Russell Investments

Product Disclosure Statement

Russell Diversified 50 Fund
Class A
ARSN: 095 296 049
APIR: RIM0003AU
1 June 2015

Important Information

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About this Product Disclosure Statement (PDS)

This PDS provides a summary of the key information you need to make a decision. It includes links to additional information that is part of this PDS marked with a ⊕ symbol. This is important information you should read before making an investment decision. The information provided in the PDS is general information only and doesn't take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. A copy of the current PDS can be obtained free of charge, on request by contacting us using the details under 'How to Contact Us'.

This PDS was issued on 1 June 2015 and produced by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185 (**Responsible Entity, we, us, RIM**) as the Responsible Entity of the Russell Diversified 50 Fund – Class A (**Fund**). The responsible entity is part of Russell Investments, a global financial services organisation with headquarters in Seattle, USA (**Russell**).

Eligibility

'Wholesale' investors as defined under section 761G of the *Corporations Act 2001* may invest in the Fund. Applications for units in the Fund may only be made using the Application Form attached to this PDS. This PDS can only be used by persons receiving it (electronically or in hard copy) in Australia and does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

Retail investors can access the Fund through a platform (Indirect Investors).

How to Contact Us

If you are accessing the Fund through a platform (i.e. master trust or wrap account) you should first contact the operator of the platform.

For advisers or Russell iQ® investors:

Advisers: 1800 458 272
RIQ Investments: 1800 041 402

For wholesale investors:

Russell Fund Operations
Tel: 1300 728 208 (in Australia)
Tel: +61 2 9229 5204 (outside Australia)
Fax: 1300 768 040 (in Australia)
Fax: +612 9229 5116 (outside Australia)
E-mail: syd-ops@russell.com

Russell Investment Management Ltd
GPO Box 3279
Sydney NSW 2001, Australia
www.russell.com.au

1. About Russell Investment Management Ltd

Russell Investment Management Ltd (RIM) is the Responsible Entity for the Fund. RIM is an Australian public company that is part of Russell Investments – a global asset manager and one of only a few firms that offers actively managed multi-asset portfolios and services that include advice, investments and implementation.

Working with institutional investors, financial advisers and individuals, Russell's core capabilities extend across capital market insights, manager research, asset allocation, portfolio implementation and factor exposures.

Russell has more than $333 billion in assets under management (as of 31 December 2014) and works with 2,500 institutional clients and independent distribution partners, and millions of individual investors globally. As a consultant to some of the largest pools of capital in the world, Russell has $2.9 trillion in assets under advisement (as of 31 December 2014).

We stand with you

We recognise that the money we manage represents the hard work and savings of real people like you. That's why we work to deliver real, lasting value. And that's why we're committed to our purpose: improving financial security for people.

2. How the Fund works

The Fund is a managed investment scheme (**MIS**) registered with the Australian Securities and Investments Commission (**ASIC**).

MISs are also known as 'managed funds', 'pooled investments' or 'collective investments'. Generally, in an MIS:

- People are brought together to contribute money to get an interest in the scheme. With respect to the Fund, your 'interests' are units in the Fund. 'Interests' in a scheme are 'financial products' and are governed by the *Corporations Act 2001*.
- Money is pooled together with other investors (often many hundreds of investors) and used in a common enterprise.
- A 'responsible entity' operates the scheme - investors do not have day-to-day control over the operation of the scheme.
- The value of units will rise and fall with the value of the underlying investments.

You should read the important information about 'How the Fund works' before making a decision - go to www.russell.com.au/RFA/howfundworks

The material relating to 'How the Fund works' may change between the time you read this PDS and the day you sign the Application Form.

Indirect Investors accessing the Fund through a platform, please contact the operator of the platform for this information. Indirect Investors can also access this Fund directly using Russell iQ® Investments. This portfolio service offers online transactional access and comprehensive administration features to help manage your account. For more, visit www.russell.com.au/iq. Otherwise, refer to the information below.

Investing

You must complete the Application Form attached to this PDS. If you are a new investor, you must also complete the forms contained in the Client Account Manual, which is available from Russell Fund Operations.

