

Emerging Markets Equity Fund

Performance Review

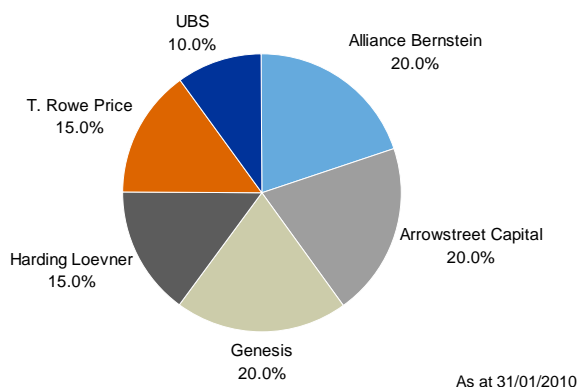
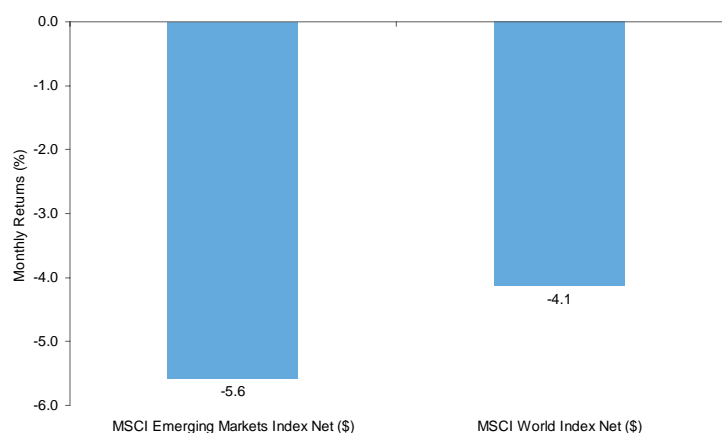
	One Month %	Three Months %	Year to Date %	One Year % ¹	Three Years	Five Years %	Ten Years %	Since Inception % ²
Emerging Markets Equity Fund (USD) Gross of fees	-5.5	3.6	-5.5	90.8	5.1	15.3	11.1	9.0
Fund Benchmark ³ (USD)	-5.6	2.4	-5.6	80.2	3.7	14.4	10.0	8.1
Emerging Markets Equity Fund (RAND) Gross of fees	-3.2	-0.2	-3.2	41.1	6.5	20.9	13.1	14.6
Fund Benchmark (RAND)	-3.3	-1.3	-3.3	33.3	5.1	20.0	12.0	13.7

¹ Returns greater than one year are annualised.

² 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.

³ 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



- Having enjoyed an exceptionally strong year in 2009, the MSCI Emerging Markets Index began 2010 in more disappointing fashion, losing 5.6% in January. Stocks declined for three consecutive weeks, marking the Index's worst run of performance since its nadir in March 2009. Meanwhile spreads on emerging market debt widened as investors questioned the sustainability of economic recovery with central banks, notably those of the US and China, beginning to withdraw stimulus funding. Emerging Markets underperformed their developed peers, driven by their greater reliance on commodities, which fell after risk aversion increased and the dollar strengthened on weaker economic data. Mixed corporate earnings announcements - particularly among technology companies - also weighed on sentiment, as did concerns over Europe's fiscal health, prompted by a growing debt crisis in Greece.
- At the country level, Chinese stocks fell after The People's Bank of China tightened monetary policy amid concerns over the sustainability of record loan growth. In India, speculation mounted that the Reserve Bank would be forced to tighten its monetary policy to prevent its economy from overheating, with inflation fast becoming "a major concern". Policymakers in Brazil were also looking to define their next steps and their latest statement was notable for the removal of wording suggesting that the current interest rate was adequate to contain inflation. The country's benchmark index, the Bovespa, endured its worst monthly performance since October 2008 as airlines and oil companies fell sharply. Mexican stocks also declined, on concern that the Obama administration's plans to rein in risk-taking at banks could slow the economic recovery of the country's largest trading partner. Moreover, crude oil, Mexico's largest export, retreated over the month. Meanwhile, economic recovery in Korea faltered on weak manufacturing data. All of the underlying sectors finished in negative territory, led by the consumer discretionary and materials sectors after increasingly risk-averse investors locked in gains following the strong returns of previous months. The best performers were typically characterised as defensive - health care, utilities and telecoms.
- The Fund finished in line with the benchmark during January. Country positioning contributed positively, as the overweight to Turkey and underweights to Brazil and China proved particularly beneficial. Turkey was the best-performing market over the period, after the government suggested that recovery had accelerated and that the country's economy may expand by "close to 5%" this year. The country is still discussing a potential agreement with the IMF on a loan accord. Offsetting these gains however was a reversal in sector drivers, as the underweight to the telecommunications services sector - and, at a stock level China Mobile - detracted.

Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Alliance Bernstein	Value	-	Alliance Bernstein finished modestly behind the Index during January, despite having benefited from an overweight to Turkey and underweight exposures to China and Brazil. Gains were pared back as its stock selection within the latter proved ineffective, with key holding Banco Do Brasil among the most notable detractors from performance.
Arrowstreet Capital	Market - Oriented Quant	+	Arrowstreet was handsomely rewarded for its notable overweight to Turkey and a sizeable underweight to China. Strong stock selection within more cyclical sectors also helped offset the negative contribution from being underweight telecoms.
Genesis	Market - Oriented Bottom Up	++	Genesis was the strongest performing manager during the month, driven mainly by its successful stock selection within financials. Notable contributors included Turkey's Yapi ve Kredi Bankasi AS and select off- benchmark positions in Russia and Nigeria. The persistent and significant underweight to Brazil also proved beneficial.
Harding Loevner	Market - Oriented	+	Harding Loevner outperformed relative to the index. Strong stock selection within financials added value as its preferred holdings outdid underperforming Chinese banking peers, where the manager held little exposure. Harding Loevner was also rewarded for the significant underweight to China as a whole.
T. Rowe Price	Growth	-	Weak stock selection - coupled with an overweight exposure to China - contributed most to T. Rowe Price's underperformance last month. From a sector perspective, the underweight to telecoms, and particularly the lack of exposure to China Mobile, also hurt.
UBS	Growth	--	UBS struggled over January. The manager's exposure to technology had a negative impact as some of its holdings retreated further than the overall sector. Country positioning also proved detrimental, as the manager was penalised for its overweights to both China and Brazil.

* 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%

This material does not constitute an offer or invitation to anyone in any jurisdiction to invest in any Russell product or use any Russell services where such offer or invitation is not lawful, or in which the person making such offer or invitation is not qualified to do so; or to anyone to whom it is unlawful to make such offer or invitation, and has not been prepared in connection with any such offer or invitation.

This material is not intended for distribution to retail clients. Unless otherwise specified, Russell is the source of all data. Unless otherwise specified, all information contained in this material is current at the time of issue and to the best of our knowledge all information presented is accurate, however this cannot be guaranteed. Any opinions expressed are those of Russell Investments Limited and not a statement of fact and they do not constitute investment advice and are subject to change.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.

There is no guarantee that any target or projected figures will be met and this information is for illustrative purposes only. Any simulated figures and estimated figures are for illustrative purposes only. Any past performance figures are not necessarily a guide to future performance. Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Any references to tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

Copyright © 2009 Russell Investments Limited

Issued by Russell Investments Limited, Company No. 02086230. Registered in England and Wales with registered office at: Rex House, 10 Regent Street, London SW1Y 4PE. Telephone 020 7024 6000. Authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

All performance data is sourced from Russell Investments, Confluence, Bloomberg and FactSet. Data as at 17/2/10. Past performance is not necessarily a guide to future performance.