

IM Russell ICVC Defensive Assets Fund

December 2011

Portfolio manager



"Defensive Assets represents the next generation of low volatility fund for the more preservation orientated investor. Defensive Assets offers a flexible and balanced portfolio of more conservative investments that complement both each other and the rest of the typical investor's portfolio."

James Ind
Portfolio Manager,
Russell Investments

Key details

Launch Date:	12 January 2010
Benchmark:	Bank of England Base Rate
Sector: (IMA/ABI)	Unclassified
AMC[^]: A Class (B, C Class)	1.35% (0.85%, 0.60%)
SEDOL A Class acc.	B4L3HZ9

[^]Note: Initial charge is 3%. Accumulation and income options available for A & C Share Classes. Please contact Russell Investments for other SEDOLs. At this time B Class accumulation has launched but B Class income has not.

Fund overview

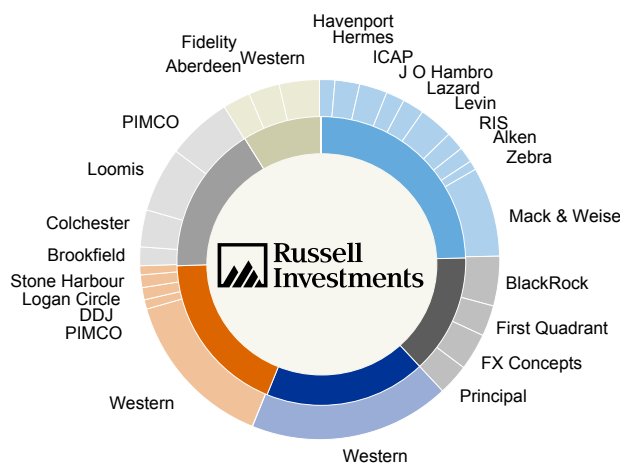
The IM Russell ICVC Defensive Assets Fund ("Fund") invests across a range of lower risk asset classes. The investment manager of the Fund is Russell Investments Limited. Whilst it is intended that the Fund be predominantly made up of cash and bond funds, it may also include other lower volatility funds managed by Russell Investments such as the Absolute Return Equity Fund and the Active Currency Fund. The Absolute Return Equity Fund captures the performance of Russell Investment's preferred advisers, but with the underlying market volatility largely removed. The Active Currency Fund gives access to international cash and foreign exchange returns. Diversification across defensive assets means that a moderate degree of additional risk can be taken within certain sectors such as corporate bonds in order to enhance returns, but without compromising the stability and efficiency of the overall portfolio.

Process

This fund of funds aims to invest in funds that are invested in lower volatility asset classes managed by specialist multi-manager teams appointed by Russell Investments. Funds managed by best in class managers will be selected for each asset class. The combination of the various asset classes into an optimal mix is carried out through rigorous portfolio modelling and in response to changing market conditions.

Fund and manager diversification

The Fund invests in other funds that are managed in totality by over 20 external expert managers. RIS allocations are managed by Russell Investments.



Data as at 30 November 2011

Asset Class	Weight	Fund
Absolute Return	24.6%	16.6% Russell Investment Company IV PLC – The Absolute Return Equity Fund 8% OpenWorld Dynamic Assets sterling hedged
Cash PLUS	13.4%	Russell Investment Company III PLC – The Active Currency Fund
Cash	18.0%	Russell Investment Company III PLC – Sterling Liquidity Fund
Corporate Bonds	18.5%	14.5% Russell Investment Company PLC – The Sterling Corporate Bond Fund 4.0% MSMM Global Strategic Yield Fund
Global Bonds	16.5%	Russell Investment Company PLC – The Global Bond Fund
Sterling Bonds	9.0%	Russell Investment Company PLC – The Sterling Bond Fund

Data as at 30 November 2011

Fund details

Russell Investment Company IV PLC – The Absolute Return Equity Fund

Benchmark: London Clearing Bank Base Rate*

The Absolute Return Equity Fund combines Russell Investments' multi-manager stock picking investment approach with a strategy that removes the exposure to the broader investment markets. Being traded daily makes this type of strategy accessible to smaller investors. The result is a fund with an absolute 'cash plus' type expected return, measured against the London Clearing Bank rate ('base rate').