Application Forms are generally processed each business day. As long as we receive your completed Application Form and money by *12:00 noon Sydney time*, we will generally process your application using the entry price for that day.

Application monies that have been received but are not able to be invested will be held without bearing interest for up to one month following receipt, at which time the monies will be returned to you.

Please note that we may, without giving any reason, refuse all or part of an application.

The processing of applications may be delayed for a few days while a distribution is being determined (see "Distributions" below). Upon resumption of processing, we will generally process your application using the entry price for the day we received it.

Additional investments

You do not need to complete a new Application Form every time you make an additional investment into the Fund. Please contact Russell Fund Operations for instructions on how to make additional investments.

Withdrawing

You need to provide us with a written withdrawal request signed by authorised signatories.

Withdrawal requests are generally processed each business day. As long as we receive your completed withdrawal request by *12:00 noon Sydney time*, we will generally process the withdrawal request using the exit price for that day.

Withdrawal monies will generally be paid within 14 days of us processing a withdrawal request.

The constitution of the Fund allows us more time to process withdrawal requests and pay withdrawal monies than outlined above.

The processing of withdrawal requests may be delayed for a few days while a distribution is being determined (see "Distributions" below). Upon resumption of processing, we will generally process your withdrawal request using the exit price for the day we received it.

Suspension of transactions

We may suspend the processing of application and withdrawal requests in certain circumstances. Application and withdrawal requests received by us during a period of suspension are deemed to be received on the first business day after cessation of the suspension.

Distributions

Any income is usually distributed quarterly. In addition:

- Where there are large withdrawals from the Fund on any one day, we may determine that part of a withdrawal amount consists of income. If this circumstance affects a withdrawal you have made, this will be advised to you in your annual tax statement.
- Where there are large applications to the Fund on any one day, we may determine to calculate and pay a special distribution to all investors of the Fund. If this occurs, you will be issued with a distribution statement.

The processing of application and/or withdrawal requests may be delayed for a few days while a special and/or quarterly distribution is being determined.

Unit prices may fall after a distribution. If you invest just before income is distributed, you may find you quickly get back some of your capital as income.

Distributions are reinvested unless you elect otherwise. You can elect to have your distributions paid directly into a nominated Australian bank account by notifying us.

All reinvested distributions are invested at the price next calculated after the distribution is paid. There is no buy/sell spread associated with distribution reinvestment.

Please note that, whilst generally the Fund will distribute income as specified above, there is no guarantee that income will be available for each distribution period.

3. Benefits of investing in the Fund

1) Actively managed, multi-asset solutions

As a leading investment consultant globally, Russell creates investment strategies for some of the world's most demanding investors, including many of Australia's household names. The investment strategy of the Russell Diversified 50 Fund is based on the same deep insights, high standards and stringent research we use working for those large investors.

2) Quality ingredients

Given the choice, wouldn't you prefer to work with some of the world's top investment managers and the opportunities they present to build your portfolio? At Russell, we don't just sell the best we have to offer. Instead, we find the top investment managers and strategies available from around the world, no matter who is providing them.

3) Efficient implementation

With one of the world's top-tier trading desks and our best-in-class implementation capabilities, Russell will work diligently to keep every possible cent where it belongs—working for you—even through the most challenging market events.

4. Risks of MISs

All investing involves risk. It's the trade-off for the return that investors seek. Assets with higher expected long term return generally carry a higher level of short term risk. For example, shares and commodities have relatively higher risk, and higher expected return, than fixed interest and cash.

For more information about the risks of MISs - go to www.russell.com.au/RFA/risks

As with most investing, it is not guaranteed that you will make money. The value of your investment can go up or down with the value of the underlying assets.

Short-term fluctuations in the value of investments are common, particularly with respect to shares and commodities. Different types of investments perform differently at different times and carry varying forms of risk.

