

# Additional Information Booklet

The information in this Additional Information Booklet forms part of the Product Disclosure Statements (each a 'PDS') in respect of each managed investment scheme listed below (together 'Funds' and each a 'Fund'):

Russell Investments Conservative Fund – Class C dated **1 October 2021** (ARSN: 094 799 578; APIR: RIM0012AU)

Russell Investments Diversified 50 Fund – Class C dated **1 October 2021** (ARSN: 095 296 049; APIR: RIM0013AU)

Russell Investments Balanced Fund – Class C dated **1 October 2021** (ARSN: 094 799 345; APIR: RIM0011AU)

Russell Investments Growth Fund – Class C dated **1 October 2021** (ARSN: 094 799 443; APIR: RIM0014AU)

Russell Investments High Growth Fund – Class C dated **1 October 2021** (ARSN: 111 170 122; APIR: RIM0030AU)

Russell Investments Australian Shares Fund – Class C dated **1 October 2021** (ARSN: 092 807 728; APIR: RIM0015AU)

Russell Investments International Shares Fund – Class C dated **1 October 2021** (ARSN: 092 808 261; APIR: RIM0016AU)

Russell Investments International Shares Fund - \$A Hedged – Class C dated **1 October 2021** (ARSN: 092 805 939; APIR: RIM0017AU)

## Important notes

This Additional Information Booklet is dated 1 October 2021 and is issued and produced by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185 (**Responsible Entity, we, us, our, RIM**). The information in this Additional Information Booklet provides additional information to, and forms part of, the PDS. You should consider all of this information before making a decision to invest in a Fund.

The information provided in this PDS is for general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

This Additional Information Booklet may be updated with changes that are not materially adverse via disclosure on the Responsible Entity's website at <https://russellinvestments.com/au>. Upon request, a paper copy of this Additional Information Booklet will be made available without charge by contacting the Responsible Entity. For Indirect Investors investing through a platform, updated information may also be obtained from your platform operator.

Defined terms used in this Additional Information Booklet have the same meaning as used in the PDS unless otherwise defined in this Additional Information Booklet or the context indicates otherwise.

# Additional Information Booklet

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# 1. About Russell Investment Management Ltd

The following additional information should be read in conjunction with section 1 of each PDS:

## Investment managers

We may appoint a number of different money managers (including other members of Russell Investments) (each an “investment manager”) to manage some or all of the assets of the Fund. We may also manage the Fund’s assets ourselves and/ or the Fund may invest in managed investment schemes managed by RIM, third party investment managers or other members of Russell Investments, established in Australia or in other jurisdictions (“underlying funds”).


Additional information on investment managers and underlying funds is set out on our website at <https://russellinvestments.com/au>.

## Custodian and administrator

We have appointed State Street Australia Ltd (“State Street”) as the custodian and administrator of the Fund. In these capacities, State Street will provide custodial and certain administrative services to the Fund. State Street has not been involved in any way in the preparation of the PDS and is named only for information purposes. State Street has given, and as at the date hereof has not withdrawn, its written consent to be named as the custodian and administrator of the Fund. In addition to the above arrangements, the Responsible Entity may also hold some of the assets of the Fund, in particular the Fund’s interests in underlying funds, in accordance with its licence and the terms of the Constitution.

## Auditors

The Fund and the compliance plan for the Fund are required to be audited annually. We have appointed PricewaterhouseCoopers as auditor to the Fund. PricewaterhouseCoopers has given, and as at the date hereof, has not withdrawn its written consent to be named as auditor to the Fund.

 You should read the important information about ‘the investment managers’ before making a decision - go to <https://russellinvestments.com/au> for more information in relation to the investment managers.

The material relating to the investment managers may change between the time when you read this Additional Information Booklet and the day when you acquire the product.

