Russell Investments

Russell Corporate Class Solutions

A tax-efficient choice

Our corporate class solutions offer tax-efficient investing opportunities – putting more of your money back in your hands.

What is Corporate Class?

Corporate class is a special investment structure that allows multiple funds to be administered within a single tax-efficient "shell." Under this shell, investors can switch between funds without triggering a capital gain or loss.*

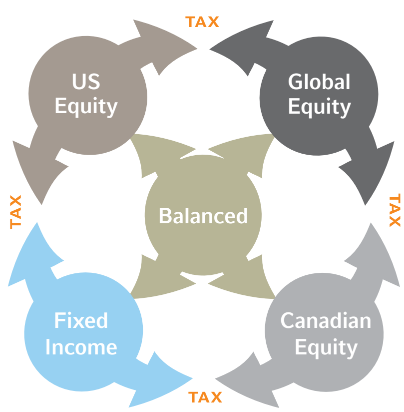
While taxes are inevitable, there are several ways you can shelter your investment gains and defer taxes to some point in the future. You may already take advantage of registered retirement savings plans (RRSP) and tax-free savings accounts (TFSA), but if you have additional funds to invest, an increasingly popular and practical option for tax efficiency outside of registered plans is a corporate class structure.

Corporate class structures look and feel a lot like traditional mutual funds, but investments held in corporate classes can give investors certain tax benefits that mutual funds don't offer.

How does Corporate Class work?

A corporate class structure is similar to a "shell" that contains several individual classes. Because the classes belong to the same corporate family it is possible to take advantage of tax efficiencies with the goal of eliminating taxable interest income. This means the income that remains (i.e., eligible dividends and capital gains) is taxed at a more favourable rate. In addition, corporate classes can make sense for investors seeking monthly income because the distributions are expected to be provided in the form of Return of Capital (ROC). Although ROC distributions will reduce the cost base of your original investment, they remain an attractive source of income since ROC is not taxable so long as your adjusted cost base is positive.**

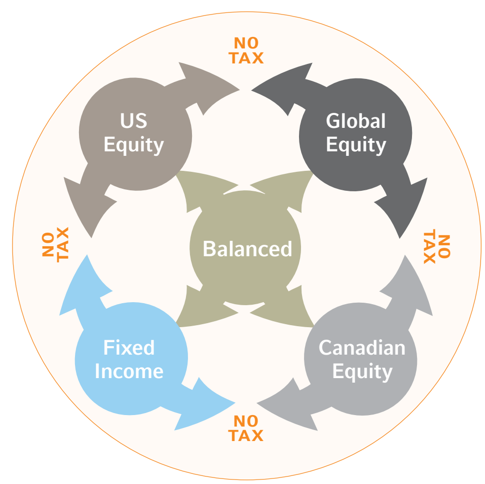
MUTUAL FUND VS CORPORATE CLASS STRUCTURE



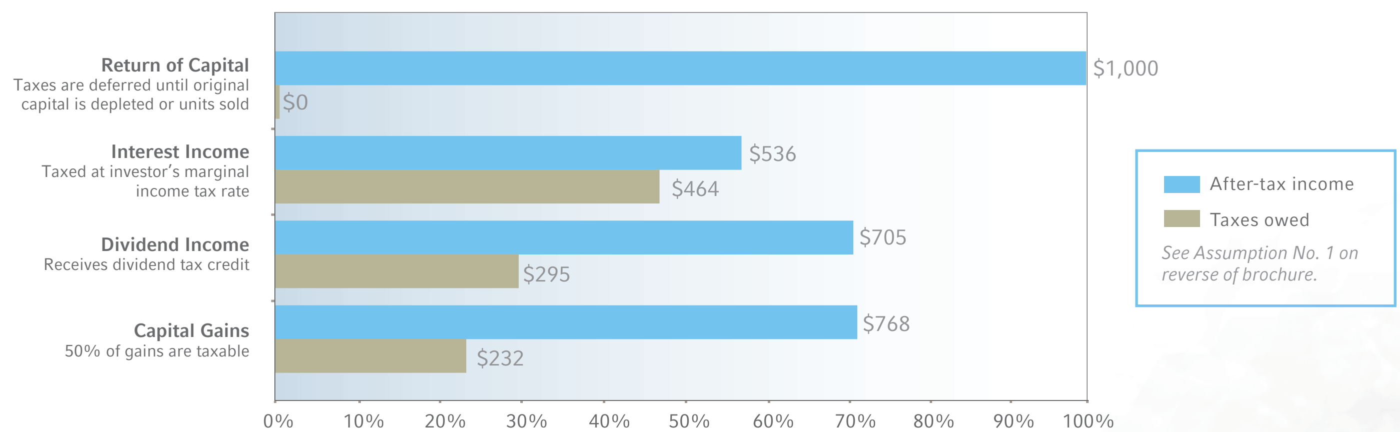
Mutual Fund Structure VS **Corporate Class Structure**

Mutual fund trusts are treated as independent units and switching from one to the other means you PAY TAX ON THE CAPITAL GAIN.

