

Russell Global Real Estate Securities Fund

Money Manager Overview

May 2011

Russell's investment approach

Russell uses a multi-asset and multi-manager approach to construct and manage its investment portfolios. Assets are typically managed by multiple investment management firms that Russell researches and hires (subject to Fund Board approval), monitors and terminates on an ongoing basis.

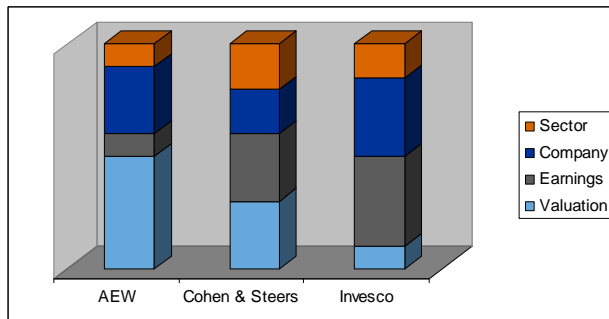
The fund

The Russell Global Real Estate Securities Fund aims to provide investors with exposure to a globally diversified portfolio of real estate securities and property-related companies listed on stock exchanges around the globe. To help achieve its objectives, the Fund employs multiple money managers with different approaches to portfolio construction and global strategies that are intended to be complementary.

Russell believes this is achieved by combining strategies with different results over different phases of an economic and stock market cycle.

The Fund is designed to provide a means of potential excess return generation (e.g., property sector, country and stock selection) while managing risk. The fund's benchmark is the FTSE EPRA/NAREIT Developed Real Estate Index Net.

Money manager investment processes – key attributes



This graphic depicts Russell's qualitative assessment of the relative importance each manager places on four key investment categories that help form a manager's investment style for managing real estate securities. The greater the relative importance, the larger the space will be in the bar. "Sector" refers to the manager's property sector analysis including private market research; "Company" refers to bottom-up company analysis; "Earnings" refers to one of the several cash flow metrics; and "Valuation" refers to estimating net asset value.



Russell portfolio manager

Bruce Eidelson

The Russell portfolio manager's role

The Russell portfolio manager is responsible for selecting the managers included in the fund and determining the appropriate weight for each manager's assignment. There may be a number of reasons why a manager is added to or removed from a fund, including a change in control at a money manager, the opportunity to select a manager Russell believes offers an investment proposition that would improve the excess return potential of the fund, or the departure of a key individual at a money manager.

While the portfolio manager makes the decision to change the manager line-up, that decision must be validated through an internal Russell governance process to ensure all key considerations are addressed by the portfolio manager. Manager changes are also subject to approval by the fund's Board of Trustees.

Target allocation of assets:	33%	AEW Capital Management, L.P.
	34%	Cohen & Steers Capital Management, Inc.
	33%	Invesco Advisors, Inc.

The above represents the breakout of the fund assets that are allocated to money managers. The fund also maintains cash reserves, which is cash awaiting investment or held to meet redemption requests or pay expenses. The level of cash reserves may vary depending on market conditions.

Russell Global Real Estate Securities Fund Manager Profile

AEW Capital Management, L.P.

May 2011

Firm background:

Since its founding, AEW Capital Management, L.P. has been dedicated exclusively to creating and implementing real estate investment and asset management strategies, primarily for institutional investors. The firm was founded by Peter Aldrich, Thomas Eastman and Mark Walch. Today, AEW is a wholly owned subsidiary of Natixis Global Asset Management, a leading global asset management firm. AEW maintains full independence from its parent company with respect to its day-to-day business affairs and investment management activities.

Headquarters: Boston, MA

Founded: 1981

Lead manager: Mathew Troxell

Asset Class: Real Estate

Investment style: Global value

Number of holdings: 100-130

Investment approach: AEW tends to be regionally neutral; excess returns can be generated through active bets within a sector using the firm's relative valuation models.