## 2. How the Fund works

The following additional information should be read in conjunction with section 2 of each PDS:

Reporting on your investment	
For investors accessing the Fund through a platform, please contact the operator for this information. Otherwise, refer to the information below.	
Confirmations	We'll send you a transaction statement each time you transact.
Monthly reporting	We'll send you a monthly transaction statement.
Annual reporting	We'll send you an annual tax statement (if the Fund is an Attribution Managed Investment Trust (AMIT), we'll send you an AMIT Member Annual (AMMA) Statement). We will also provide or make available to you an annual report.
Distributions	We'll send you a distribution statement each time a distribution is made.

### Investing through a platform

You can invest in Class C units of the Fund through master trusts, wrap accounts, investor directed portfolio services and nominee or custody services. We call these services 'platforms' and refer to people who invest through them as 'Indirect Investors'. We authorise the use of the PDS as a disclosure document for people who wish to access the Fund indirectly through these platforms.

To invest, Indirect Investors must complete the application forms provided by the platform operator. Indirect Investors will receive reports from their platform operator, not us.

If you are an Indirect Investor and you have a complaint about us or the Fund itself contact your platform operator who is required to take reasonable steps to facilitate dispute resolution between investors and financial product issuers, such as RIM. Alternatively, you can access our dispute resolution system via the contact details in the PDS.

To withdraw from a Fund, Indirect Investors need to contact their platform operator for instructions.

To invest or withdraw, platform operators need to follow the same steps as Wholesale Clients seeking to invest in or withdraw from the Fund.

Indirect Investors do not themselves become investors in the Fund. Instead it is generally the platform operator who invests on behalf of Indirect Investors and who has the rights of an investor in the Fund. Platform operators exercise those rights or not in accordance with their arrangements with the Indirect Investor.

Some provisions of the Fund's Constitution and the PDS are not relevant for Indirect Investors. For example, Indirect Investors cannot attend investor meetings or transfer units where they are not themselves direct investors in the Fund.

Any reference to 'you' in the PDS (including this Additional Information Booklet), unless otherwise indicated, should be construed by an Indirect Investor as a reference to the platform operator or any other person who is a Wholesale Client in the Fund.

The remainder of this section 2 in this Additional Information Booklet applies to Wholesale Clients only.

## Target Market Determination

For some Funds, we're required to have a Target Market Determination which (where relevant) can be found at <https://russellinvestments.com/au/support/tmds>.

## Initial investment

To make an initial investment in the Fund you need to first contact Russell Investments Fund Operations for instructions on how to invest. You will then need to complete the Application Form accompanying the PDS and the forms contained in the Client Account Manual, which is available from Russell Investments Fund Operations.

## Processing applications

Generally, applications for units are processed each business day. If we receive your completed Application Form or additional investment instruction and application money by the 'cut off time' on a business day, we will generally process your application using the entry price for that business day. *The 'cut off time' for processing an application using the entry price for a business day is 12:00 noon Sydney time.*

If we receive your completed Application Form or additional investment and application money after the 'cut off time', or on a day that is not a business day, we generally process your application using the entry price for the next business day after we receive it.

Generally, we will send you confirmation of your investment within 5 business days of us processing your application.

Please note that if you are investing by cheque, should your cheque be dishonoured you may be liable for all reasonable costs associated with processing your application.

Reinvestment of distributions occurs after a distribution has been declared and therefore the reinvestment may occur on a day that is not a business day if the distribution period ends on a day that is not a business day.

## Switching

You can request to switch between Funds by sending us details of the Funds you are switching from and to, the dollar amount, your name and your account ID. The request needs to be signed by the relevant authorised signatories.

If you are switching into a Fund in which you have not held units before, you will need to fill out the Application Form that accompanies the PDS for the relevant Fund.

As a switch is a withdrawal from one Fund and application in another, there may be tax consequences. We recommend you seek tax advice. Buy-sell spreads will also apply.

## Unit prices and valuation

We generally determine entry and exit prices each business day. The unit prices for each class of units in the Fund are calculated using the net asset value of that class, divided by the number of units in that class. The entry and exit prices are the unit prices of that class adjusted for any buy-sell spreads.

