

# Emerging Markets Equity Fund

## Performance Review

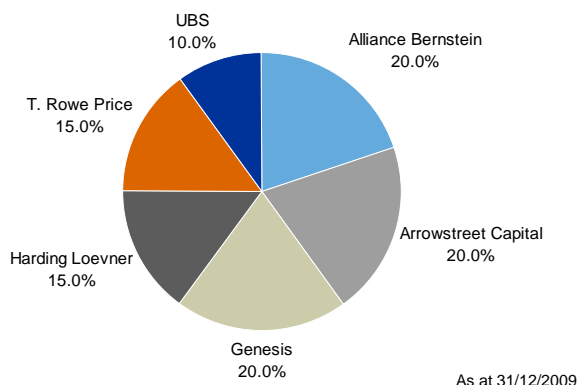
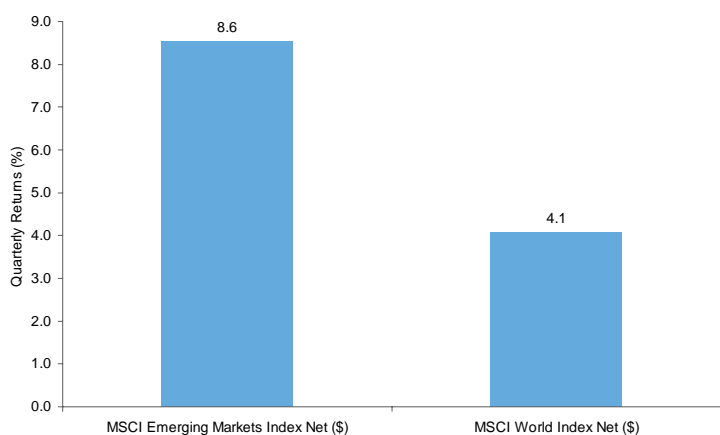
	One Month %	Three Months %	Year to Date %	One Year % <sup>1</sup>	Three Years	Five Years %	Ten Years %	Since Inception % <sup>2</sup>
Emerging Markets Equity Fund (USD) Gross of fees	5.1	9.3	87.7	87.7	6.8	16.7	11.7	9.4
Fund Benchmark <sup>3</sup> (USD)	4.0	8.6	78.5	78.5	5.3	15.8	10.7	8.6
Emerging Markets Equity Fund (RAND) Gross of fees	4.1	6.3	49.5	49.5	8.3	23.1	13.7	14.9
Fund Benchmark (RAND)	3.0	5.5	42.2	42.2	6.9	22.2	12.7	14.0

<sup>1</sup> Returns greater than one year are annualised.

<sup>2</sup> Inception date 20/12/94. Performance is measured from 01/01/95. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.

<sup>3</sup> Composite of MSCI EMF, IFCI and ING BEMI. The Benchmark prior to 04/1999 was ING Barings Extended Emerging Markets Index, for the period 04/1999 to 02/2003 was IFC Investable Index, and since then it has been the MSCI Emerging Markets Index. **Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax**

## Fund Highlights and Portfolio Management Activity



- Emerging market (EM) equities again strengthened over the fourth quarter of 2009 as risk appetite showed no sign of waning. The MSCI Emerging Markets Index gained 8.6% over the quarter, and completed its best ever year by advancing 78% - repairing some of the damage after losses of over 53% the previous year. EM inflows reached record levels in 2009 as the economic outlook improved for developing nation exporters as stimulus measures from China to Brazil gained traction and US economic data improved. The best-performing markets over the year included Turkey, Brazil and Russia, which all typically perform strongly when risk appetite is robust. Meanwhile, Indonesia - often regarded as the riskiest of emerging markets - leapt over 125%. Fourth-quarter returns were also positive, despite a relatively short-lived increase in risk aversion that followed news of a potential debt crisis in Dubai. The improving economic situation in Latin America helped drive the index's overall quarterly gains. Mexican stocks climbed after the US economy - which buys 80% of its exports and is the country's biggest trading partner - strengthened and commodity prices increased. Resource rich markets like Chile and Brazil were also major positive contributors as Chinese demand for raw materials remained elevated and metal prices rose after Asian leaders pledged to maintain stimulus measures until there is "durable" growth. Meanwhile, the US dollar's continued weakness also helped increase the appeal of hard assets including gold and copper. The former smashed through the \$1,000 an ounce ceiling and reached an all-time high of \$1,227.5 an ounce in December, while the latter gained nearly 140% in 2009, much to the benefit of the Chilean economy. Russian equities also advanced, as crude oil - the country's major export - neared \$80 a barrel on the improving economic situation in the US and concerns over unrest in Iran.