Corporate classes are part of a single taxable structure and switching from one class to the other **DOES NOT** TRIGGER CAPITAL GAINS TAXES.*



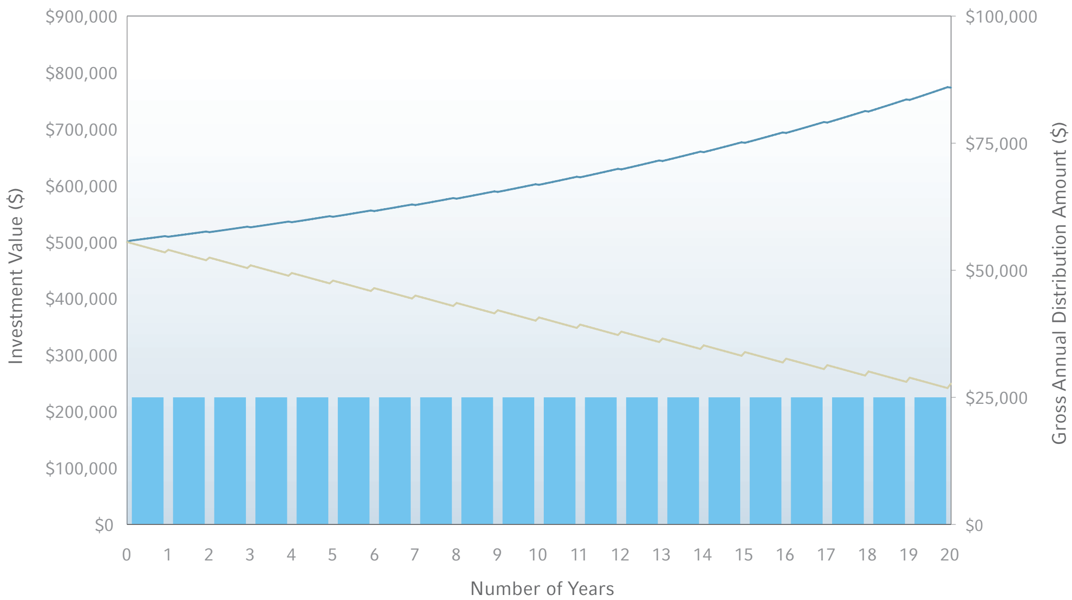
DIFFERENCES IN TAXATION FOR $1,000 OF INCOME *(Example)*



Why use Corporate Class?

ENHANCED AFTER-TAX CASHFLOW

Investors looking to maximize after-tax cashflow should consider distributions in the form of ROC. ROC distributions are tax-free until such time as the investment is sold or your Adjusted Cost Base (ACB) becomes zero, at which time further distributions are treated as capital gains and are taxed accordingly. In this manner, you may be able to defer the tax that you would otherwise pay on a regular stream of income distributions.



A steady stream of tax-efficient income.

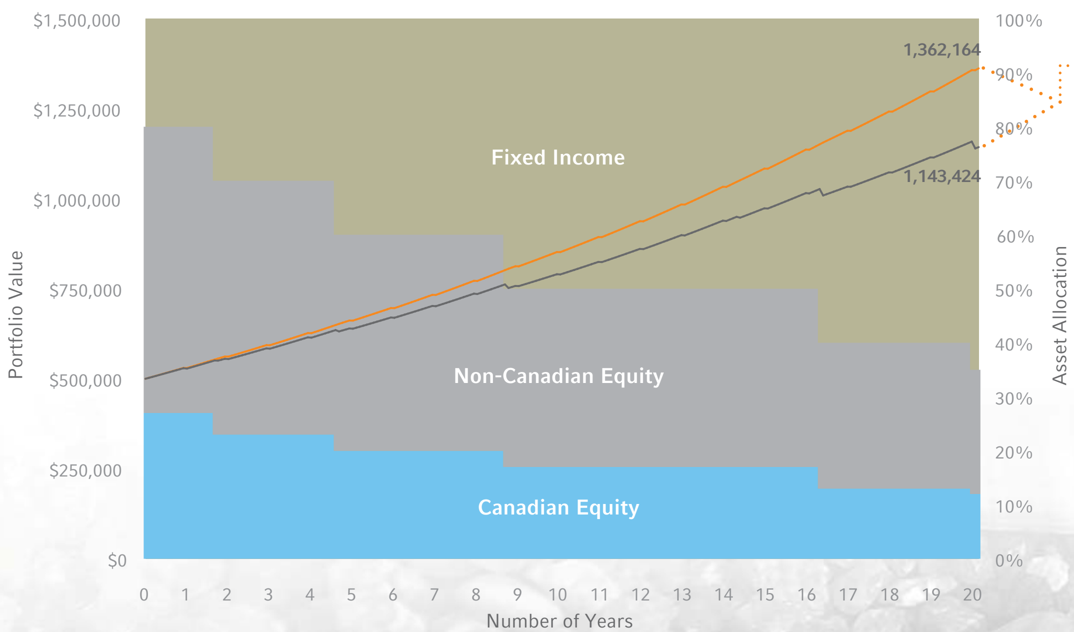
- Distribution (Return of Capital)
- 60/40 Corporate Class Investment Value
- Adjusted Cost Base