Assets of a Fund are valued in accordance with our securities valuation policy, usually at the current market value. Where the Fund has exposure to certain types of assets for which daily prices are unavailable (e.g. alternatives, private equity, or unlisted property/infrastructure), these assets may be valued less frequently when compared to other assets of the Fund.

You can contact us for a copy of our policies on exercising discretions when calculating unit prices, free of charge.

## Your account balance

Your account balance changes as investments are made and as investment returns are added. Fees, taxes, expenses, income and investment gains and losses will affect your account balance.

The unit price fluctuates in line with the market value of assets held in the Fund. Generally, if market values are going up, the unit price rises, and if market values are declining, the unit price falls.

If the unit price increases relative to the original unit price at which you received your units, you have made an investment gain and your account balance rises accordingly. If the unit price decreases, you have made an investment loss and your account balance will fall.

## Making a withdrawal

To withdraw your money, you need to contact Russell Investments Fund Operations.

Generally, withdrawal requests are processed each business day. If we receive a withdrawal request by the 'cut off time' on a business day, we will generally process the request using the exit price for that business day. If we receive a request after the 'cut off time' or on a day that is not a business day, we will generally process the request using the exit price for the next business day after we receive it.

***The 'cut off time' is 12:00 noon Sydney time.***

Generally, withdrawal monies will be paid within 14 business days of us processing a withdrawal request. We will send you a transaction statement with details of your withdrawal.

The Constitution allows us more time to process withdrawal requests and pay withdrawal monies than outlined above.

Please note while every endeavour is made to comply with the payment terms for withdrawals referred to above, under the Constitution of each Fund, we do have up to 30 days to process your redemption request (unless withdrawals are suspended), and up to 30 days to pay the withdrawal monies after the date your withdrawal request is processed.

Subject to certain conditions, we may transfer assets of the Fund to the investor in satisfaction of that withdrawal request.

The withdrawal conditions described above assume that the Fund is 'liquid' for the purposes of the *Corporations Act 2001*. We are currently of the view that the Funds are 'liquid'. Under the *Corporations Act 2001*, if a Fund is not liquid, we may offer investors the opportunity to withdraw from the Fund on a periodic basis, but we are not obliged to do so. Where no such offer is made, investors have no right to withdraw from the Fund.

## Transferring units

All transfers must be made in the form that we require. We have the discretion to refuse to register any transfer of units in the Fund.

Contact Russell Investments Fund Operations for more information in relation to how you may transfer units in a Fund. A transfer may have tax implications. We recommend you seek legal and tax advice before requesting a transfer.

**Unit classes**

The Fund may offer different classes of units. Identical rights attach to all units within a class. However, the rights and obligations attaching to different classes of units may vary, and are set out in the Constitution and the relevant offer document.



## 4. Risks of Managed Investment Schemes

The following additional information should be read in conjunction with section 4 of each PDS:

### Other risks to consider

Investors should be aware that there are risks associated with investing in a Fund. While section 4 of each PDS summarises the significant risks for each Fund, the following table identifies all the risks that apply to each of the Funds (those marked O). Each of these risks is described below the table.

Risk	Interest rate risk	Derivatives risk	Liquidity risk	Counterparty and settlements risk	Currency risk	Performance fee risk	Emerging Markets risk	Short Selling risk	Leverage or borrowing risk	Alternative Strategies Risk	Credit Risk	Political risk	Hostilities, terrorist and pandemic risks	Market risk	Underlying funds' absence of regulatory oversight	Operational risk
Russell Investments Conservative Fund	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Russell Investments Diversified 50 Fund	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Russell Investments Balanced Fund	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Russell Investments Growth Fund	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Russell Investments High Growth Fund	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Russell Investments Australian Shares Fund		O	O	O	O			O				O	O	O		O
Russell Investments International Shares Fund		O	O	O	O		O					O	O	O	O	O
Russell Investments International Shares Fund - \$A Hedged		O	O	O	O		O					O	O	O	O	O

- Interest rate risk:** some Funds may be 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:** some Funds may be 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. In addition, there is a risk of an adverse movement relative to 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.