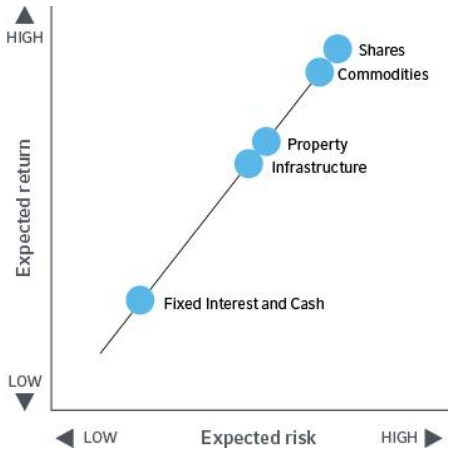
The relative risk of an investment depends on the assets it holds. The risk/return graph below indicates the relative position of each major asset class.

Risk and Return

Risks may result in loss of income, loss of principal invested and possible delays in repayment.

You could receive back less than you invested and there is no guarantee that you will receive any income.

MIS laws may change in the future and this may affect your investment. Also remember that past returns are not a reliable indicator of future returns.



Source: Russell Investment Management Ltd.

Note: The above risk/return graph indicates potential return volatility for different asset classes. Asset classes with higher volatility of returns are considered to have higher risk, but they are generally expected to produce a greater return over the long-term.

The significant risks you should be aware of are:

Interest rate risk: the Fund is sensitive to movements in domestic and international interest rates. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease, and vice versa.

Derivatives risk: the Fund is exposed to exchange-traded and over-the counter derivative instruments including but not limited to currency forwards and swaps, interest rate and total return swaps and futures and options. Derivatives usually derive their value from the value of a physical asset, interest rate, exchange rate or market index. They can be used to manage certain risks in investment portfolios; however, they can also expose a portfolio to additional risks. A risk, though not unique to derivatives, includes the possibility that the position is difficult or costly to reverse or that there is an adverse movement in the asset, interest rate, exchange rate or index underlying the derivative, as derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track.

A derivative contract may involve leverage i.e. it provides exposure to a potential gain or loss from a change in the level of the market price of a security, currency or basket index in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage. Accordingly, derivative instruments can be highly volatile and expose investors to a high risk of loss.

Currency risk: the Fund is exposed to foreign assets and is therefore exposed to currency risk. Currency movements may affect the performance of the Fund.

Credit risk: the Fund is exposed to credit risk. Credit risk refers to the issuer of a debt instrument or banks holding cash deposits failing to meet an obligation to pay periodic interest, to repay the principal sum at maturity or to otherwise honour its obligations. Unrated or low grade debt securities are generally subject to greater risk of loss of principal and interest than higher rated securities.

To manage your risks, you should obtain professional investment advice that is tailored to your investment objectives, financial situation and particular needs. A proper risk assessment should take into account your age, your investment timeframe, your risk tolerance and the other investments that you hold.

5. How we invest your money

WARNING: You must consider the likely investment return, the risk and your investment timeframe when making an investment decision.

Russell Diversified 50 Fund – Class A
ARSN: 095 296 049 APIR: RIM0003AU

Investment return objective: To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth oriented assets.

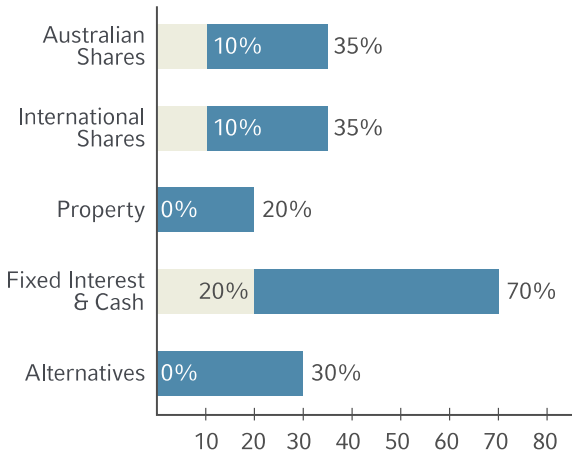
Suitability: Suitable for investors who are seeking some capital growth over the medium term and are willing to accept the possibility of negative returns over the shorter term.

Minimum investment timeframe: 4 years

Investment strategy: The Fund typically invests in a diversified portfolio mix with exposure to growth investments of around 50% and defensive investments of around 50%^. Derivatives may be used to implement investment strategies.