See Assumptions No. 2, 3, and 5 on reverse of brochure.

Changes in investment value as shown are hypothetical only and do not represent predictions, guarantees or past performance with respect to any specific investment product.

TAX DEFERRAL ON REBALANCING

Rebalancing your portfolio is a key consideration of a financial plan yet the taxes triggered by this activity can eat into portfolio returns. The corporate class structure allows you to rebalance among various classes within the same corporate class structure without having to pay capital gains tax.* This can be especially advantageous as you transition from pre retirement to retirement, when your portfolio often becomes more conservative.



An increase in portfolio value of almost 20% by deferring tax when rebalancing.

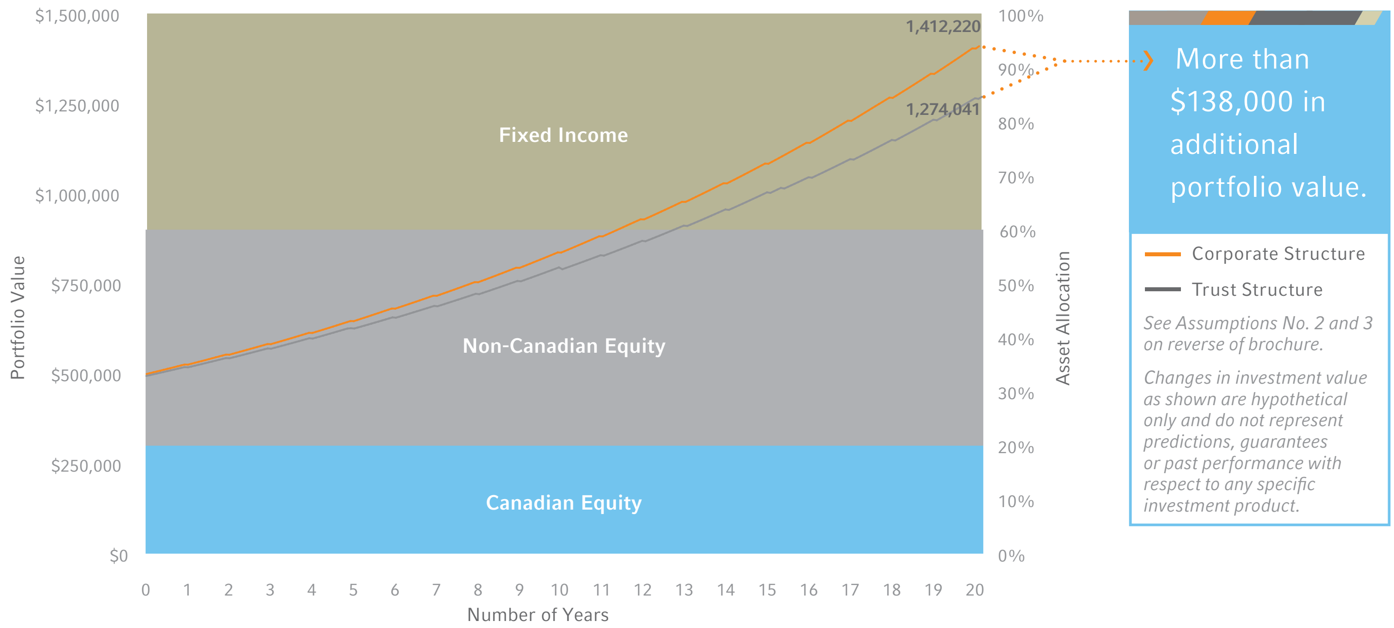
- Corporate Structure
- Trust Structure

See Assumptions No. 2 and 4 on reverse of brochure.