OpenWorld Dynamic Assets Fund

Benchmark: ECB Base Rate

The OpenWorld Dynamic Assets Fund protects client capital and grow returns across different market environments by having a long term, global contrarian macro approach to investing. Dynamic asset allocation to express and capitalise from their long term market views

Russell Investment Company PLC – The Global Bond Fund

Benchmark: Barclays Capital Global Aggregate

The Global Bond Fund employs a multi-style, multi-manager approach to fixed income investing. The fund invests in bonds issued by governments denominated in a variety of currencies, and in investment-grade corporate bonds and other non-government sectors. The fund provides exposure to investment grade debt securities from a wide variety of government and non-government debt issuers from around the world. A large proportion of these securities will be AAA-rated, reflecting the high quality nature of the fund's benchmark. The fund does not invest in lower grade or junk bonds.

Russell Investment Company III PLC – The Active Currency Fund

Benchmark: 3 Month LIBOR (USD)

The Active Currency Fund is a multi-manager fund which allows investors to access active currency managers. In aggregate, the fund is designed to provide a diversified return in excess of a cash benchmark (3 Month USD LIBOR). Hedged share classes are also available to enable performance to be delivered relative to Sterling, Euro or Yen 3 Month LIBOR. Active currency management involves buying and selling instruments (mostly currency forwards) in order to take currency positions and thereby exploit relative currency movements.

Russell Investment Company PLC – The Sterling Bond Fund

Benchmark: Merrill Lynch Sterling Broad Market

The Sterling Bond Fund employs a multi-style, multi-manager approach. The fund uses the Merrill Lynch Sterling Broad Market Index that affords us the opportunity to access a broad range of investment opportunities, particularly in the corporate bond market. This fund could provide an ideal vehicle for core exposure to broad market UK bonds. Investments are predominantly in corporate and government sterling-denominated fixed income securities. The main sources of returns are expected to be duration management, yield curve positioning as well as sector and security selection. Tactical use of overseas bonds is permitted.

Russell Investment Company PLC – The Sterling Corporate Bond Fund

Benchmark: Merrill Lynch All Stocks Non-Gilts 10+

The Sterling Corporate Bond Fund employs a risk-controlled approach to fixed income investing. The fund invests primarily in non-government sterling-denominated fixed income securities. The fund could provide an ideal vehicle for an investor's exposure to UK corporate bonds. The main sources of outperformance versus the benchmark are expected to be sector and security selection, and to a lesser extent duration management, yield curve positioning and investment in overseas bonds.

Russell Investment Company III PLC – Sterling Liquidity Fund

Benchmark: UK 1 month T Bill**

The fund seeks to provide maximum current income consistent with the preservation of capital and liquidity. The fund aims to achieve its objective by active security selection consistent with its daily assessment of market risks. The fund invests in short-term, high-quality sterling-denominated money market securities such as those issued or guaranteed by UK and OECD governments or supranationals, or by other highly rated credit issuers. Only securities maturing in 397 days or less will be included in the portfolio.

Multi-Style, Multi-Manager PLC – The Global Strategic Yield Fund

Benchmark: 70% ML Global High Yield 2% Constrained EH, 30% JP Morgan EMBIG EH***

The Global Strategic Yield Fund's investment objective is to achieve consistent added value above a broad global bond index composite return resulting in superior long term performance. The Fund seeks to achieve a significant portion of excess returns through investing in securities with credit and sovereign risk, with only a small contribution from interest rate timing, currency management, or yield curve management.

* Prior to July 2011 the published benchmark was 1 month LIBOR (GBP) ** Prior to December 2008, the benchmark was the CG UK 1 Month T Bill Average Yield Index. On 1st January 2009, the benchmark changed to the GBP Libid 1 Week index. On 15th April 2010, the benchmark changed to the UK 1 Month T Bill.

*** Benchmark prior to 01/1999 calculated in French Francs. Prior to 1 April 2004: 60% ML Global High Yield EH, 20% SSB WGBI EH, 15% JPM EMBI + EH, 5% JPM 3 Month Euro Cash. From 1 April 2004, changed to 70% ML Global High Yield EH and 30% JP Morgan EMBIG+ EH. From 1 July 2005, changed to 70% ML Global High Yield EH and 30% JP Morgan EMBIG EH. From 1 April 2008, changed to 70% ML Global High Yield 2% Constrained EH, 30% JP Morgan EMBIG EH

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