

Russell U.S. Small Cap Equity Fund*

Money Manager Overview

January 2012

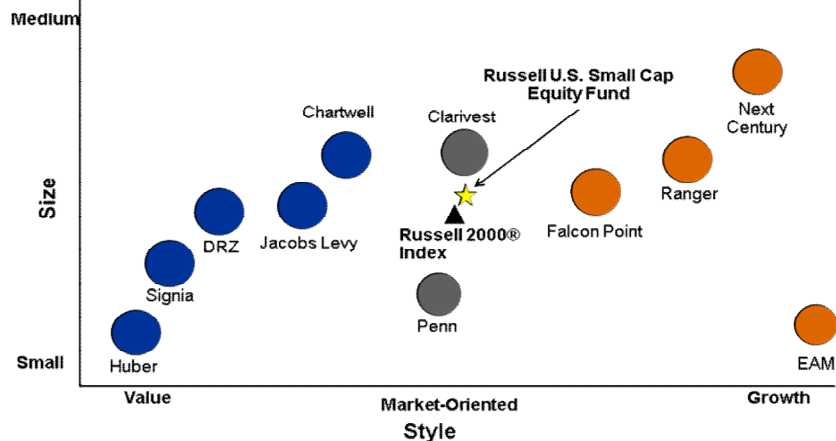
Russell's investment approach

Russell uses a multi-asset, multi-style 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. Russell has a comprehensive, in-depth research process that leads to a deep understanding of managers. Managers are selected based on the diversity of styles, sub-styles and processes.

The fund

The U.S. Small Cap Equity Fund includes managers that invest using many different investment styles, from looking for companies they believe have rapidly growing earnings to ones that may be undervalued. The managers in the Fund employ a variety of processes to arrive at an investment decision. There are quantitative managers as well as those that focus on a fundamental investment process. Some employ bottom-up security selection processes while others employ a top-down macro economic evaluation process. The managers are blended together to create a fund that Russell believes takes advantage of the strengths of each process. The U.S. Small Cap Equity Fund's benchmark is the Russell 2000® Index.

Money manager mosaic (as of January 2012)



This mosaic depicts the general tendency of where managers in the fund tend to position their portfolios on the basis of cap size and style against fund benchmark (▲). Manager positions on this mosaic change over time as their allocations and holdings change.



Russell portfolio manager

Jon Eggins

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:

Growth

- 7.5% Next Century Growth Investors, LLC
- 12.5% Ranger Investment Management, L.P.
- 10.0% Falcon Point Capital, LLC
- 5.0% EAM Investors, LLC

Market-Oriented

- 10.0% ClariVest Asset Management, LLC
- 5.0% PENN Capital Management Company, Inc.

Value

- 12.5% Chartwell Investment Partners
- 12.5% DePrince, Race & Zollo, Inc.
- 12.5% Jacobs Levy Equity Management, Inc.
- 7.5% Signia Capital Management, LLC
- 5.0% Huber Capital Management LLC

The above represents the percentage of fund assets allocated to money managers, excluding the fund's cash reserves. Fund assets not allocated to money managers are managed directly by Russell for a variety of purposes.

Russell U.S. Small Cap Equity Fund Manager Profile

Next Century Growth Investors, LLC

January 2012

Firm background:

Next Century Growth Investors, LLC is a small firm based in Minneapolis, MN serving institutional clients.

Headquarters: Minneapolis, MN

Founded: 1998

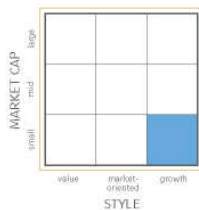
Lead manager: Tom Press

Asset Class: U.S. equity

Investment style: Growth

Number of holdings: 40-60

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Growth: Thematic growth

Long term consistent growth

> **High earnings and price momentum**

This manager uses the high earnings and price momentum growth sub-style.

Manager profile:

Russell added Next Century Growth Investors, LLC (Next Century) to the Russell U.S. Small Cap Equity Fund in 2009. Tom Press leads this growth focused manager assignment at Next Century. Next Century pursues a bottom-up stock selection process, looking for companies with stable earnings and market leadership in growing industries.

Next Century's portfolio will, on average, hold about 50 stocks in the small cap space.