Changes in investment value as shown are hypothetical only and do not represent predictions, guarantees or past performance with respect to any specific investment product.

ENHANCED PORTFOLIO GROWTH

The combination of tax-efficient portfolio income, tax-efficient rebalancing and tax-efficient cashflows available through the corporate structure means you have more of your portfolio working for you and maximizing your wealth over your investment horizon.

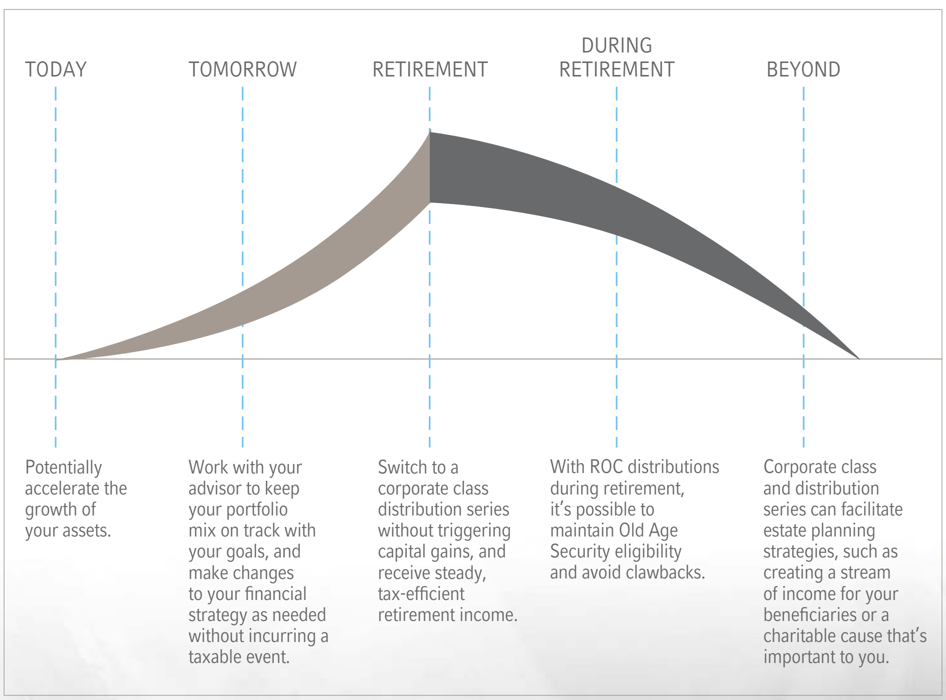


Why use Russell Corporate Class?

TAX-EFFICIENT INCOME

In order to take advantage of the benefits that corporate classes have to offer it's important that you have access to all of the building blocks. You'll want choices across all of the major asset classes so you can create a well-diversified portfolio and then rebalance it over time as your needs and objectives change. And if you're concerned about movements in the CAD/USD exchange rate it may be important to have the flexibility to invest in U.S. dollars.

Russell Corporate Class offers a range of comprehensive solutions in balanced, fixed income and equity categories including those in our U.S. Dollar Hedged Series. Working with your advisor you can develop a seamless long-term strategy that will adapt as your investment priorities evolve.



Who should invest in Corporate Class?

Active Investors — If you tend to rebalance your portfolio regularly or wish to take advantage of market trends, you may benefit from the corporate class structure as you will avoid triggering a tax event when you switch between funds.

Income-Oriented Investors — Fixed income classes are designed to generate tax-efficient income in the form of capital gains. Also, if a regular stream of income is what you need, fixed income classes can provide monthly distributions in the form of ROC. These ROC distributions reduce the ACB of your original investment so you defer the tax on the distributions until your ACB becomes zero or the class is sold.

Seniors/Snowbirds — Your taxable income won't be affected by the ROC from your corporate class funds, and therefore won't impact your Old Age Security payments. If you are a Snowbird, our US$ Hedged Series is available in corporate class to help you limit the impact of exchange-rate fluctuations.

In Trust For (ITF) Accounts — When you set up an In Trust For (ITF) account for a child or grandchild, any interest or dividends paid into that account are taxed in your hands. But capital gains are usually taxed in the hands of the minor, who generally has a lower income. Corporate classes are designed to pay little to no taxable distributions while redemptions are considered more tax-efficient capital gains.