- **Liquidity risk:** some Funds may be exposed to assets including other managed investment schemes that have restricted or limited liquidity. In extreme circumstances, this may result in delays in processing withdrawal requests due to general market interruptions or inadequate market depth.
- **Counterparty and settlement risk:** some Funds may be exposed to counterparty and settlement risk. These risks are influenced by, amongst other things, market practices (e.g. settlement and custody practices), the creditworthiness of the parties a Fund is exposed to including derivative counterparties, and the level of government regulation in countries in which a Fund invests.
- **Currency risk:** the Funds that have exposure to foreign assets will be exposed to currency risk. Currency movements may affect the performance of these Funds. Some Funds may use currency hedging programs.

For the Funds that are identified as fully hedged, although the benchmark is to be 100% currency hedged, some foreign currency exposures can remain which may affect the investment values of these Funds.

- **Performance fee risk:** performance fees may be charged by us or by an underlying investment manager or underlying fund. Performance fees are based on realised and unrealised gains. Therefore, a performance fee may be paid on unrealised gains that may never subsequently be realised. In addition, performance fees may provide an incentive to make investments that carry more risk than those made in the absence of a performance fee.
- **Emerging markets risk:** the Funds exposed to emerging market securities may be subject to higher levels of market volatility leading to higher general investment risk. Interest rate and currency risks may be greater due to higher levels of volatility in the economies of emerging markets. Furthermore, emerging market securities are often less liquid than the securities of developed markets. Counterparty and settlement risks are also increased.
- **Short selling risk:** some Funds may be exposed to short selling. This is where an asset is sold that the investor does not actually own, with the aim of gains being made if the asset's price falls, and can be bought back later at a lower price. Short selling involves a higher level of risk than normal investment in shares. This is because when the underlying fund invests in shares the maximum loss is generally limited to the amount invested. With short positions, there is theoretically no limit on the loss because the loss will continue to increase as the price of the share increases.
- **Leverage or borrowing risk:** some Funds may be exposed to leverage or borrowing strategies that can magnify both gains and losses on investment returns. Money borrowed will be subject to interest and other costs, which may or may not exceed the income received from the instruments purchased with borrowed funds. Leverage creates an opportunity for greater returns, but at the same time, may significantly increase the risk of your investment in a Fund.
- **Alternative strategies risk:** some Funds may have exposure to alternative investments. There are potentially increased risks inherent in alternative investments. These may include a higher exposure to counterparty and settlement risk, liquidity risk, short selling risk, and more leverage than traditional investment strategies.

- **Credit risk:** some Funds may be 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.
- **Political risk:** investments may be affected by uncertainties such as political developments, changes in law or government policies, and currency repatriation restrictions on foreign investment in some countries to which a Fund may be exposed.
- **Hostilities, terrorist and pandemic risks:** Acts of terrorist violence, political unrest, armed regional and international hostilities and international responses to these hostilities, natural disasters, global health risks or pandemics or the threat of or perceived potential for these events could have a negative impact on the performance of a Fund. These events could adversely affect levels of business activity and precipitate sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to people and physical facilities and operations around the world.

A global pandemic may cause extreme volatility and limited liquidity in securities markets and such markets may be subject to governmental intervention. Certain Governments may impose restrictions on the manufacture of goods and the provision of services in addition to the free movement of persons. This may have a material impact on the activities of businesses, their profitability and their ability to generate positive cash flow. In these market conditions there is a much higher risk of credit defaults and bankruptcies. As a result, this may have a material impact on the performance of a Fund, result in greater market or liquidity risk, or cause difficulty valuing a Fund's assets or achieving a Fund's objective.

There is a possibility with the severe decline in economic activity and restrictions imposed, of disruption of electricity, other public utilities or network services, as well as system failures at facilities or otherwise affecting businesses which could adversely affect the performance of a Fund. A global pandemic may result in employees of Russell Investments and certain of the other service providers to the Fund to be absent from work or work remotely for prolonged periods of time. The ability of the employees of Russell Investments and/or other service providers to the Fund to work effectively on a remote basis may adversely impact the day to day operations of a Fund.