Risk level*: This Fund is expected to have moderate return volatility.

Asset allocation ranges**:



^ Please refer to the asset allocation ranges on the right for full details of the parameters surrounding the investment strategy. For up to date information on the Strategic Asset Allocation visit www.russell.com.au/disclosures.

* The risk level assigned to the Fund is based on our assessment of its overall investment risks relative to the other Funds offered by RIM.

** The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or extreme market movements.

You should read the important information about 'How we invest your money', before making a decision – go to www.russell.com.au/RFA/investing

The material relating to 'How we invest your money' may change between the time you read this PDS and the day you sign the Application Form.

6. Fees and costs

Did you know?
Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

To find out more
If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you calculate the effect of fees and costs on account balances.

You should read the important information about 'Fees and costs' before making a decision - go to www.russell.com.au/RFA/fees

The material relating to 'Fees and costs' may change between the time you read this PDS and the day you sign the Application Form.

The table below shows the fees and other costs that you may be charged from the Fund. These fees and costs may be deducted from your account balance, from the returns on your investment or from the Fund as a whole. Information about taxes is set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Similar information will be included in PDSs for other MISs so that you can compare the Fund's fees and costs with those of other MISs.

Type of fee or cost	Amount
Fees when your money moves in and out of the Fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs (The fees and costs for managing your investment)	
Estimated indirect cost ratio (ICR)	0.80% p.a.

The estimated ICR is paid directly from the assets of the Fund and is reflected in the daily unit price when declared. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits.

The ICR for the Fund is the ratio of the Fund's management costs to the Fund's total average net assets. The ICR does not include transaction costs or other costs that you would incur if you invested directly in the underlying assets of the Fund. The ICR for the Fund is an estimate only.

The Fund is exposed to performance fees that may be charged by underlying funds/managers. Any performance fee impact has been determined with reference to the performance fees accrued in the unit prices over the 12 months to 31 March 2015. This fee is included in the Fund's estimated ICR and is not a separate fee payable by you.

Buy/sell spread

The difference between the unit price and the entry price is called the 'buy spread'. The difference between the unit price and the exit price is called the 'sell spread'. The buy/sell spread covers our estimate of the transaction costs (such as brokerage and settlement costs) of buying or selling underlying assets when you invest or withdraw from the Fund. The buy/sell spread is retained by the Fund, not by us or the underlying managers. We reserve the right to change the buy/sell spread for the Fund at any time without providing notice to you. For updated information visit www.russell.com.au/disclosures.

Example of annual fees and costs for the Russell Diversified 50 Fund – Class A

This table gives an example of how the fees and costs in the Russell Diversified 50 Fund can affect your investment over a 1 year period. You should use this table to compare this product with other investment products.

Example: Russell Diversified 50 Fund (Balance of $50,000 with total contributions of $5,000 during the year)		
Contribution Fee	Nil	For every $5,000 you put in, you will be charged $0.
PLUS Management costs	0.80% p.a.	**And**, for every $50,000 you have in the Fund you will be charged $400 each year.
EQUALS Cost of Fund		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during a year and your balance was $50,000, then for that year you will be charged fees of **$400***. **The total cost to you will depend on the fees you negotiate with your financial adviser.**

Establishment Fee - Nil

* Note: This assumes that the $50,000 is invested for the entire year, the value of the investment is constant over the year and that the additional $5,000 is invested at the end of the year.

Changes in fees

We have the right to change the fees described in this PDS at any time, without your consent. Any increase in the Fund's fees will be communicated to you at least thirty (30) days before it occurs.

Adviser Service Fees

Your financial adviser may negotiate an adviser service fee with you. If you invested in the Fund through the Russell Private Investment Series and if agreed between you and your adviser, we will facilitate the payment of the adviser service fee by periodically withdrawing a certain number of your units and paying the proceeds to your adviser. Please refer to the Statement of Advice provided to you by your financial adviser for full details of any applicable adviser remuneration or adviser service fees.

7. How MISs are taxed

Investing in a registered MIS is likely to have tax consequences so investors are strongly advised to seek professional tax advice.