Investment process:

Next Century uses a bottom-up investment process to construct this small cap growth mandate for Russell. The team seeks companies that it believes will be profitable, rapidly growing, have minimal debt and are selling at reasonable valuations. Next Century focuses on assessing the magnitude and duration of each company's growth prospects and management's ability to adapt to changing economic and competitive environments.

The firm's research process places particular emphasis on management quality and on analyzing each company's control over its product distribution and its leadership position in its industry. Approximately 60% of the firm's research involves meetings and discussions with company management. It firmly believes that frequent meetings and discussions with company executives add the most value to the investment approach. It also believes that the quality and experience of senior management is one of the most crucial traits in evaluating a potential investment.

Russell's manager analysis:

Russell considers Next Century a high confidence manager. This stems from the firm's highly opportunistic investment approach, high quality fundamental research effort, aggressive sell discipline, and the competitive drive of the firm's professionals.

Next Century is generally expected to perform best in earnings driven markets where company fundamentals drive stock prices.

Next Century's approach will face headwinds in fear and macro driven environments where positive earnings revisions are not rewarded by the market.

Russell U.S. Small Cap Equity Fund Manager Profile

Ranger Investment Management, L.P.

January 2012

Firm background:

Ranger Investment Management, L.P. manages growth-oriented domestic equities portfolios and accounts with the objective of capturing and compounding the returns available in the small and mid capitalization sectors.

Headquarters: Dallas, TX

Founded: 2003

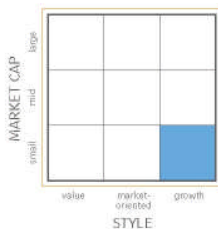
Lead manager: Conrad Doenges

Asset Class: U.S. equity

Investment style: Growth

Number of holdings: 30-60

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Growth: Thematic growth
 > **Long term consistent growth**
 High earnings and price momentum

This manager uses the long-term consistent growth sub-style.

Manager profile:

Ranger Investment Management, L.P. (Ranger) was added to the Russell U.S. Small Cap Equity Fund in 2007. Conrad Doenges leads this growth-focused assignment at Ranger. Ranger conducts an extensive bottom-up fundamental research process and thorough due diligence as part of its stock selection process.

Ranger's portfolio will generally hold 30-60 stocks in the small cap space.

Investment process:

Ranger's investment team searches for quality growth companies. The firm focuses its research process by identifying small capitalization U.S. equities that are characterized by accelerating revenue and earnings growth, high recurring revenues, and strong balance sheets that are not highly leveraged.

In addition to the firm's extensive quantitative analysis, careful consideration is also given to qualitative analysis. Company visits and discussions with management are an extremely important part of Ranger's investment process and a prerequisite for investment. Ranger takes into consideration the judgment of the management team, accounting practices, corporate governance and the company's competitive advantage prior to investment.

Ranger's investment team also deploys proprietary risk management measures, which the firm believes are equally important to the investment process as security selection. The firm has a dedicated risk manager that monitors any change to a company's fundamentals and to isolate securities that don't adhere to the firm's sell disciplines. This continual review process identifies potentially difficult stocks early and removes them before they significantly impact the portfolio.

Russell's manager analysis:

Russell considers Ranger a high confidence manager. This manager has solid investment experience in the small cap and mid capitalization style and has exhibited a depth of knowledge that provides the team with what Russell believes is a competitive edge in selecting securities.

Ranger is likely to perform best in high quality and low earnings variability environments. The firm may underperform in a sideways market, due to the price momentum component of the process.

Russell U.S. Small Cap Equity Fund Manager Profile

Falcon Point Capital, LLC

January 2012

Firm background:

Falcon Point Capital, LLC is an employee owned investment manager. The firm provides services to high net worth individuals, pension and profit sharing plans, other pooled investment vehicles, endowments, foundations, institutions, and trusts.

Headquarters: San Francisco, CA

Founded: 1986

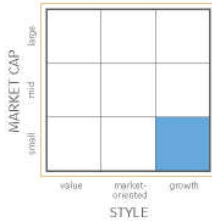
Lead manager: Michael Thomas

Asset Class: U.S. equity

Investment style: Growth

Number of holdings: Approximately 40

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

- Growth:** Thematic growth
- > **Long term consistent growth**
High earnings and price momentum

This manager uses the long term consistent growth sub-style.