- **Market risk:** the market price of the Fund's investments may fluctuate as a result of such factors as economic conditions, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. These fluctuations may impact on the value of the investments in the Fund which will impact on the unit price of the Fund.
- **Underlying funds' absence of regulatory oversight:** some Funds may be exposed to managed investment schemes established in other jurisdictions that do not have an equivalent level of investor protection to that which is provided in Australia. Investment in such schemes may also adversely impact the transparency of a Fund.
- **Operational risk:** the Funds are exposed to operating risk. This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events, such as third-party failures or crisis events. Russell Investments has processes in place designed to manage these risks.

## 5. How we invest your money

The following additional information should be read in conjunction with section 5 of each PDS for the Russell Investments Diversified Funds listed below:

### Russell Investments Diversified Funds

For the purposes of this section 5 the Russell Investments Diversified Funds include each of the following Funds:

- Russell Investments Conservative Fund
- Russell Investments Diversified 50 Fund
- Russell Investments Balanced Fund
- Russell Investments Growth Fund
- Russell Investments High Growth Fund

The Russell Investments Diversified Funds provide exposure to a mix of investments through allocations to selected asset classes, within pre-determined ranges as set out in each Russell Investments Diversified Fund's PDS.

### Investment Management

As well as appointing investment managers to manage the assets of the Russell Investments Diversified Funds, we, or other members of Russell Investments, may directly manage a portion of the assets of the Fund or of an underlying fund in which the Fund is invested.

### Strategic Asset Allocation

The Strategic Asset Allocation (SAA) is the starting point for all asset allocation decisions.

We may adjust a Russell Investments Diversified Fund's SAA (within the ranges specified in the PDS) at any time without notice to you.

We may also adjust the actual exposure to a particular asset class within the ranges specified in the PDS for each Fund.



You should read the important information about the current SAA for each Russell Investments Diversified Fund - go to <https://russellinvestments.com/au/disclosures>.

The material relating to the SAA for each Russell Investments Diversified Fund may change between the time when you read this Additional Information Booklet and the day when you acquire the product.

## Asset Classes

The Russell Investments Diversified Funds may be exposed to a variety of asset classes including, but are not limited, to the following:

Asset Class	Types of investments
Australian Shares	Australian listed and unlisted equity-type securities, listed investment companies and investment trusts, Australian equity-type derivatives and managed investment schemes that provide exposure to any of the aforementioned.
International Shares	International listed and unlisted equity-type securities, listed investment companies and investment trusts, international equity-type derivatives and managed investment schemes that provide exposure to any of the aforementioned.
Property	Australian and international unlisted property funds and property related securities, and hybrid property-type vehicles.
Fixed Interest	Debt securities issued by supranationals, Australian and international governments, quasi-governments, government agencies and corporates, structured credit securities including mortgage and asset-backed securities, corporate floating rate notes, fixed interest type derivatives and managed investment schemes that provide exposure to any of the aforementioned.
Cash	Cash deposits and money market securities (including but not limited to bank bills and certificates of deposit), interest rate swap contracts and managed investment schemes that provide exposure to any of the aforementioned.
Alternatives	Alternatives may include non-traditional asset sectors (e.g. high yield debt, emerging markets debt, commodities, infrastructure and private equity) and strategies (e.g. hedge funds, long-short equities, absolute return multi-asset strategies and volatility management strategies) and managed investment schemes that provide exposure to any of the aforementioned.

The Russell Investments Diversified Funds generally gain exposure to these asset classes by investing in a range of Russell Investments Sector Funds but may also invest in other underlying funds. We may also appoint investment managers directly (including managers that are members of Russell Investments) to manage a portion of the assets of a Russell Investments Diversified Fund.

