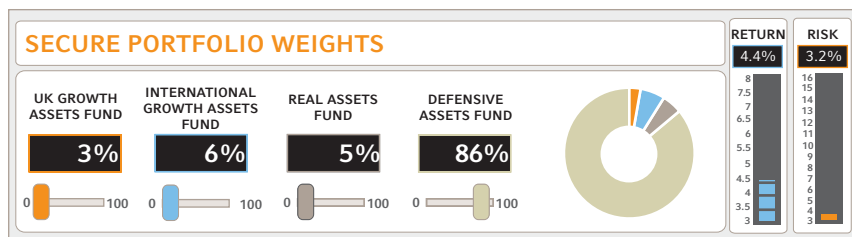
A range of ten model portfolios with a choice of risk and return profiles - we believe we have a portfolio to suit everyone. Portfolio information updated as at May 2011.

Conservative Portfolios

The primary purpose of these portfolios is to provide capital preservation with the opportunity for a modest level of growth. They aim to minimise the level of investment risk for the investor while at the same time providing the opportunity for a modest level of capital growth over the long term by investing in a diversified portfolio:

Secure Portfolio

With greater than 80% in lower risk defensive assets and the remainder in higher risk growth and real assets.

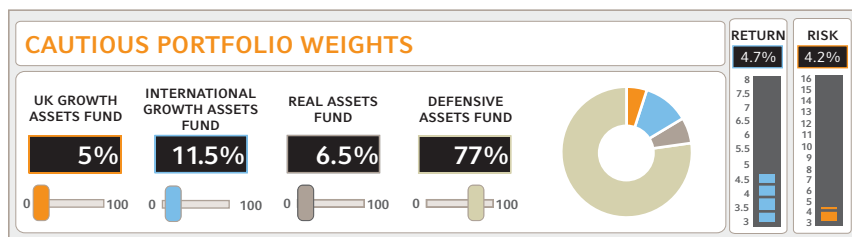


If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,519
- > there is a 5% chance that the return could be greater than £1,811
- > there is a 5% chance that the return could be lower than £1,297

Cautious Portfolio

With greater than 70% in lower risk defensive assets and the remainder in higher risk growth and real assets.

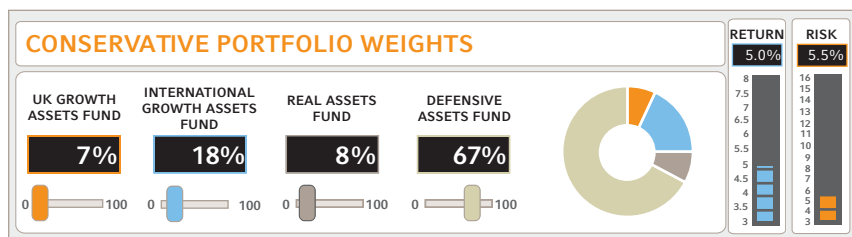


If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,550
- > there is a 5% chance that the return could be greater than £1,955
- > there is a 5% chance that the return could be lower than £1,263

Conservative Portfolio

With greater than 60% in lower risk defensive assets and the remainder in higher risk growth and real assets.



If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,587
- > there is a 5% chance that the return could be greater than £2,148
- > there is a 5% chance that the return could be lower than £1,213

Balanced Portfolios

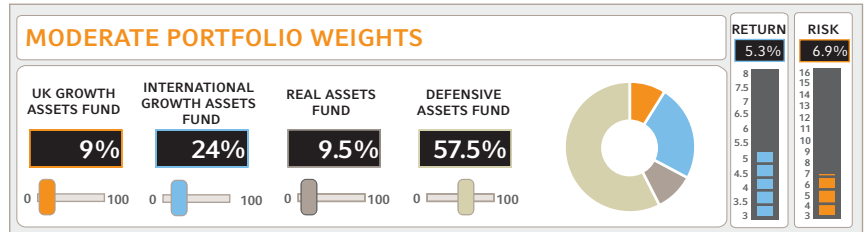
The primary purpose of these portfolios is to provide a balance between capital preservation and opportunities for growth. They aim to achieve a moderate level of capital growth over the long term while at the same time seeking to manage risk by investing in a diversified portfolio:

Moderate Portfolio

With greater than 50% in lower risk defensive assets and the remainder in higher risk growth and real assets.

If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,616
- > there is a 5% chance that the return could be greater than £2,343
- > there is a 5% chance that the return could be lower than £1,157

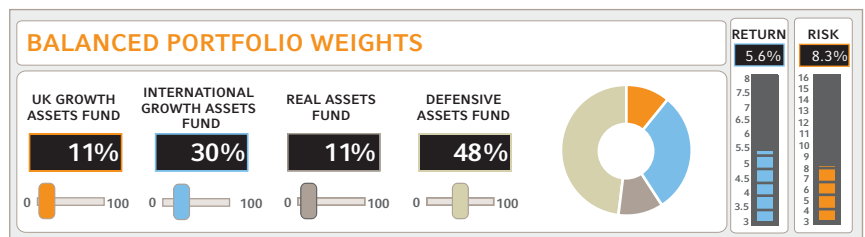


Balanced Portfolio

With greater than 50% in higher risk growth and real assets and the remainder in lower risk defensive assets.