Manager profile:

Falcon Point Capital, LLC (Falcon Point) was added to the Russell U.S. Small Cap Equity Fund in 2011. Michael Thomas is the portfolio manager and is backed by a robust investment team. The investment team generates the majority of its research internally but also utilizes external research. Michael Thomas is also an analyst and is integral to both the sourcing of ideas as well as portfolio construction.

Investment process:

Falcon Point uses a long only small cap strategy with a growth at a reasonable price bias. The decision-making process relies primarily on proprietary research conducted directly with the senior management of prospective investments. Detailed in-house models are prepared on each company. Regular conversations with management, customers, suppliers and Wall Street analysts are conducted to confirm expectations and clarify new developments.

Falcon Point focuses on bottom-up research. The firm's investment team attempts to identify small companies before they attract significant Wall Street attention or large institutional ownership. This is intended to allow the fund to benefit from investments in smaller companies during peak periods of internal growth and from the expanding price-earnings ratios that often result from ensuing market recognition. Falcon Point attempts to add value by investing in companies it believes are likely to sustain above average earnings growth over a two-to-three year time horizon, and which are selling at attractive valuations. The portfolio seeks to include companies with recurring revenue streams as well as rapidly growing companies with strong potential to sustain earnings growth.

Russell's manager analysis:

Russell considers Falcon Point a high confidence manager. Michael Thomas is a driven and energetic money manager, and Russell views his strong passion for investing and his focus on gaining unique insights as sources of competitive advantage for the fund.

While company management and competitors provide a significant source of information, Russell believes Falcon Point's research team's diligence in processing information is superior to many peers.

The firm's longer term investment horizon may lead to a greater tolerance for short term earnings disappointments as compared to peers. Therefore, over the short term, the portfolio may underperform compared to both benchmark and peers. However, over the longer term, the firm's approach is expected to outperform.

Russell U.S. Small Cap Equity Fund Manager Profile

EAM Investors, LLC

January 2012

Firm background:

EAM Investors, LLC is a majority employee-owned, institutionally-focused investment boutique. The firm manages equity portfolios for clients in the U.S. small and micro cap markets.

Headquarters: Cardiff-by-the-Sea, CA

Founded: 2007

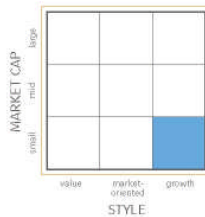
Lead manager: Travis Prentice

Asset Class: U.S. equity

Investment style: Growth

Number of holdings: 100 – 130

Capitalization level: Microcap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Growth: Thematic growth
Long term consistent growth
> **High earnings and price momentum**

This manager uses the high earnings and price momentum sub-style.

Manager profile:

EAM Investors, LLC (EAM) was added to the Russell U.S. Small Cap Equity Fund in 2011. The firm was founded in 2007 by Travis Prentice, Montie Weisenberger, and Josh Moss who, as a team, have managed small and micro cap portfolios for institutional clients for more than a decade.

Investment process:

EAM's investment strategy seeks capital appreciation by investing in U.S.-based companies that correspond to the market capitalizations within the range of the Russell Microcap™ Growth Index. The primary emphasis is bottom-up stock selection through a blend of fundamental and technical analysis.

EAM's investment process uses quantitative techniques to identify key determinants of stock performance. In particular, their selections are concentrated in stocks having some, if not all of the following characteristics: growing earnings, positive earnings surprises, upward revisions in earnings estimates, and positive price trends confirmed by meaningful increases in trade volume.

Securities are identified using a blend of customized computer screens that scan the universe of micro-cap securities in real-time for characteristics associated with the firm's investment philosophy. The portfolio manager reviews the screens daily and compiles the list of 2-4 names for the 'Analysis' phase. In the 'Analysis' phase, EAM assesses whether new information or fundamental developments may translate into sustainable financial growth, and whether it is a timely investment in terms of fundamental valuation and market recognition. The strategy is maintained in a fully-invested manner, so any new additions typically must displace a current holding. In this regard, a new idea is compared along all dimensions to determine whether it is considered more attractive than a position currently held.

Russell's manager analysis:

Russell considers EAM a high confidence manager.

Russell believes EAM's approach is effective in identifying stocks with the potential to produce excess returns. Russell's experience also indicates that this type of process tends to be particularly effective in the microcap segment of the market.