## Currency management

Assets within the Russell Investments Diversified Funds that have an exposure to foreign currencies may be unhedged and/or partially or fully hedged. We may actively manage the unhedged/hedged currency exposure of the Russell Investments Diversified Funds. Active currency management has the potential to add further value but can also expose the Fund to greater risk.

## Exposure management

Investment managers of the Russell Investments Diversified Funds (including members of Russell Investments) may also use derivatives and/or exchange traded funds to manage the asset allocations of the Russell Investments Diversified Funds. This allows for more efficient rebalancing and repositioning across and within asset classes than if these Russell Investments Diversified Funds were to buy or sell the underlying securities.

## Leverage

The Russell Investments Diversified Funds may, through their exposure to alternative investments, be indirectly exposed to gearing and leverage.

**The following additional information should be read in conjunction with section 5 of each PDS for the Russell Investments Sector Funds listed below:**

## **Russell Investments Sector Funds**

The Russell Investments Sector Funds generally invest in a single asset class by appointing investment manager(s) directly (including members of Russell Investments) and/or by investing in underlying funds. However, in certain circumstances, the Responsible Entity may manage some Russell Investments Sector Fund assets itself including by using an EPI approach as described below.

## **Investment Management**

Russell Investments may implement investments in listed securities using an enhanced portfolio implementation (EPI) approach. This is designed to reduce portfolio turnover and therefore reduce transaction costs. With EPI, Russell Investments receives model portfolios from the Fund's selected investment managers and Russell Investments manages the portfolio of shares in a single account. The EPI approach centralises trading at the total fund level. This compares to a traditional multi-manager approach where each investment manager trades within their own account, without regard to the activities of the other investment managers in the Fund.

## **Strategic Asset Allocation**

The Strategic Asset Allocation (SAA) is the starting point for all asset allocation decisions. We may adjust a Russell Investments Sector Fund's SAA (within the ranges specified in the PDS) at any time without notice to you. We may also adjust the actual exposure to a particular asset class within the ranges specified in the PDS for each Fund.

**The following additional information should be read in conjunction with section 5 of each PDS for each of the Funds:**

### **Derivatives**

Derivatives such as futures, options, swaps and forward contracts may be used by the Funds or underlying funds from time to time to: achieve a desired investment position without buying or selling the underlying asset; implement investment strategies; as a hedging mechanism to protect against changes in the market value of existing investments; or to manage actual or anticipated risk.

In particular, these Funds may use futures contracts to equitise cash holdings. Those Funds that have foreign currency exposures may use derivatives to manage currency exposures.

The Funds that invest in fixed income securities it may use a range of derivatives to manage interest rate, currency, duration and credit risk. Derivatives may also be used to create net short positions in the assets of some of the Funds.

## **Currency management**

Some of the Funds may use currency hedging as part of their investment strategy. Currency hedging is an investment strategy that aims to reduce currency risk, thereby protecting or potentially improving returns. However, it may also reduce potential gain from investments. Derivatives including, but not limited to, forward foreign exchange contracts and swaps may be used to reduce the impact of currency fluctuations. Currency hedging may be implemented by us (including other members of Russell Investments) or by an investment manager appointed by us.

## Changing investment managers and/or underlying funds

We may change investment managers (including where Russell Investments directly manages a portion of the assets of the Fund) and/or underlying funds of the Funds from time to time without notice.

Updated information may be found by searching the Fund product profile on our website at <https://russellinvestments.com/au/disclosures>. You can contact us if you would like a paper copy of this information free of charge.

### Leverage

It is not our intention to borrow money in relation to the Funds, other than to meet short-term liquidity requirements.

### ESG considerations

Russell Investments employs a disaggregated ranking system in its manager research process. It incorporates factors that we believe impact third party investment managers' ability to generate returns for our clients. We have an environmental, social and governance rank (ESG), which considers labour standards and environmental considerations. This rank is incorporated into our:

- (a) manager evaluation process to determine whether the investment manager appropriately assesses the risk and return impacts of ESG issues on individual portfolio holdings and the overall portfolio construction process; and
- (b) overall view of the investment manager.

