RIC Global Bond Fund

Performance Review

***Due to an Irish bank holiday on 31st October 2011, month end fund prices have been adjusted using the benchmark performance on that day.**

	One Month %	Three Months %	Year to Date %	One Year %[1]	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception%[2]
RIC Global Bond Fund ($ Gross of Fees)	2.2	0.5	7.5	4.5	13.5	7.9	7.5	6.1	6.6
RIC Global Bond Fund ($ Net of Class A Fees)	2.2	0.3	6.8	3.7	12.6	7.1	6.7	5.2	5.8
Global Bond Fund Benchmark ($)[3]	1.3	0.2	6.8	4.1	9.6	6.9	6.9	5.6	6.2
Morningstar Median Manager ($)[4]	4.2	-2.3	5.3	2.1	10.6	5.9	7.0	5.2	5.8
Quartile Ranking	4	1	2	1	2	2	3	2	2
Fund Size $ 1,582m									

[1] Returns greater than one year are annualised.
[2] Inception date 30/09/1994
[3] Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.
[4] Morningstar Offshore & International Fixed Income Global USD Based Universe

Market Performance

Overview

The Barclays Capital Global Aggregate Bond Index (unhedged) returned 1.3% in October. An improving risk appetite among investors first on expectations and then an official month end announcement of a European debt accord spurred investors out of higher quality government bonds and cash into riskier spread sectors such as corporate bonds and emerging market debt. On October 27th EU leaders unveiled a plan in which private-sector bondholders would accept a 50% ‘haircut’ on their holdings of Greek debt, the European Financial Stability Facility (EFSF) bailout fund would be leveraged from €440bn to €1trn, and banks would raise €106bn to increase their Tier 1 capital ratios to a more solid 9%. This was received with relief by fixed income markets, although final details won’t be available for at least a month. Meanwhile, moves out of government bonds into corporate bonds also reflected better economic data from the US. The US economy grew at a 2.5% annualised rate in quarter three – the fastest rate of growth since the third quarter of last year. And there was also good news from China, where the country’s manufacturing sector expanded for the first time in four months, allaying some concerns of a hard landing in that economy.

Fund Performance

Performance History(1)

(1) Performance is quoted gross of management fees.

Key Drivers

The Fund outperformed over the month, driven by Loomis and PIMCO. The key driver was sector positioning, notably overweights to riskier corporate high yield and emerging market debt against an underweight to governments and cash, as investor confidence was boosted over the period. At a country level, the Fund’s overweights to Mexico and Brazil proved beneficial as emerging debt outperformed. Elsewhere, being long the Norwegian Krone and the Mexican Peso was positive.

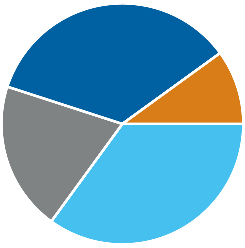
Russell Investments

Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
PIMCO	Sector Specialist	1.2%	PIMCO outperformed, mainly driven by its sector positioning. The manager's overweight to strong-performing corporate financials and high yield debt against an underweight exposure to less risky government debt were the key drivers. From a currency perspective, being long sterling boosted returns as the currency was stronger due to increased risk appetite. PIMCO's overweight position to the Korean won went rewarded as the currency climbed on the positive outlook for the Asian economy. Being long the Singapore dollar added as the currency was helped by gradually mounting evidence that China is avoiding a hard landing.
Colchester Global Investors	Macro Value	-0.6%	Colchester lagged the benchmark and its peers over the period. As a government debt sector specialist, Colchester's absence of credit exposure hindered performance as the risk-on environment proved favourable for credit. Elsewhere, an underweight position to the Swiss franc was detrimental, as the currency (now capped at 1.20 to the euro by the Swiss National Bank) performed well alongside the euro during the US dollar sell off, as was an underweight to the New Zealand dollar, as commodity-linked currencies outperformed.
Loomis	Security Selection	2.4%	Loomis was the best-performing manager over the period, driven by its market sector positioning. Emerging market and high yield debt were the best-performers over the period as investors moved back to more risky assets, so the manager's overweights to these sectors drove performance. An overweight to the Norwegian Krone and the Mexican Peso was a secondary positive. From a country perspective, an overweight position to Brazil was also beneficial, as the country cut its interest rates to improve its economic situation.
Brookfield	Sector Specialist	-0.1%	Mortgage sector specialist Brookfield underperformed over the period. Positives from the manager's exposure to commercial mortgage-backed securities (CMBS) were more than offset from negatives associated with a material exposure to non-agency residential mortgage-backed securities. Despite the rally in credit over the month, residential mortgage credit was volatile and – depending on security selection – was flat to down for the month, due in part negative housing market news.

Fund Statistics

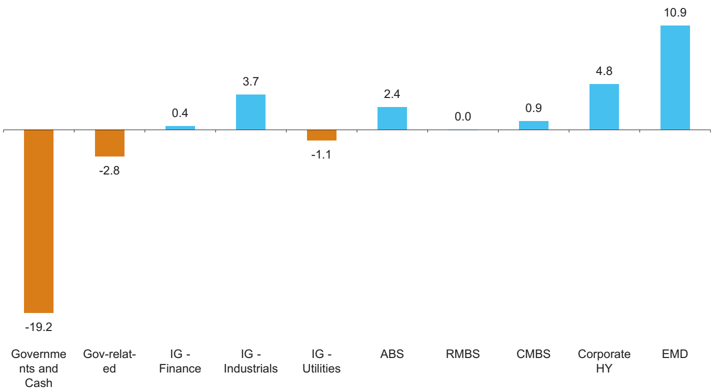
Manager Weights



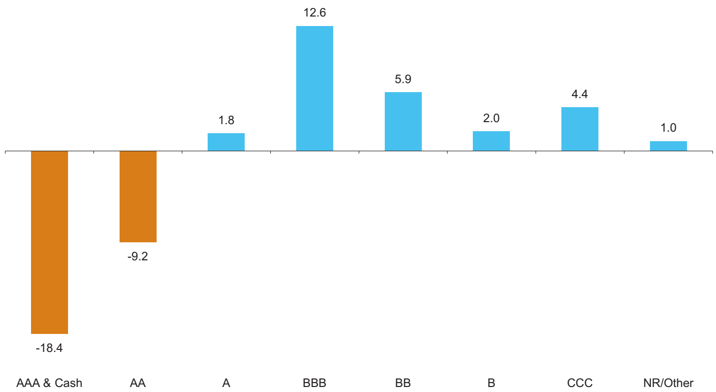
Characteristics	Fund	Benchmark
Effective Duration	5.3	5.8
Yield to Maturity	4.6	2.4
Average Credit Rating	A1	Aa2
Average Maturity (Years)	7.8	7.4
Tracking Error	**Fund**	**Average Manager**
One Year	1.5	7.4
Three Years	2.7	8.1
Five Years	2.7	7.4

Fund Analysis

Bond Market Sector (Relative Exposure)



Credit Rating (Relative Exposure)



Russell Investments