EAM is likely to perform best in fundamentally driven markets where positive business and price momentum is being rewarded. The firm will likely underperform when the market is penalizing or ignoring these factors.

Russell U.S. Small Cap Equity Fund Manager Profile

ClariVest Asset Management, LLC

January 2012

Firm background:

ClariVest Asset Management, LLC is an investment management company majority-owned by its employees. They provide investment services to corporate and public pension plans, foundations, endowments and Taft-Hartley clients worldwide.

Headquarters: San Diego, CA

Founded: 2006

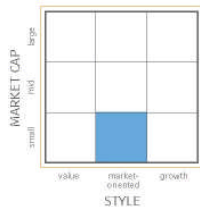
Lead manager: Stacey Nutt, Ph.D.

Asset Class: U.S. equity

Investment style: Market oriented

Number of holdings: 100-175

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Market-oriented: > Core

Growth biased

Value biased

Growth at a reasonable price

This manager uses the core sub-style.

Manager profile:

ClariVest Asset Management, LLC (ClariVest) was added to the Russell U.S. Small Cap Equity Fund in 2006. Russell has been following the lead manager and one of ClariVest's founders, Stacey Nutt, since his tenure at a previous firm. Nutt leads this market-oriented manager assignment with a team that is committed to finding better ways to outperform and is driven to systematically gain alpha for its clients.

Investment process:

ClariVest focuses on a bottom-up security selection process. By using sophisticated, yet economically sensible stock selection criteria in conjunction with state-of-the-art risk control techniques, ClariVest aims to identify market inefficiencies arising from behaviorally-based reactions to company and market-wide growth and contraction cycles.

ClariVest's investment strategies are based on academic research in behavioral finance indicating that investors react inefficiently to changing information, creating mis-pricing opportunities on which ClariVest attempts to capitalize. The firm's quantitative approach to investing, coupled with portfolio manager insight, seeks to deliver consistent outperformance of the portfolios it manages.

ClariVest's portfolio will tend to contain a well diversified amount of securities. It seeks to build portfolios with stocks that move independently of one another.

Russell's manager analysis:

Russell considers ClariVest a high confidence manager. This stems from the investment team displaying a strong performance orientation and stock selection methodology and Nutt's investment expertise.

ClariVest is generally expected to perform well when equity markets reward improving fundamentals and improving price strength. Short-term periods of underperformance may result when price and fundamentals are moving in opposite directions.

Russell U.S. Small Cap Equity Fund Manager Profile

PENN Capital Management Company, Inc.

January 2012

Firm background:

PENN Capital Management Company, Inc. is an independent, 100% employee owned, institutionally focused investment management firm.

Headquarters: Philadelphia, PA

Founded: 1987

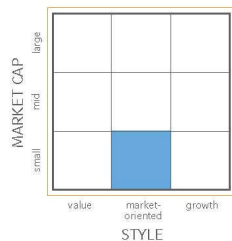
Lead manager: Eric Green

Asset Class: U.S. equity

Investment style: Market-oriented

Number of holdings: 60 - 100

Capitalization level: Small to micro



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Market-oriented: > **Core**

Growth biased

Value biased

Growth at a reasonable price

This manager uses the core sub-style.

Manager profile:

PENN Capital Management Company, Inc. (PENN) was added to the Russell U.S. Small Cap Equity Fund in 2011. The firm manages a customized blend of their small cap and micro cap strategies for this fund.

Investment process:

For more than 20 years, PENN has maintained an integrated credit and equity research process. The firm believes that, at both a micro and macro level, credit markets serve as an early indication for trends in the equity markets. It believes that credit cycles typically drive economic cycles, and bond prices tend to lead equity prices.

The firm believes that its credit research expertise provides an advantage in the early identification of small, undiscovered companies. These companies with improving business fundamentals are expected to pay down debt, refinance at more favorable rates, or buy back company shares. PENN also identifies companies with strong balance sheets and a conservative cash flow profile.

Russell believes that PENN's efforts to identify multiple catalysts driving a company's future earnings growth and prospective price appreciation potential differentiates it from peers. The focus on capital structure driven opportunities and the crossover of ideas from the high-yield segment of the market are distinguishing elements of PENN's process.