Charitable Givers — When you donate corporate class shares to a charity, you are exempt from capital gains taxes and you get a tax credit for the charitable donation.

Business Owners — Investing your company's profits into corporate classes can help you realize fewer taxable distributions and maximize capital gains, which are taxed at a preferential rate.

While corporate classes are designed to appeal to taxable investors and those individuals looking to minimize taxable income, it's possible that the mutual fund corporation may not be able to shelter all of the income generated within the structure and it may be necessary to distribute taxable income annually in the form of eligible dividends and capital gains. This may make corporate classes less appealing to taxable investors who are not anticipating distributions from their investment. Although corporate classes are eligible for registered accounts, non-taxable investors are not able to take full advantage of the tax-efficient features of the corporate class structure. Corporate classes and mutual funds have different rates of return and expenses and distributions may vary. They share many of the risks associated with mutual fund investing and several risks, such as forward agreement risk, multi-class risk and multi-series risk, may be more common to corporate classes, which may make them unsuitable for you, depending on your investment objectives and risk tolerance. If the funds do not perform as intended you may experience a loss of part or all of your invested principal. See the most recent prospectus for a further discussion on risks.

To learn more, please talk to your advisor or visit us at **www.russell.com/ca** today.

Who is Russell Investments?

Russell Investments

At Russell, our purpose is to improve financial security for people just like you. We perform the vital work to keep your investments diversified and balanced, in pursuit of your goals.

Several reasons you should consider Russell as your guide to global investing include:

1. We apply our decades of experience in global markets to our Funds' portfolios. Since 1936, Russell has honed its expertise through all sorts of market cycles, trends, and turnarounds.
2. We have global resources working for you. With more than 1,900 associates in 24 offices around the world, Russell provides on-the-ground knowledge in pursuit of world-class investment solutions.
3. We're one of the world authorities on people who manage money. As one of the global leaders in multi-manager investing, we provide you access to funds with some of the world's best money managers that are often not available to retail investors.
4. We provide an investment process that diversifies beyond traditional methods. Russell Funds are allocated not only among investment styles and asset classes, but among leading global investment managers.

1936
Founded in Tacoma, WA

3,000+
Research meetings held each year with investment managers around the world

$162 billion
Assets under management
as of 12/31/12

24
Offices worldwide

* Capital gains taxes may arise when a shareholder of one Corporate Class converts shares to another Corporate Class and the first Corporate Class must dispose of a portion of its portfolio as a result.

** In the event that a monthly amount cannot be paid by a series of a Russell Corporate Fund as ROC, that Corporate Fund's monthly payment will be a dividend rather than ROC.

ASSUMPTIONS:

[1] The following 2013 Ontario marginal tax rates are used for calculating the tax liabilities: Interest income = 46.4%, eligible Dividends = 29.5% and Capital Gains = 23.2%.

[2] This hypothetical example assumes an equity return of 7.5% that represents Russell's long-term expected return on equities, a fixed income return of 3.5% that represents Russell's annualized forward-looking return forecast over a 20 year horizon, a dividend payout of 1.5%, a 1.5% turnover rate on equities, and monthly rebalancing for both trust and corporate class structures. For the fixed income portion of the trust structure, a 3% annual income distribution (paid monthly) is assumed. For the fixed income portion of the corporate class structure, a 1.0% year-end distribution in the form of realized capital gains is assumed. All distributions are reinvested on an after-tax basis. Monthly rebalancing is assumed with a plus/minus band of 5%. In the trust structure, any realized gain incurred by rebalancing will trigger tax consequences in the same period. There is no guarantee that any stated assumption will occur and assumptions are subject to change at any time without notice based upon market or other conditions. The following 2013 Ontario marginal tax rates are used for calculating the tax liabilities: Interest income = 46.4%, eligible Dividends = 29.5% and Capital Gains = 23.2%. This hypothetical example is used to illustrate the effect of compound growth on a trust versus corporate class structure and is not intended to reflect actual or expected future returns. Investors should consult their tax advisors prior to implementing any changes to their investment strategy.

[3] This hypothetical example assumes a starting asset allocation that is 60% equities and 40% fixed income. This allocation is applied to the return assumptions indicated in assumption #2.

[4] This hypothetical example assumes a starting asset allocation that is 80% equities and 20% fixed income. This allocation is applied to the return assumptions indicated in assumption #2. The allocation is then rebalanced over the time horizon based on Russell's glide path model. The ending allocation is 35% equities and 65% fixed income.

[5] This hypothetical example assumes a static annual ROC distribution of $25,000 paid monthly in cash.

Important Information:

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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