

Japan Equity Fund

Performance Review

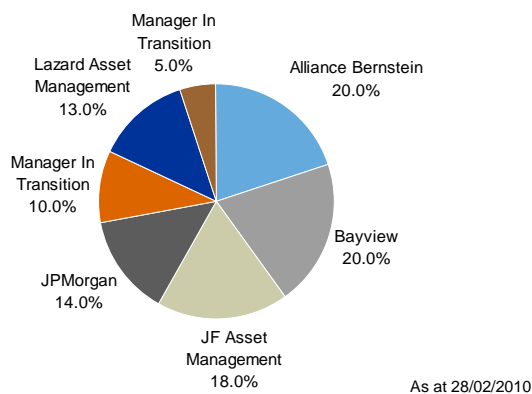
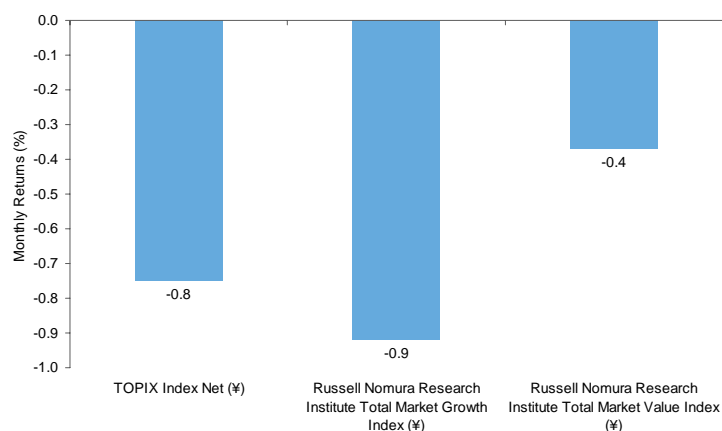
	One Month %	Three Months %	Year to Date %	One ¹ Year %	Three Years	Five Years %	Ten Years %	Since ² Inception %
Japan Equity Fund (USD) Gross of fees	0.8	3.5	3.0	44.8	-10.3	-0.4	-1.2	2.5
Fund Benchmark (USD) ³	1.3	3.2	3.2	31.9	-10.7	-0.9	-3.2	-1.3
Japan Equity Fund (RAND) Gross of fees	2.4	6.7	7.2	10.5	-8.7	5.3	0.7	7.9
Fund Benchmark (RAND)	2.9	6.4	7.5	0.7	-9.1	4.8	-1.4	3.9

¹ Returns greater than one year are annualised.

² Inception date 20/06/95. Performance is measured from 01/07/95. 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 Benchmark prior to 05/2003 was Topix Index. Benchmark currently Topix Dividends Included Index.

Fund Highlights and Portfolio Management Activity



As at 28/02/2010

- Despite a flurry of positive economic results throughout February, the Topix Index declined by -0.8%. After a strong start to the month, Japanese equities sold off along with other markets on the back of accelerating European debt, weakening commodity prices, and a rise in US unemployment claims, adding fears of a double-dip recession. However, the concern was largely centered on the indebtedness of Greece, Spain and Portugal, and their ability to borrow money. At a sector level, defensive sectors – such as utilities and telecommunications – were amongst the best-performing as investors adopted a cautious outlook on global growth concerns. However, official figures revealed the economy expanded at a faster than expected rate during the final quarter of 2009, with exports accelerating on the global rebound and manufacturers having increased production at the fastest pace since May. In addition, retail sales snapped a 16-month slump, signaling that domestic recovery is intact.
- The portfolio marginally underperformed as stock selection, primarily from the Fund's growth managers, was the primary detractor. Selection within consumer discretionary, notably Funai Electric, was the major laggard. The stock experienced a reversal of last years strong performance as its profits missed analysts estimates and its rating was cut.
- Continuing its strong performance of last month, JP Morgan was the best-performing manager in February as its approach proved favourable in the value-driven market environment. In contrast, Growth manager Bayview continued its underperformance in such market conditions. The manager has been rotating heavily into momentum stocks since the end of last year, which was one of the largest negative factors for its portfolio.
- In January, GLG was removed from the Fund, and Zebra Capital Management was hired. Russell also appointed Russell Investment Services (RIS) to manage a Deep Value Investment Strategy Portfolio (ISP). This portfolio is designed to deliver certain factor exposures that are essential to the structure of the Fund. Zebra is a quant-driven value manager that will complement the other managers in the Fund. Its deep value, contrarian portfolio shares many similar characteristics with its predecessor, although typically in a more moderate way.

Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Alliance Bernstein	Value	+	Value manager Alliance outperformed in February as its approach was in favour given the market environment. Stock selection in the transportation equipment industry was the primary driver. The manager's portfolio tracking error has been coming down this year as market volatility drops and Bernstein changes its portfolio.

Monthly Manager Performance (continued)

Manager	Approach / Process	*Manager Performance	Russell Analysis
Bayview	Above average earnings growth	--	Growth manager Bayview underperformed in an environment that strongly favoured value stocks. Stock selection was the primary detractor, particularly within consumer discretionary and financials. Bayview has also been investing in machinery and technology-related stocks as it believes they will benefit as the economy recovers.
JF Asset Management	Growth	-	Stock selection, particularly within technology and transportation equipment, was the primary hindrance. A zero weight to utilities – one of the stronger performing sectors – was also a detractor. The manager has been cutting its exposure to machinery and adding to wholesale-related sectors on rising commodity prices and strong growth prospects.
JPMorgan	Market - Oriented	++	Stock selection across a broad range of sectors – notably in consumer discretionary, technology and materials – was the primary contributor to performance. In addition, its continued avoidance of the transportation equipment industry, notably Toyota, also enhanced returns.
Lazard	Neutral to slightly below average valuation, low momentum.	+	Value manager Lazard outperformed as stock selection, notably within the industrials and consumer discretionary sectors, enhanced performance; the manager had been increasing its exposure to industrials after cutting its weight to technology stocks.
RIS	Deep Value		Strategy added to the Fund in February.
Zebra Capital Management	Value		Manager added to the Fund in February.

*Manager Attribution Key	Relative Performance vs Fund Benchmark	Manager	Manager Specific Benchmark
++	>1.5%	Alliance Bernstein	Topix (including dividends) Index
+	0.25% to 1.5%	Bayview	Topix (including dividends) Index
Flat	-0.25% to 0.25%	JF Asset Management	Topix (including dividends) Index
-	-1.5% to -0.25%	JPMorgan	Topix (including dividends) Index
--	<-1.5%	Lazard	Topix (including dividends) Index
		RIS	Topix (including dividends) Index
		Zebra	

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 17/3/10. Past performance is not necessarily a guide to future performance.