Russell's manager analysis:

Russell considers PENN a high confidence manager. Russell believes that the firm's analysts and portfolio managers possess solid investment skills, confidence, and a passion for investing. The high level of contact with management of candidate securities and determination to uncover information should provide PENN with a competitive advantage over peer managers. PENN's credit research expertise enables it to view a company from a unique perspective.

With a broad mix of both growth and value stocks, combined with an emphasis on multiple catalysts, PENN's strategy has the potential to perform well in a variety of market environments. A period of a prolonged capital market crisis where companies are unable to re-finance or borrow may prove challenging for PENN's investment process.

Russell U.S. Small Cap Equity Fund Manager Profile

Chartwell Investment Partners

January 2012

Firm background:

Chartwell Investment Partners is an employee owned firm, founded in 1997, that is dedicated solely to the investment advisory business. The firm is a quality-based equity and fixed income manager.

Headquarters: Berwyn, PA

Founded: 1997

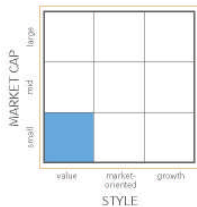
Lead manager: Dave Dalrymple

Asset Class: U.S. equity

Investment style: Value

Number of holdings: 65-90

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Value: Defensive value
> Relative value
 Deep value

This manager uses the relative value sub-style.

Manager profile:

Chartwell Investment Partners (Chartwell) was added to the Russell U.S. Small Cap Equity Fund in 2011. Russell has been following this manager since 2000 and has also used it in other assignments within Russell's fund complexes. Dave Dalrymple leads this value focused manager assignment at Chartwell. Chartwell conducts an extensive bottom-up fundamental research process and thorough due diligence as part of its stock selection process.

Investment process:

Chartwell's investment team searches for a combination of value stocks (deep value, contrarian, and relative value). The firm focuses its research process by identifying small capitalization U.S. equities that the firm believes exhibit explicit catalysts that will drive fundamental improvement and capital appreciation.

The firm performs fundamental analysis on what it identifies as the "High Potential" stocks. Chartwell first attempts to understand the reason for a stock's depressed valuation. If it cannot identify a valid cause, it will generally not consider a stock further. The firm evaluates the company's business model, competitive position and business prospects to determine value. Finally, the firm identifies what it believes to be an explicit fundamental catalyst before purchasing a stock. Examples of catalysts that Chartwell considers are management changes, margin improvement, new products, restructuring, and acquisitions/divestitures.

The portfolio is diversified by value sub-style. The portfolio manager seeks to have exposure to deep value, contrarian value and relative value stocks. This approach tends towards a strategy that is less factor biased in its performance pattern.

Russell's manager analysis:

Russell considers Chartwell a high confidence manager. Dave Dalrymple is a knowledgeable investor who Russell believes displays a competitive drive and sensible investment insight.

Chartwell is generally expected to perform best when the market favors valuation and quality factors and will likely underperform when the market is not rewarding fundamentals, and when lower quality companies are favored.

Russell U.S. Small Cap Equity Fund Manager Profile

DePrince, Race & Zollo, Inc.

January 2012

Firm background:

DePrince, Race & Zollo, Inc. is an institutional asset management firm located in Winter Park, Florida.

Headquarters: Winter Park, FL

Founded: 1995

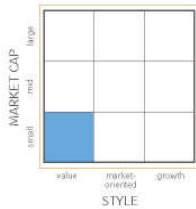
Lead manager: Greg Ramsby

Asset Class: U.S. equity

Investment style: Value

Number of holdings: 70-90

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Value: > Relative value with yield emphasis
 Deep value
 Defensive value

This manager uses the relative value with yield emphasis sub-style.

Manager profile:

DePrince, Race & Zollo, Inc. (DRZ) was added to the Russell U.S. Small Cap Equity Fund in 2008. DRZ believes that dividend yield provides downside risk protection and significantly reduces volatility in its portfolio. The firm also believes that dividend yield provides the most reliable valuation measure and offers concrete evidence of real earnings.

Greg Ramsby is the portfolio manager with a talented team of analysts supporting him.

Investment process:

DRZ's investment philosophy is based on the belief that undervalued stocks with an above-average dividend yield and the existence of an imminent fundamental catalyst provide the opportunity for total returns with reduced volatility. Therefore, DRZ believes that these are the three key factors when identifying companies for the portfolio.