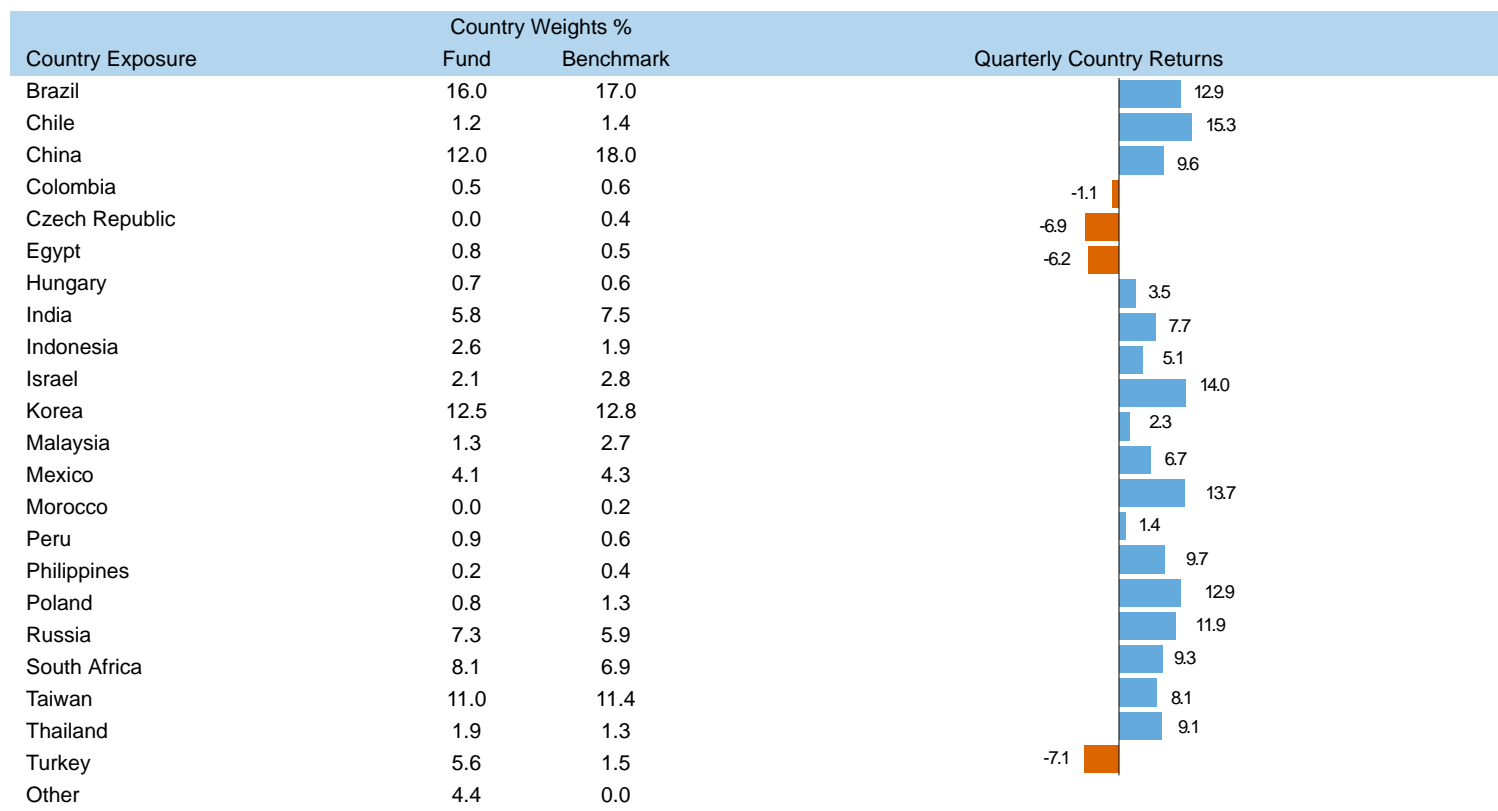
- At a sector level performance was largely positive. Consumer staples and materials stocks outperformed, with the latter a beneficiary of robust gains among miners, including Brazil's Cia Vale do Rio Doce - the world's largest iron ore miner - and Mexico's Grupo Mexico SAB. Meanwhile, Korean steelmaker Posco and Brazilian counterpart Gerdau gained as demand remained persistent from China and began to recover in developed markets, particularly in the US where economic conditions improved. The strength of the consumer staples and consumer discretionary sectors was driven by robust returns from Latin America's largest retailer Wal-Mart de Mexico and Brazil's largest publicly traded clothing retailer Lojas Renner. The latter strengthened amid renewed activity amongst Brazilian consumers and rallied to a 17-month high as the nation's job growth accelerated and analysts reported that its GDP was set to rise by 5% in 2010.