Manager profile:

AEW Capital Management, L.P. (AEW) began managing public real estate securities portfolios in 1995 with Russell's Real Estate Securities Fund becoming one of its first clients shortly thereafter in 1996. When the Fund's mandate changed to a global focus in October 2010, the firm's assignment for the Fund also changed to a global focus. AEW is one of the longest running managers in the entire Russell fund family. AEW focuses on real estate securities that it believes are more value-oriented. Its portfolio for the fund tends to have less exposure to momentum than the other managers.

Investment process:

AEW is a value-oriented investment manager that seeks to add value by identifying REIT stocks it believes are mis-priced relative to their peers. The firm seeks to generate excess return by combining a disciplined quantitative analysis with "street-level" real estate insights and capital markets expertise.

AEW's approach to securities selection integrates three disciplines: real estate, research and capital markets. In constructing portfolios, AEW applies three screens to identify companies whose shares it believes represent the greatest value and price appreciation potential, as well as lower downside risk:

- **Value** — AEW's quantitative model calculates both a capital markets value and a real estate value for each company in its investable universe. These two values are determined by applying various premiums, discount rates and capitalization rates to the underlying real estate and company characteristics. AEW uses the model to identify stocks that it believes to be undervalued relative to similar stocks.
- **Catalyst** — AEW identifies a potential catalyst that can cause the marketplace to revalue the stock in the coming 6 to 18 months. Catalysts can be macro-economic, market-driven or company-specific in nature.
- **Price** — AEW examines the historic pricing of each company in its universe in order to identify stocks that it believes are out of favor.

Russell's manager analysis:

Russell has a high degree of confidence in AEW's portfolio management capabilities. The substantial experience level of the team combined with them working together for many years, allows for investment ideas to be generated and vetted at the highest level.

AEW is a core manager that generates alpha from bottom-up stock selection. Turnover is relatively low, since AEW tends to trim and add to existing holdings rather than completely buy into and out of stocks.

AEW's approach of taking modest active positions in individual stocks and geographic regions is designed to generate consistent excess returns across a wide range of market conditions. The circumstances in which its process has underperformed are mainly when systematic market risk factors excessively drive share prices.

Russell Global Real Estate Securities Fund Manager Profile

Cohen & Steers Capital Management, Inc.

May 2011

Firm background:

Founded by Martin Cohen and Robert Steers, Cohen & Steers Capital Management, Inc. was the first U.S. investment advisor to focus on real estate securities. Today, the firm is an independent asset manager listed on the New York Stock Exchange (ticker: CNS).

Headquarters: New York, NY

Founded: 1986

Lead manager: Joe Harvey

Asset Class: Real Estate

Investment style: Global market-oriented

Number of holdings: 80-100

Investment approach: Most of the excess return potential is expected to come from bottom-up stock selection. The over-weights to a sector or region are generally derived from the bottom-up stock valuations, however the firm will occasionally make an overweight decision based upon a thematic view.

Manager profile:

Cohen & Steers Capital Management, Inc.'s (Cohen & Steers) global mandate was added to the Russell Global Real Estate Securities Fund in 2007. Cohen & Steers serves institutional and individual clients around the world through a broad range of strategies and vehicles. The full range of strategies includes global and regional real estate securities, global listed infrastructure, preferred securities and large cap value portfolios.

Investment process:

Cohen & Steers' global strategy invests in a portfolio of companies the firm believes are mis-priced relative to their net asset value and cash flow growth estimates. When generating estimates, the firm utilizes standardized valuation methodologies in order to compare valuations across sectors and markets on a relative basis. Russell believes the firm's process can potentially result in attractive and consistent long-term returns.

Russell's manager analysis:

Russell believes Cohen & Steers can generate potential excess returns through a combination of bottom-up stock selection in each region and top-down country/regional allocation decisions.

The breadth and depth of the investment staff at Cohen & Steers is impressive and is a key element of Russell's overall evaluation of the firm. Each analyst covers a relatively few number of companies and therefore is able to perform sophisticated qualitative and quantitative assessments which are synthesized into the valuation and cash flow forecasts that are critical to the stock selection decision.