If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,642
- > there is a 5% chance that the return could be greater than £2,547
- > there is a 5% chance that the return could be lower than £1,107

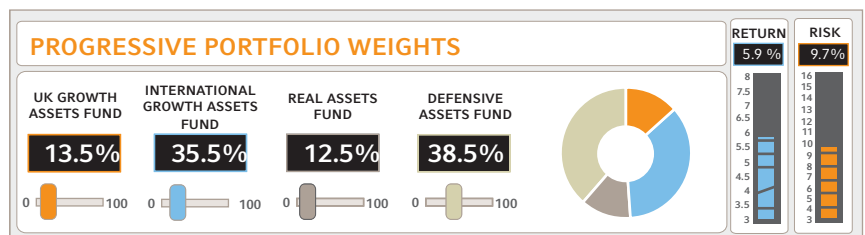


Progressive Portfolio

With greater than 60% in higher risk growth and real assets and the remainder in lower risk defensive assets.

If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,669
- > there is a 5% chance that the return could be greater than £2,810
- > there is a 5% chance that the return could be lower than £1,048

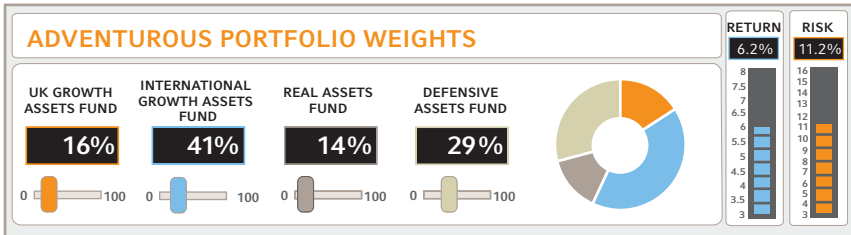


Growth Portfolios

The primary purpose of these portfolios is to maximise opportunities for growth whilst managing exposure to risk. They aim to achieve a higher level of capital growth over the long term while at the same time seeking to manage risk by investing in a diversified portfolio:

Adventurous Portfolio

With greater than 70% in higher risk growth and real assets and the remainder in lower risk defensive assets.

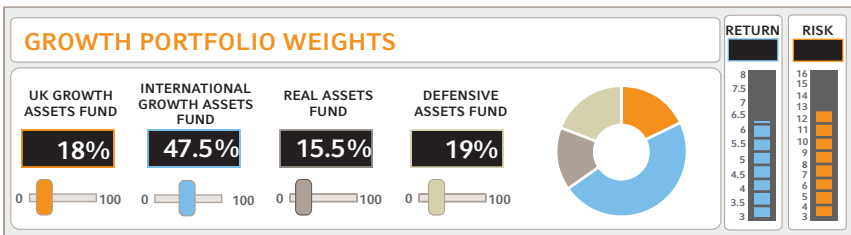


If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,695
- > there is a 5% chance that the return could be greater than £3,068
- > there is a 5% chance that the return could be lower than £978

Growth Portfolio

With greater than 80% in higher risk growth and real assets and the remainder in lower risk defensive assets.

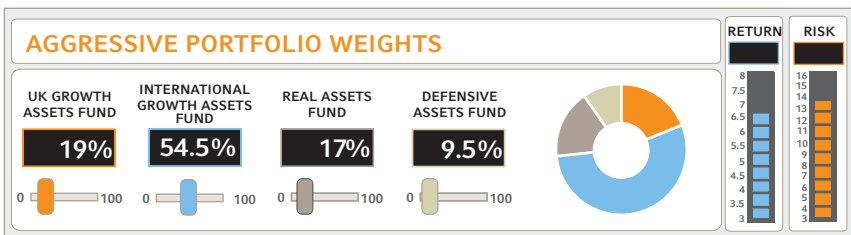


If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,715
- > there is a 5% chance that the return could be greater than £3,328
- > there is a 5% chance that the return could be lower than £912

Aggressive Portfolio

With greater than 90% in higher risk growth and real assets and the remainder in lower risk defensive assets.

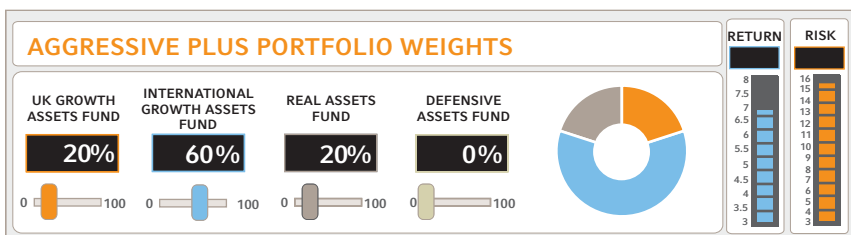


If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,732
- > there is a 5% chance that the return could be greater than £3,595
- > there is a 5% chance that the return could be lower than £861

Aggressive PLUS Portfolio

With 100% in higher risk growth and real assets.