- The Fund outperformed and completed an extremely strong year, with fourth-quarter performance driven by successful stock selection in China, notably Yanzhou Coal Mining, after coal producers surged after the worst snowstorms in decades disrupted supplies and boosted demand. Elsewhere, the overweight to, and stock selection within Turkey added value. The Turkish market enjoyed a particularly strong month in December as risk appetite remained elevated. Confirmation that the country's government plans to reduce a tax for domestic investors on bond income and was close to signing a loan accord with the International Monetary Fund proved particularly beneficial.

### Quarterly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Alliance Bernstein	Value	+	A focus on deep value opportunities drove Alliance Bernstein's performance relative to the index over the year, and the fourth quarter was no exception. The manager's rotation into Turkish and Indian banks earlier in the year paid off as its holdings were amongst the best-performing financial stocks over the quarter. Its positions in Yan-zhou Coal and Turk Hava Yollari also added to gains.
Arrowstreet Capital	Market - Oriented Quant	++	Strong stock selection was the main contributor to Arrowstreet's outperformance as a number of its exposures in Turkey and China appreciated markedly during the quarter. Among them was air carrier Turk Hava Yollari which appreciated strongly, boosted by a 10% increase in passenger numbers over the first nine months of 2009 compared to a year earlier. Arrowstreet also benefited from the steady increase in their portfolio's exposure to Turkey as a whole as the market surged.
Genesis	Market - Oriented Bottom Up	++	Genesis was the best-performing advisor last quarter. The manager's outperformance was primarily attributable to stock specific decisions within South Africa and Russia. Its key position in Anglo American was handsomely rewarded, as were holdings in Russian natural gas producer Novatek and X5 Retail, a discount retailer
Harding Loevner	Market - Oriented	-	Despite adding value through sector positioning - notably an overweight to consumer staples - Harding Loevner lagged the index last quarter. Ineffective stock selection within cyclical sectors was the main contributor of negative excess returns. The decline of its holding in Samsung Fire and Marine Insurance ensured that Korea finished as the biggest detractor from a country standpoint.
T. Rowe Price	Growth	+	T Rowe Price's view that the consumer is a key driver of growth proved beneficial, as overweights to consumer staples and consumer discretionary stocks added value during the quarter. Stock selection also contributed positively with robust returns from Latin America's largest retailer Wal-Mart de Mexico, as well as other holdings in Russia and China.
UBS	Growth	--	UBS trailed its peers in the Fund over the quarter and underperformed the benchmark. Its exposure to financials was the main detractor as holdings such as BM&F Bovespa (the stock and futures exchange in Brazil) and India's ICICI Bank lagged. Concern over the reintroduction of a tax on foreign purchases put downward pressure on BM&F's stock price, while the latter fell sharply in October after the country's central bank imposed tighter monetary policy measures.

### Country Analysis



## Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
Samsung Electronics Co., Ltd.	South Korea	Information Technology	4.2	2.6
Petroleo Brasileiro SA	Brazil	Energy	2.9	3.7
GAZPROM OAO	Russia	Energy	2.2	1.8
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	1.7	1.5
Lukoil Holdings	Russia	Energy	1.6	0.8
America Movil SA de CV	Mexico	Telecommunication Services	1.5	1.3
Cia Vale do Rio Doce	Brazil	Materials	1.4	2.8
Anglo American Plc	South Africa	Materials	1.2	0.0
Turkiye Garanti Bankasi	Turkey	Financials	1.0	0.3
Turk Hava Yollari Anonim Ortakligi	Turkey	Industrials	1.0	0.0

## Portfolio Profile Characteristics

Profile Characteristics	Fund	Benchmark
Sector Deviation	6.37	0.00
Market Cap Weighted Nlog	-0.29	0.00
Valuation Characteristics		
Price/Earnings (excl negative earnings)	13.17	16.90
Dividend Yield (%)	1.88	2.04
Price/Book	1.90	2.21
EPS Growth (1 Year Forecast)	13.31	16.49

	One Year		Three Years		Five Years	
	Fund	Average Manager	Fund	Average Manager	Fund	Average Manager
Tracking Error	3.1	6.3	3.3	6.6	2.9	5.5

*Manager Attribution Key	Relative Performance vs Fund Benchmark
++	>1.5%
+	0.25% to 1.5%
Flat	-0.25% to 0.25%
-	-1.5% to -0.25%
--	<-1.5%

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