

# RIC Pacific Basin Equity Fund

## Performance Review

	Three Months %	Year to Date %	One Year % <sup>1</sup>	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception % <sup>2</sup>
RIC Pacific Basin Equity Fund (\$ Gross of Fees)	3.0	-16.6	-16.6	21.2	2.7	12.4	6.5	7.5
RIC Pacific Basin Equity Fund (\$ Net of Class A Fees)	2.7	-17.6	-17.6	19.8	1.5	11.1	5.2	6.2
RIC Pacific Basin Equity Fund Benchmark (\$) <sup>3</sup>	3.5	-16.5	-16.5	19.5	2.5	12.0	4.7	5.4
Morningstar Median Manager (\$) <sup>4</sup>	4.2	-16.6	-16.6	17.7	1.7	10.9	3.6	5.3
Quartile Ranking	3	3	3	2	3	2	1	1
Fund Size \$ 417m								

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

<sup>2</sup> Inception date 30/06/1995

<sup>3</sup> Prior to 1st April 2011 the benchmark was MSCI AC Asia Pac ex Japan, prior to 5th October 2005 it was MSCI AC Pac ex Japan. The benchmark is currently the Russell Asia Pacific ex Japan Net Index.

<sup>4</sup> Morningstar Offshore & International Equity Asia Pacific ex Japan Universe

## Manager Performance

### Overview

The Russell Asia Pacific ex Japan Index gained 3.5% in the fourth quarter after increasing uncertainty surrounding European sovereign debt failed to dampen investor optimism. Initial hopes of a firm resolution to Europe's debt woes triggered a significant rally in Asia Pacific ex Japan markets in October, though much of these gains were lost in November when it became clear that Europe's debt crisis had shifted from its periphery to its core. However, the negative sentiment toward Europe was largely overshadowed by improving economic data – notably Chinese inflation and manufacturing figures – and increasing speculation that the US recovery was beginning to gather some momentum. That said, investors remained cautious into year-end given the potential for global growth to slow in 2012 should Europe's debt crisis deteriorate further. The small ASEAN markets were among the best-performers during the quarter. The Malaysian market rose after the country's economy expanded by 5.8% in the September quarter while Thailand gained after the country's central bank cut interest rates and as the flood waters that had caused so much disruption to its economy finally receded.

## Fund Performance

### Performance History(1)



(1) Performance is quoted gross of management fees.

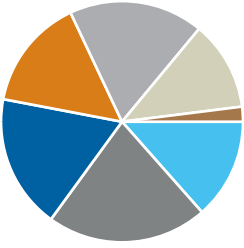
### Key Drivers

The Fund underperformed the benchmark over the fourth quarter. At the country level, negative stock selection in Australia and a significant overweight exposure to Singapore impacted the most on returns. In terms of individual stocks, an underweight holding in Samsung Electronics hurt returns after the company rose on the back of stronger US sales and positive 2012 profit forecasts. An overweight exposure to E-Ink Holdings, which fell amid Wi-Fi functionality problems with one of the new Kindle models, also weighed on performance.

## Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
Balanced Equity Management	Contrarian approach based on sum of the parts through cycle valuations	3.4%	Specialist Australian shares manager BEM underperformed over the period. Among the key detractors from returns were an underweight holding in Commonwealth Bank of Australia and an overweight exposure to BlueScope Steel. Commonwealth Bank rose early on hopes of a resolution to Europe's debt crisis and was able to hold on to those gains throughout the quarter while BlueScope Steel eased amid speculation the company's planned AUD600 million capital raising would heavily dilute the value of its shares. At the sector level, negative stock selection within industrials and an underweight exposure to the health care sector impacted the most on the manager's performance.
Aberdeen Asset Management	Fundamental analysis with a strong focus on valuation and quality	-2.1%	Following a strong run of performance, quality and value manager Aberdeen underperformed over the quarter. Among the key detractors from performance were an underweight holding in Samsung Electronics and an overweight exposure to United Overseas Bank. Samsung Electronics gained on the back of stronger US sales and positive 2012 profit forecasts while United Overseas Bank extended the previous quarter's loss after Fitch cut its ratings on five major European banks. At the sector level, negative stock selection within financials and industrials weighed the most on returns.
Havenport	Thematic driven approach, focusing on growth opportunities	-0.3%	Growth-oriented manager Havenport underperformed over the period, due in part to negative stock selection in Taiwan and India. At the stock level, overweight holdings in Suzlon Energy and Satyam Computer Services were among the main detractors from returns. Suzlon Energy fell after key investors sold large stakes in the company while Satyam Computer Services eased amid renewed tax claims relating to the company's 2009 scandal.
MIR	Combination of quantitative and qualitative approaches	-0.7%	Value and momentum manager MIR outperformed over the quarter. Country allocation was the primary driver of performance as the manager benefited from its overweight in Thailand and Indonesia. At the stock level, Astra International and Swire Pacific were among the largest contributors. Astra rose after reporting a 24% increase in quarterly net profit while Swire Pacific rallied after a leading broker commented that the company was trading at a discount. At the sector level, strong stock selection within telecommunication services and consumer discretionary contributed the most to overall returns.
TT International	Top Down	-1.2%	Market-oriented manager TT underperformed over the period. At the country level, negative stock selection in Taiwan had the biggest impact on returns, including overweight exposures to E Ink Holdings and HTC Corp. E Ink Holdings, maker of screens for the Kindle reader, declined due to Wi-Fi functionality problems with one of the new Kindle models while HTC Corp. extended the downward trend that started back in July when a leading broker downgraded the stock based on what HTC Corp. believed to be false information.
CouplandCardiff	Growth / Momentum	-0.7%	Concentrated manager Coupland Cardiff underperformed over the quarter. Among the key detractors from performance were an underweight holding in Samsung Electronics and an overweight exposure to Mesoblast. Samsung gained on the back of stronger US sales and positive 2012 profit forecasts while Mesoblast eased on profit-taking after hitting a record high in October. At the sector level, negative stock selection within financials, consumer staples and utilities impacted the manager's overall performance.
RIS	China Completion Portfolio	5.0%	Russell's Implementation Services team (RIS) uses an optimised China completion portfolio. This strategy is reducing our structural negative exposure to China and brings the overall fund country allocation closer to our ideal allocation based on our outlook for the country.

Fund Statistics

Manager Weights	Characteristics	Fund	Benchmark
 <ul style="list-style-type: none"> <li>■ Balanced Equity Management: 13.5%</li> <li>■ Aberdeen Asset Management: 21.5%</li> <li>■ Havenport: 18.0%</li> <li>■ MIR: 15.0%</li> <li>■ TT International: 18.0%</li> <li>■ CouplandCardiff: 12.0%</li> <li>■ RIS: 2.0%</li> </ul>	Sector Deviation	5.99	--
	Market Cap Weighted Nlog	-0.42	--
	Price/Earnings (excl negative earnings)	10.11	10.62
	Dividend Yield	3.37	3.41
	Price to Book	1.60	1.64
	EPS Growth (1 Year)	32.62	27.20
	Tracking Error	Fund	Average Manager
One Year	1.5	5.8	
Three Years	2.5	6.8	
Five Years	2.8	7.0	

Fund Analysis

Country Exposure <sup>1</sup>	Fund %	Benchmark %	Country Returns
Australia	21.2	24.3	7.5
China	18.1	18.9	7.6
Hong Kong	12.0	7.8	5.6
India	7.0	6.9	-16.0
Indonesia	2.5	3.0	5.5
Malaysia	3.3	3.8	13.0
New Zealand	0.1	0.6	-0.3
Philippines	0.8	1.0	8.4
Singapore	9.9	4.8	-0.7
South Korea	12.3	14.4	5.6
Sri Lanka	0.3	0	
Taiwan	8.4	12.2	-1.6
Thailand	4.0	2.1	11.0

<sup>1</sup> Sector Weights may not sum to 100% due to rounding.

Top Ten Holdings

Company Name	Fund %	Benchmark %	Country	Sector
Samsung Electronics Co., Ltd.	3.7	2.9	South Korea	Information Technology
BHP Billiton, Ltd.	2.6	2.9	Australia	Materials
China Mobile, Ltd.	2.2	1.3	Hong Kong	Telecommunication Services
Westpac Banking Corp.	2.2	1.5	Australia	Financials
Australia & New Zealand Banking Group, Ltd.	1.6	1.4	Australia	Financials
Taiwan Semiconductor Manufacturing Co., Ltd.	1.6	1.5	Taiwan	Information Technology
CHINA CONSTRUCTION BANK CORP	1.5	1.3	China	Financials
Swire Pacific, Ltd.	1.4	0.3	Hong Kong	Financials
OVERSEA-CHINESE BANKING CORP LTD	1.3	0.4	Singapore	Financials
National Australia Bank, Ltd.	1.2	1.3	Australia	Financials

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