A registered MIS does not generally pay tax on behalf of Australian resident investors, who are assessed for tax on any income and capital gains generated by the registered MIS, and capital gains on disposal of their units in the Fund. Non-resident investors should seek their own specific advice.

Tax laws are subject to change and the tax consequences of investing in the Fund may differ from investor to investor.

You should read the important information about 'How MISs are taxed' before making a decision - go to www.russell.com.au/RFA/tax

The material relating to 'How MISS are taxed' may change between the time you read this PDS and the day you sign the Application Form.

8. How to apply

Indirect Investors

For investors accessing the Fund through Russell iQ® Investments, please refer to the details under 'How to contact us'. For investors accessing the Fund through a platform, please contact the operator for this information.

For more information about 'How to apply' - go to www.russell.com.au/RFA/howtoapply

Wholesale investors

You need to read this PDS and the additional information that is referenced in this PDS. Then you must complete the Application Form attached to this PDS. Refer to the 'How the Fund works' section for more detail.

Cooling off rights

Indirect investors investing through a platform should consult the PDS of the platform operator in relation to cooling-off terms. Indirect Investors investing through Russell iQ® Investments should refer to the Russell iQ® IDPS Guide.

Complaints

We have procedures in place for dealing with complaints promptly and in any case within 45 days of receiving a complaint. We will acknowledge complaints received within 5 business days of receiving the complaint. If you have any complaints, please contact us:

The Complaints Manager
Russell Investment Management Ltd
GPO Box 3279
SYDNEY NSW 2001, Australia

Email: disputeresolution@russell.com
Fax number: 1300 768 040 (in Australia): +612 9229 5116 (outside Australia)
Phone number: (02) 9229 5111 (in Australia): +612 9229 5111 (outside Australia)

We are also a member of the Financial Ombudsman Service Limited ("FOS"). If you have any complaints you may write to FOS at:

GPO Box 3
Melbourne VIC 3001, Australia

Phone: 1300 78 08 08 (in Australia): +613 9613 7366 (outside Australia)
Fax: (03) 9613 6399 (in Australia): +613 9613 6399 (outside Australia)
Email: info@fos.org.au
Website: www.fos.org.au

If you are an Indirect Investor, your first point of contact is the operator of your platform. If any issues you have about the Fund remain unresolved after contacting the platform operator then then you can contact the complaints scheme of which the platform operator is a member. Indirect Investors investing through Russell iQ® Investments should refer to the Russell iQ® IDPS Guide for information regarding the complaints procedures.

Russell Diversified 50 Fund - Class A Units

Russell Investments

Application Form

Investor details

Account number:

Investor name/s:

(For joint applicants, include both names)

Investor address:

Postcode:

Contact number:

(In case we need to contact you about your application)

You need to firstly contact Russell Fund Operations for instructions on how to invest and to obtain a copy of the Client Account Manual and complete the forms required by it (this includes proof of investor ID requirements). You must have received the Product Disclosure Statement issued 1 June 2015 for the Russell Diversified 50 Fund – Class A.

Application amount		Application date
$AU	**FR028** Russell Diversified 50 Fund – Class A Units	/ /

Signature

I/We:

- confirm that I/we have read the PDS to which this Application Form relates;
- agree to be bound by the terms and conditions of the PDS and the Fund's constitution;
- acknowledge that the repayment of investment capital and the payment of any income is not guaranteed;
- consent to the use of my/our personal information in accordance with the 'Your privacy' section of the PDS;
- acknowledge that the law prohibits a person from giving another person this Application Form (either electronically or otherwise) without also giving them a copy of the PDS. Paper copies of PDS are available free of charge.

This Application Form must be signed by the applicant or all applicants if it is a joint application. If signed under power of attorney, the attorney verifies that no notice or revocation of power has been received. A certified copy of the power of attorney must be forwarded with the Application Form. Corporate applications must be signed in accordance with the corporation's constitution and the *Corporations Act 2001 (Australia*). Joint applications will be treated as joint tenants. This means that on the death of one holder, the survivor will have title to the units.

Investor

Signature *Printed name* *Date*

Investor

Signature *Printed name* *Date*

Please note Indirect Investors should complete the application forms provided by the platform operator.