If £1,000 is invested for 10 years, based on our calculations:

- > the target return you could expect is £1,817
- > there is a 5% chance that the return could be greater than £4,239
- > there is a 5% chance that the return could be lower than £764



Expected return and risk

The projected future Return and Risk figures quoted for each of our ten Model Portfolios are based on Russell's own analysis and modelling using the past performance of different assets as represented by separate Market Indexes.

The indexes (as listed below) are used to represent the performance of the underlying assets within each of the IM Russell ICVC Funds that are used in the construction of the Model Portfolios.

A Market Index is a statistical measure of change in an economy or a securities market (e.g. stock market or bond market). In the case of financial markets, an index is a simulated portfolio of securities representing a particular market or a portion of it (e.g. The FTSE 100 Index represents the performance of the 100 largest

companies on the London Stock Exchange). Each index has its own calculation methodology and is usually expressed in terms of a change from a base value. Thus, the percentage change is more important than the actual numeric value.

The indexes used to represent the assets in each of the funds are shown below. The percentage figure alongside each index represents the weighting of that index used to simulate the overall performance of the fund (as at 31 December 2010):

UK Growth Assets Fund:	Portfolio weightings
FTSE All Share	100%

International Growth Assets Fund:	Portfolio weightings
Russell Developed ex. UK	100%

Real Assets fund:	Portfolio weightings
Commodities: Dow Jones UBS Commodities Index	29%
Global Listed Property: FTSE EPRA/NAREIT Global real estate index	25%
Global Listed Infrastructure: S&P Global Infrastructure Index	25%
UK IL Gilts - All Stocks: FTSE Actuaries UK Index-linked Gilts All Stocks	15%
Cash: 3 Month Libor	6%

Defensive Assets fund:	Portfolio weightings
UK Credit: BarCap UK Aggregate Credit Index	19%
UK Aggregate Bonds: BarCap UK Aggregate bonds	19%
Global Aggregate Bonds (£-hedged): BarCap Global Aggregate Bonds - £hedged	19%
Cash (Active as per absolute return equity fund): 3 Month Libor	19%
Cash (Active as per active currency fund): 3 Month Libor	10%
Cash: 3 Month Libor	14%



We use these indexes as representative constituents of the funds in order to simulate past performance. The forecasts are not based on actual past performance of the funds and it is highly unlikely that the construction of the funds will exactly mirror either the suggested percentage allocation to the Indexes or the constituents within each Index.

The performance figures are provided for general comparison purposes only - they are not guaranteed and should not be used as an indication of future returns.

Indexes are unmanaged, and do not include the deduction of any management fees or expenses which would be present in the actual funds. Index performance figures are provided by the Index providers and, although deemed reliable, are not guaranteed by Russell or its affiliates. This Product is not in any way sponsored or endorsed by any of the Index Providers.

The table below gives a comparison of the expected performance and the correlation between the 4 IM Russell ICVC Funds:

Asset Class	Mean Return	Standard Deviation	Correlations			
			UK Growth	International	Real Assets	Defensive
UK Growth	7.0%	18.7%	1.00			
International	7.5%	17.5%	0.83	1.00		
Real Assets	6.0%	13.7%	0.51	0.60	1.00	
Defensive	4.0%	2.6%	0.11	0.11	0.19	1.00
<i>Inflation</i>	3.5%					

Source: Multiple sources collated by Russell Investments, 10 year outlooks as at 31 December 2010

Correlation Coefficients provide an indication of the relationship between the movements of different funds or assets (e.g. if the value of fund A goes up, does the value of Fund B go up, go down, stay the same or is it unrelated?)

- > A Correlation Coefficient of 1.0 means that the two variables have a perfectly matched relationship and move in a completely synchronised manner, e.g. a 1% increase in Fund A would also mean a 1% increase in Fund B.
- > A correlation Coefficient of -1.0 means that they move in a completely opposite way.
- > A coefficient of zero means that movements are completely unrelated.

Combining asset classes with lower or negative correlations may help reduce the volatility of returns over time.

Standard Deviation is a method of showing the risk associated with a fund or asset in terms of its volatility compared to the expected or mean return over a given period.

Please note all information shown is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analysing current market conditions and historical market trends. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not guarantees or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products. Additional information regarding Russell's basis for these assumptions is available upon request.

For more information about Russell Investments' approach to multi manager investing, please contact your financial adviser.

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The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Any forecast, projection or target is indicative only and not guaranteed in any way. Any past performance figures are not necessarily a guide to future performance. Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Any references to tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

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