

US Equity Fund

Performance Review

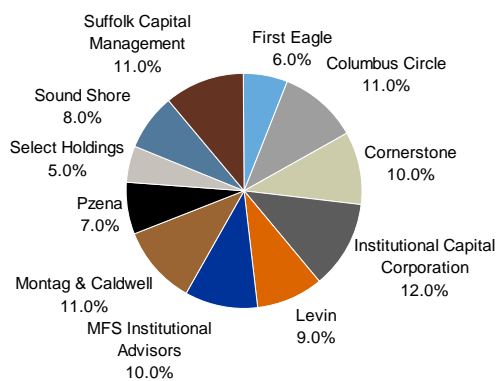
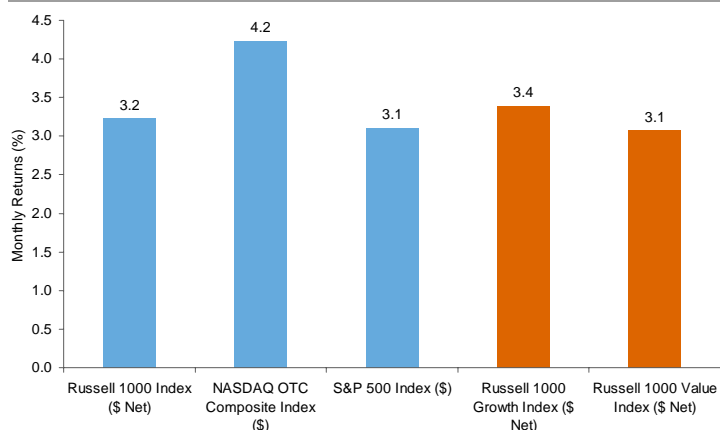
	One Month %	Three Months %	Year to Date %	One Year % ¹	Three Years %	Five Years %	Ten Years %	Since Inception % ²
US Equity Fund (USD) Gross of fees	3.3	1.6	-0.4	55.0	-4.7	1.0	-0.7	2.0
Russell 1000 Index (USD) ³	3.2	1.9	-0.5	54.3	-6.2	0.2	-0.6	2.6
US Equity Fund (RAND) Gross of fees	5.0	4.8	3.7	18.3	-3.0	6.8	1.2	5.8
Russell 1000 Index (RAND) ³	4.9	5.0	3.5	17.8	-4.5	5.9	1.3	6.4

¹ Returns greater than one year are annualised.

² Inception date 02/01/98. Performance is measured from 01/02/98. 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 Net of non-resident withholding tax.

Fund Highlights and Portfolio Management Activity



As at 28/02/2010

- The Russell 1000 Index advanced 3.2%, despite disappointing economic data including an unexpected loss of consumer confidence, a decline in existing home sales and continued concern over the outlook for the employment market. However, investors reacted positively to confirmation that fourth-quarter GDP growth had exceeded expectations and confirmation from Federal Reserve Chairman Bernanke that interest rates would stay near zero "for an extended time" - signalling that a large-scale withdrawal of stimulus measures was not imminent. An increase in gold and crude oil prices helped strengthen commodity returns. At the stock level, automaker Ford reported that sales were up in advance of rival General Motors in February. In contrast, bailed-out insurer AIG posted a 10% loss, triggering concern that the company may still require more government help. AIG has since announced that it is to sell off its AIA division - its largest asset sale since the credit crisis began.
- Investors generally favoured earnings growth and economic sensitivity during the month. Investment processes geared more towards earnings momentum generally benefited during the month. From a sector perspective, materials and producer durables outperformed. The former was boosted by expectations that economic growth will boost fuel demand in the world's largest energy consumer. Meanwhile, manufacturing expanded in February for a seventh consecutive month, indicating factories are leading the country's economic recovery. The more defensive sectors - notably health care and utilities - lagged their peers. Growth stocks outperformed value stocks by a small margin for the month, much of the same applied to small cap stocks. Small caps outperformed large cap stocks.
- The Fund finished marginally ahead of the benchmark, with positive sector positioning - notably an underweight to the defensive utilities (and within that, telecommunications) sector - a key contributor as the market became more willing to take on risk later in the month. Stock selection in consumer staples and materials sectors added value, notably Newmont Mining Corp in the latter. Newmont, the country's largest gold producer, saw fourth-quarter profits outstrip analyst estimates, after output increased (notably in Australia) and bullion prices reached record levels. Meanwhile, a strong fourth-quarter earnings season and oilfield-services provider Schlumberger's acquisition of energy group Smith International proved beneficial.

Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Columbus Circle	Growth	++	Columbus Circle's outperformance was due in large part to its exposure to growth-related factors as the market became less risk-averse during the month. An emphasis on momentum was rewarded, as did an overweight to higher beta names with lower dividend yields. An overweight to the financial services sector detracted, but strong stock selection among consumer staples (grocery store chains), technology (semiconductors), and consumer discretionary (retail) stocks overcame this.

Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Cornerstone	Growth	-	Cornerstone benefited from its exposure to growth-related factors (including an overweight in lower dividend yield stocks) and cyclicity (including a substantial overweight in its benchmark's highest beta stocks), but several stock-specific stories within the consumer discretionary and energy sectors detracted from performance. Meanwhile, selection was strongest in health care.
First Eagle	Market - Oriented	+	First Eagle overcame the negative impact of stock selection among banks and outperformed on the strength of its holdings within the consumer discretionary (retail industry in particular) and materials (gold) sectors. Being underweight the defensive health care and utilities (zero weight in the latter) sectors also contributed positively as the market became willing to take on a little more risk during the month.
Institutional Capital Corporation	Value	Flat	ICAP, a value manager, moderately outperformed both its own benchmark and the Fund benchmark during February. The manager benefited from strong stock selection within producer durables (notably machinery) and utilities. In the former, Cummins, the largest maker of heavy-duty diesel truck engines was hotly tipped to "stand out" in 2010 by Citigroup. In the latter, strategic stock selection within telecommunications and an underweight to electricals proved beneficial. An underweight to the overall sector, one of the weakest over the month, also added value.
Levin	Market - oriented with value bias	+	Market-oriented Levin continued its strong YTD performance during the month, as its defensive positioning proved effective. An overweight to and stock selection within consumer staples drove returns as US comparable-store sales climbed 4.1 %, to record a sixth straight monthly gain. Key driver, Sara Lee Corp - a global manufacturer and marketer of high quality food brands - advanced as forecasts predicted full-year earnings that would beat analysts' expectations, helped by cost cuts. Stock allocation within materials and processing also added value, notably disposable bag maker Pactiv Corp, which benefited from its acquisition of disposable food container producer PWP Industries.
MFS Institutional Advisors	Value	-	Defensive value manager MFS underperformed the Russell 1000 Value Index in a month in which investors favoured riskier positions. An underweight to the highest beta stocks detracted, as did its larger-cap positioning as small-caps outperformed larger peers. Stock selection was the main driver of negative returns, after bank and insurance stocks had a negative impact, as did the manager's producer durables holdings. An overweight to large multi-national oil companies detracted from the returns of the energy sector. More positively, an underweight to the utilities sector and strong selection within health care added value.
Montag & Caldwell	Growth	-	Defensive growth manager Montag underperformed the Russell 1000 Growth Index in a month in which investors favoured riskier positions. Montag's performance was negatively affected by its exposure to larger capitalization, lower beta stocks. Sector positioning also detracted as the manager was underweight the technology and producer durables sectors and overweight the financial services sector. Stock selection was the main driver of underperformance for the month. Exposure to pharmaceutical stocks in the health care sector (Merck, Gilead) detracted, as did selection within the producer durables sector (Fluor). Selection within the consumer discretionary sector (TJX, Costco) was additive for the month.
Pzena	Deep value, long-term view	+	Pzena was the best-performing value manager during the month, attributable to its effective stock allocation within utilities - where an underweight to mobile provider AT&T Inc proved particularly beneficial as weak handset sales weighed on returns. Performance across the sectors, in general, was mixed - an overweight to technology stocks was negative, but was offset by effective allocation within the consumer discretionary sector. Major contributor, J.C Penney Co - the third-largest US department-store chain - posted an earnings increase that exceeded analyst expectations, bolstered by women's clothing and shoe sales.
Select Holdings	"Best" Ideas	-	The "Best ideas" strategy underperformed during the month, driven primarily by poor stock selection within the consumer discretionary sector. Online retailer Amazon declined on concern over its e-book pricing and a decrease in market share. EBay also declined on growth concerns. An overweight to and ineffective stock selection in financial services also weighed heavily on returns. A key detractor was worldwide payment provider MasterCard Inc, whose shares tumbled after posting earnings that missed the average analyst estimate. Losses were pared back by a beneficial underweight to utilities.
Sound Shore	Value	-	Value manager Sound Shore modestly underperformed both its own benchmark and the Fund's benchmark, as weak returns from its stock selection within consumer discretionary (notably retail) weighed on returns. Washington Post Co declined as confidence among US consumers fell and a larger-than-anticipated share decline reflected a drop in stock value. Losses were offset by an overweight to and good selection within energy - Texas based oilfield service company Smith International Inc was a key contributor, having rallied prior to its acquisition by Schlumberger.

Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Suffolk Capital Management	Market - Oriented	-	Suffolk, a market-oriented manager, trailed both its own benchmark and the Fund benchmark during February, largely attributable to poor stock selection within producer durables and technology. In the former, SunPower Corp - a supplier of high-efficiency solar modules - was a key detractor, with shares having fallen 15 % since the start of the year. SunPower has since agreed to buy SunRay Renewable Energy to increase sales in Europe. Losses were pared back by positive stock selection within financial services. Wells Fargo's shares increased on speculation that the fourth-largest US bank may outperform "weaker" lenders.

*Manager Attribution Key	Relative Performance vs Fund Benchmark	Manager	Manager's Benchmark
++	>1.0%	Columbus Circle	Russell 1000 Index
+	0.3% to 1.0%	Cornerstone	Russell 1000 Growth Index
Flat	-0.3% to 0.3%	First Eagle	Russell 1000 Growth Index
-	-1.0% to -0.3%	Institutional Capital Corporation	Russell 1000 Value Index
--	<-1.0%	Levin	Russell 1000 Value Index
		MFS Institutional Advisors	Russell 1000 Value Index
		Montag & Caldwell	Russell 1000 Growth Index
		Pzena	Russell 1000 Index
		Select Holdings	Russell 1000 Index
		Sound Shore	Russell 1000 Value Index
		Suffolk Capital Management	Russell 1000 Index

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