This bottom-up process strives to identify only those companies with strong balance sheets where fundamentals are expected to improve at increasing rates. DRZ's investment portfolio will tend to hold 70-90 names. Sector and industry weights are a residual of the firm's stock selection process, so the portfolio is expected to have significant overweights or underweights relative to the benchmark.

Russell's manager analysis:

Russell considers DRZ a high confidence manager that Russell has been tracking since 2004. This manager has solid investment experience in the small cap space and has exhibited a strong performance orientation and unique insights into specific companies.

DRZ is generally expected to perform best in defensive, yield oriented market environments where higher than average dividend yield trends exist in the market. DRZ will likely perform more poorly in speculative markets when yield is not rewarded.

Russell U.S. Small Cap Equity Fund Manager Profile

Jacobs Levy Equity Management, Inc.

January 2012

Firm background:

Jacobs Levy Equity Management, Inc. is an independent quantitative equity manager focused exclusively on U.S. equity portfolios.

Headquarters: Florham Park, NJ

Founded: 1986

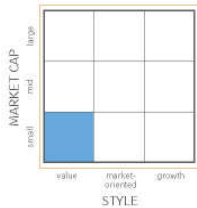
Lead managers: Bruce Jacobs, Ph.D. and Ken Levy, CFA

Asset Class: U.S. equity

Investment style: Value

Number of holdings: 300 or more

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Value: > Relative value
 Deep value
 Defensive value

This manager uses the relative value sub-style.

Manager profile:

Russell has been following Jacobs Levy Equity Management, Inc. (Jacobs Levy) since 1989. A Jacobs Levy value mandate was first included in the Russell U.S. Small Cap Equity Fund in 1995.

Jacobs Levy uses a proprietary quantitative multidimensional investment approach to evaluate a broad universe of U.S. equities, including the stocks in the fund's benchmark. As a result, the firm has insights into the relative attractiveness of securities. The process also considers each security's contribution to overall portfolio diversification.

Bruce Jacobs, Ph.D. and Ken Levy, CFA have responsibility for the firm's quantitative investment process. They are supported by a team of highly experienced research professionals who are continually pursuing areas of potential enhancement to the process.

Investment process:

Jacobs Levy's investment approach is based on the belief that the market is a complex system and that intensive quantitative modeling combined with human insight and intuition is needed to identify and benefit from market inefficiencies. The cornerstone of this multidimensional approach is the proprietary process of "disentangling" return-predictor relationships. Disentangling evaluates stock attributes, industry affiliations, and market inefficiencies simultaneously, in a unified framework, separating each potential source of return from the background noise created by other factors. Jacobs Levy believes that the resulting additive "pure" effects provide more reliable predictions of future stock price behavior than the "naïve" effects from simple-factor analyses.

The firm's quantitative security valuation process entails sophisticated modeling of large numbers of stocks and proprietary factors using financial statement data, analyst forecasts, corporate management signals, economic releases, and security pricing. Modeling based on reasonable, intuitive relationships between factors and stock prices results in a multidimensional security selection system that can offer breadth of inquiry without sacrificing depth of analysis. The process is designed to be dynamic and forward-looking, always adjusting to the equity market's changing environments and opportunities.

Russell's manager analysis:

Based on Russell's analysis, the Jacobs Levy portfolio is expected to outperform when the market favors valuation or momentum factors, and also when there is a low return correlation among similar securities. The portfolio is expected to underperform when the market is not rewarding fundamentals and valuation factors are out of favor.

Russell U.S. Small Cap Equity Fund Manager Profile

Signia Capital Management, LLC

January 2012

Firm background:

Signia Capital Management, LLC is a boutique money management firm specializing in value investing. Signia manages money for public and private pension funds nationwide and was founded by the investment professionals who serve as managing partners.

Headquarters: Spokane, WA

Founded: 2001

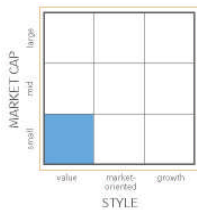
Lead managers: Rich Beaven and Tony Bennett

Asset Class: U.S. equity

Investment style: Value

Number of holdings: 40-60

Capitalization level: Small cap



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Value: Relative value
 > **Deep value**
 Defensive value

This manager uses the deep value sub-style.