Russell Investments recognises the importance of responsible investing and environmental, social and governance issues for our clients. Russell Investments has processes in place designed to ensure that the Funds listed below do not invest directly in companies which:

- (a) produce components that are key and dedicated to the production of anti-personnel mines and/or cluster munitions;
  - (b) manufacture tobacco products; or
  - (c) are involved, either directly or indirectly, in the production of the core nuclear weapon system, or components/services of the core nuclear weapon system, that are considered tailor-made and essential for the lethal use of the weapon.
- Russell Investments International Shares Fund; and
  - Russell Investments International Shares Fund - \$A Hedged

Russell Investments may identify securities held by a Fund from time to time which do not meet these criteria. When it becomes aware that such securities are held by a Fund, it will divest those securities within 30 business days.

The exclusions described above apply to the Diversified Funds to the extent that they invest in the above-mentioned funds as well as any other underlying funds that may employ an ESG exclusion process.

### Standard Risk Measure

We have adopted the Standard Risk Measure (SRM) approach to describe the Fund's risk level. The SRM measures the likelihood of a product experiencing a loss based on its expected return and risk profile. This is commonly expressed as the expected number of negative annual return over a 20 year period. We have categorised the Funds into the following risk levels based on their SRM results. The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.



Investors should ensure they are comfortable with the risks and potential losses associated with their choice of investment as described in the PDS.

Low	Expected to have up to 1 negative annual return over a 20 year period (SRM 1 to 2)
Medium	Expected to have between 1 to 4 negative annual returns over a 20 year period (SRM 3 to 5)
High	Expected to have between 4 to 6 negative annual returns over a 20 year period (SRM 6)
Very high	Expected to have 6 or more negative annual returns over a 20 year period (SRM 7)



## 6. Fees and costs

The following additional information should be read in conjunction with section 6 of each PDS:

### Additional explanation of fees and costs

#### Management fees and costs

Management fees and costs include:

- a management fee;
- indirect costs (including management fees and costs of underlying funds); and
- expense recoveries.

These amounts are payable out of Fund assets or the assets of underlying funds in which a Fund may invest and are reflected in the unit price.

Management fees and costs do not include transaction costs and other costs that an investor would incur if the investor invested directly in the underlying assets. More information on transaction costs is set out below under the heading "Transaction Costs".

#### Management Fee

RIM charges a management fee which consists of an investment management fee for managing and operating the relevant Fund and a Responsible Entity fee. The management fee is calculated and accrued daily and is generally payable to us monthly from the assets of the relevant Fund. The amount of this fee can be negotiated.

#### Indirect Costs

Indirect costs are any amounts the Responsible Entity knows or reasonably ought to know, or where this is not the case, reasonably estimates has or will reduce, whether directly or indirectly, a Fund's returns or the amount or value of the income of, or assets attributable to that Fund or an underlying fund in which that Fund invests other than the management fee and expense recoveries.

In particular, indirect costs include, but are not limited to:

- management fees and costs (comprising management fees, indirect costs and expense recoveries of the underlying funds); and
- a reasonable estimate of the costs (if any) of investing in over-the-counter (OTC) derivatives used for investment exposure purposes (both at the Fund level or in the underlying funds).

Transaction costs of all OTC derivatives are set out below under the heading "Transactional costs".

The indirect costs component of the management fees and costs figure set out in the fees and costs summary in each Fund's PDS is calculated on the basis of the actual amount incurred by that Fund for the previous financial year and RIM's reasonable estimate of such costs where information was not available as at the date of the relevant PDS and this Additional Information Booklet or where RIM was unable to determine the exact amount.

Indirect costs are reflected in the unit price of the Fund as and when incurred. Indirect costs are not an additional fee paid to RIM. Indirect costs may vary from year to year, including to the extent that they rely on estimates. This amount is not an indication or guarantee of the amount that may be charged in the future.

