

Russell Investments: dollar cost averaging

Dollar cost averaging (DCA) is a well-known technique designed to reduce the impact of market volatility by investing a set amount at predetermined intervals regardless of fluctuating price levels.

WHY DOLLAR COST AVERAGE?

Dollar cost averaging allows investors to systematically re-enter the markets slowly, rather than sit on the sidelines and attempt to time the markets. The goal is to lessen the risk of investing a large amount in a single investment at the wrong time. DCA can make more sense than waiting for signs of a market turnaround and potentially missing significant market advances. The process instills discipline with systematic investments which are not influenced by day to day market movements.

Below is an example if you only purchased a lump sum investment.

Date/frequency	Price/unit (\$)	Units	Amount invested (\$)
January 1	26	154	4,000
Total		154	4,000
Average price per share			\$26.00

AN EXAMPLE OF DOLLAR COST AVERAGING

Let's assume an investor decides to purchase \$1,000 in a Russell fund, at the same time every month for four months. In this example, we'll also assume that the fund first declines in value, but then comes back strongly.

Below is an example of dollar cost averaging.

Date/frequency	Price/unit (\$)	Units	Amount invested (\$)
January 1	26	38	1,000
February 1	19	53	1,000
March 1	23	43	1,000
April 1	28	36	1,000
Total		170	4,000
Average price per share			\$23.52

Benefits of the Russell DCA service

- › An easy and disciplined way to help investors gradually enter the markets.
- › Removes the emotion from investing. It allows you to systematically re-enter the markets slowly.
- › Flexibility to invest any day of the month, at any frequency.
- › There is no fee to activate the service.
- › Available in all funds.
- › Can be turned off at any time, please notify us by fax.

FOR MORE INFORMATION

Please contact your Russell sales associate at 888-509-1792

Russell dollar cost averaging (DCA) service is a smart, disciplined and easy process.

Russell's DCA service is flexible, easy to implement, and is available for all Russell Sovereign and LifePoints products.

HOW TO INITIATE RUSSELL'S DOLLAR COST AVERAGING SERVICE:

- STEP 1:** There are a few ways that you can initiate the Russell DCA service. For a new client account, complete part seven, the DCA section of the application form. For existing accounts, complete the DCA application form. If the account is a self-directed account, send the form to your mutual fund back office. For client name accounts, fax to Russell at 877-705-1519.
- STEP 2:** Choose any Russell fund to be the holding pool (i.e. Russell Money Market Pool).
- STEP 3:** Select the fund that you wish to dollar cost average into (i.e. Russell LifePoints Balanced Class Portfolio). Please note that you cannot switch from DSC to low load or from low load to DSC.
- STEP 4:** Russell offers flexibility. Select any day of the month and any frequency (weekly, bi-weekly, monthly) that is most suitable for your clients' investment situation.

Once we receive your DCA application form, the DCA service will generally be activated within 48 hours.

If however, we require further information to effectively initiate your DCA service, you will be notified, and asked for further information via telephone, by the Russell client service team.

MINIMUM INVESTMENT

The minimum investment is \$100 per DCA transaction. However, before initiating the Russell DCA service, a minimum product investment of \$5,000 into a Russell LifePoints portfolio or \$25,000 into a Russell Sovereign pool or Russell Sovereign portfolio must be met.

ABOUT RUSSELL INVESTMENTS

Since 1936, Russell has been helping our clients achieve success through the research and selection of best-of-breed money managers. Our associates around the world directly manage more than C\$149 billion as at June 30, 2010 for investors of all sizes. Our family of products is designed to bring individuals the same sophisticated investment strategies and money management expertise enjoyed by some of the world's largest institutional investors.

IMPORTANT NOTE

If you are utilizing the Russell Sovereign automatic rebalancing service, the Russell DCA service should not be initiated.

CONTACT INFORMATION

For more information contact your regional sales manager.

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