Cohen & Steers should do well in market environments when stock selection is a key driver of returns. A difficult time for this manager would be periods when net asset value and cash flow for real estate assets in general are not key drivers of real estate securities' share prices.

Russell Global Real Estate Securities Fund Manager Profile

Invesco Advisers, Inc.

May 2011

Firm background:

Invesco Advisers, Inc., through its Invesco Real Estate Division, manages real estate investments in both direct property and real estate securities. The Real Estate division has investment personnel located in Europe, Asia and North America. Invesco began offering its U.S. real estate securities strategy in 1988 while the international and global real estate securities strategies were introduced in 2005.

Headquarters: Dallas, TX

Founded: 1982

Lead manager: Joe Rodriguez

Asset Class: Real Estate

Investment style: Global market-oriented

Number of holdings: 85-135

Investment approach: Invesco maintains well-diversified portfolios with broad exposure to all regions and major sectors of the market, although its stock selection disciplines and fundamental research may lead them to overweight or underweight particular regions and/or property sectors.

Manager profile:

Invesco Advisers, Inc., (Invesco) through its Invesco Real Estate Division, has been in the Russell Global Real Estate Securities Fund since 2003. When the Fund's mandate changed to a global focus in October 2010, the firm's assignment for the Fund also changed to a global focus. The firm seeks to provide favorable risk-adjusted returns, relatively high current income, liquidity, and portfolio diversification through active management.

With approximately 300 employees worldwide, the firm focuses on top-down local market intelligence combined with bottom-up property type fundamentals. Senior members of the portfolio management team have worked together for more than 20 years, contributing to the consistent implementation of Invesco's investment strategy.

Investment process:

The Invesco real estate securities team, led by Managing Director Joe Rodriguez, provides a multi-factored approach to real estate securities investing. The firm merges extensive private property market research with public market securities analysis using a thoughtfully designed investment process.

Invesco's potential excess return is derived from identifying companies that it believes are positioned to provide higher cash flow per share and growth on a consistent basis relative to other real estate securities.

Invesco has a comprehensive security valuation process that includes both qualitative and quantitative factors. A key part of the security selection effort is to use a multi-factored fundamental ranking process that combines property evaluation scores with management and structure scores to rate companies on a zero-to-ten scale. Stocks with a rating less than five are excluded from investment. As such, Invesco focuses on property companies it believes are operating in the most attractive markets with quality assets, strong management teams, and sound balance sheets. In Russell's view, this process works well because the investment team's experience level and approach complement the other managers in the fund.

Russell's manager analysis:

Invesco's investment process includes several layers of risk controls that are embedded in the security selection and portfolio construction processes. This investment process should result in a relatively low and predictable return pattern relative to its index. An underpinning of real estate analysis drives excess return.

Russell believes Invesco's risk controls help them deliver consistent excess returns in all market cycles. However, when returns are driven by non-fundamental factors, Invesco's process may not be rewarded.

Fund objectives, risks, charges and expenses should be carefully considered before investing. A prospectus containing this and other important information can be obtained by calling 800-787-7354 or by visiting www.russell.com. Please read the prospectus carefully before investing.

Money managers listed are current as of 3/1/2011. Subject to the fund's Board approval, Russell has the right to engage or terminate a money manager at any time and without a shareholder vote, based on an exemptive order from the Securities and Exchange Commission. Investments in the Funds are not deposits with or other liabilities of any of the money managers and are subject to investment risk, including loss of income and principal invested and possible delays in payment of redemption proceeds. The money managers do not guarantee the performance of any Fund or any particular rate of return.

This document will be updated annually. If a manager change is made during a year, a manager specific page will be added or removed.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risk to real estate investments. Fund investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation.

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

For more information on Russell Funds, contact your investment professional or plan administrator for assistance.

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