Manager profile:

Signia Capital Management, LLC (Signia) was added to the Russell U.S. Small Cap Equity Fund in 2008. It runs a value-oriented portfolio that looks for the intersection of three important criteria: valuation, quality and catalyst. It typically holds approximately 50 securities in the portfolio and uses a process that is driven by an in-depth fundamental research effort.

Investment process:

Signia Capital's investment strategies are based on the premise that markets are inefficient. Its investment philosophy is based on the belief that natural human psychology leads investors to project current information too far into the future. They believe this behavioral bias creates substantial investment opportunities. The firm believes that focusing on a bottom up, fundamental value-based process of this type of situation should allow it to systematically capitalize on these opportunities. This bottom-up process strives to identify those companies with strong balance sheets and solid underlying tangible book values.

The firm's process is research-driven and begins with inputs from the research analysts. This research process identifies deep value companies that it believes possess high quality capital structures combined with a fundamental catalyst to drive the company toward intrinsic value. It screens for low price-to-book value, avoiding heavily leveraged companies. It expects these characteristics to allow firms to survive if economic or industry conditions continue to deteriorate. The majority of Signia's research process is focused on the qualitative search for catalysts that will enable a company's intrinsic value to be recognized.

Russell's manager analysis:

Russell considers Signia a high confidence manager. This stems from the investment team's strong performance orientation and stock selection methodology.

Signia Capital is generally expected to perform best in earnings driven markets where company fundamentals drive security selection. Signia is expected to lag in sharp, upward markets and markets without significant positive earnings revisions.

Russell U.S. Small Cap Equity Fund Manager Profile

Huber Capital Management LLC

January 2012

Firm background:

Huber Capital Management LLC is an employee owned investment advisory firm providing discretionary investment advisory services to institutional accounts and mutual funds.

Headquarters: Los Angeles, CA

Founded: 2007

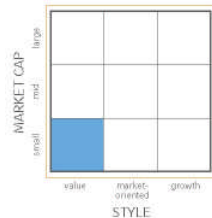
Lead manager: Joe Huber

Asset Class: U.S. equity

Investment style: Value

Number of holdings: 40-50

Capitalization level: Small to micro



Investment sub-styles used in the Russell U.S. Small Cap Equity Fund:

Value: Relative value
 > Deep value
 Defensive value

This manager uses the deep value sub-style.

Manager profile:

Huber Capital Management LLC (HCM) was added to the Russell U.S. Small Cap Equity Fund in 2011. HCM was founded by seasoned investment professional Joe Huber, who is supported by three senior professionals and a junior analyst.

Investment process:

HCM uses a fundamental bottom-up approach to investing. Along with a small asset size, stock picking is viewed as the primary source of added value. HCM invests in stocks where the present value of a company's future cash flows exceeds the current market price. These investment opportunities are identified by using a disciplined, bottom-up investment process that emphasizes internally generated fundamental research.

The team looks for sound long-term investments that are currently underperforming, focusing on stocks with a strong brand, economies of scale, and a solid distribution network. The research process is primarily focused on determining inputs into the firm's dividend discount model, estimating a company's normalized earnings power, and evaluating the stock's downside potential.

The firm emphasizes rigorous, internally generated research in order to identify out-of-favor stocks that they believe represent solid fundamental value. The investment process is driven by team oriented, in-depth, fundamental research. The asset allocation process uses value based factors, bottoms-up research, and a team driven peer review model that employs a consistent, unbiased, and repeatable research process based off of normalized cash flows.

Russell's manager analysis:

Russell considers HCM a high confidence manager.

Given HCM's deep value approach and appetite for cyclical exposure, the strategy is expected to perform best in the early to middle stages of economic / market recoveries. Markets in which low valuation is rewarded will tend to be favorable as well. Environments dominated by high growth, high momentum stocks are not expected to be beneficial.

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 12/20/11. 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.

*On January 1, 2012, the Russell U.S. Small & Mid Cap Fund was renamed the Russell U.S. Small Cap Equity Fund.

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

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than \$2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

Market-oriented investments are generally subject to risks similar to that of both growth and value style investing.

Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments.

Value investments focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or, such stock may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

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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