**Expense recoveries (including taxes)***Normal operating expenses*

All expenses relating to the proper performance of our duties as Responsible Entity of the Fund are recoverable from the Fund, including but not limited to custody, administration, registry costs, GST (less any reduced input tax credits), legal fees, reporting and audit expenses.

The expense recoveries component of the management fees and costs figure set out in the fees and costs summary of each Fund's PDS includes the estimated normal operating expense recoveries of that Fund, which is the actual amount incurred by that Fund for the previous financial year and RIM's reasonable estimates of such normal operating expenses where information was not available as at the date of the relevant PDS and this Additional Information Booklet or where RIM was unable to determine the exact amount.

*Abnormal expense recoveries*

RIM may also recover abnormal expenses (such as litigation, the cost of investor meetings or other costs if incurred in the future). Such abnormal expenses may be recovered from the assets of a Fund as an additional expense where permitted under the constitution.

Abnormal expenses are not generally incurred during the day-to-day operation of a Fund and are not necessarily incurred in any given year. In circumstances where such events do occur, we may decide not to recover these from a Fund.

The management fees and costs figure disclosed in the fees and costs summary of each Fund's PDS includes the estimated abnormal expense recoveries of that Fund, which is the actual amount incurred by that Fund for the previous financial year and RIM's reasonable estimates of such abnormal expenses where information was not available as at the date of the relevant PDS and this Additional Information Booklet or where RIM was unable to determine the exact amount.

Abnormal expenses may vary from year to year including to the extent that they rely on estimates. This amount is not an indication or guarantee of the amount that may be charged in the future.

**Performance fees**

Performance fees may be charged by the underlying funds or the investment managers in certain Funds if they meet specific investment performance targets. Performance fees provide an incentive for investment managers and underlying funds to achieve superior performance.

Investment managers (including those of underlying managers or funds) may earn a performance fee irrespective of a Fund's overall performance (see example below). Generally, a performance fee is only payable to the extent that a return in excess of the relevant hurdle rate or benchmark has been achieved and past underperformance by the investment manager or that of the underlying manager or fund (whichever is relevant) has been recovered.

Please note that past performance is not a reliable indicator of future performance and it is impossible to accurately forecast the performance fees that will be payable.

Performance fees are based on realised and unrealised gains. Therefore, a performance fee may be paid on unrealised gains that may never subsequently be realised. Performance fees are accrued daily.

Funds that charge a performance fee

RIM does not charge a performance fee at the Fund level.

Performance fees charged by underlying funds or underlying managers

RIM may cause a Fund to invest in an underlying fund or underlying manager which charges a performance fee. Such fees, if charged, would reduce the value of the Fund's investment.

RIM's reasonable estimate of the performance fees charged by an underlying manager or underlying funds that a Fund invests in are based on:

- the average fee incurred for the previous five financial years; or
- if the underlying manager or fund was not in operation for the past five financial years, the average fee incurred for all of the financial years in which the underlying manager or fund was in operation; or
- if the underlying manager or fund was first offered in the current financial year, RIM's reasonable estimate of the fee for the current financial year adjusted to reflect a 12-month period.

For Funds that invest in an underlying fund or manager which charges a performance fee, the estimated performance fees charged by underlying fund or manager for each Fund are as follows:

Fund	Performance fee charged for the previous financial year at the Fund level	Performance fee incurred for the previous financial year by underlying funds or managers	Average performance fee for the previous 5 financial years (by underlying funds or managers)
Russell Investments Conservative Fund	Nil	0.01%	0.01%
Russell Investments Diversified 50 Fund	Nil	0.02%	0.00%
Russell Investments Balanced Fund	Nil	0.02%	0.01%
Russell Investments Growth Fund	Nil	0.02%	0.01%
Russell Investments High Growth Fund	Nil	0.05%	0.05%

It is not possible to disclose the actual performance fee payable in any given period, as we cannot forecast what the performance of a Fund will be.

## Different fees

We may negotiate different fees with investors who are Wholesale Clients, at our discretion, subject to the Corporations Act and any relevant ASIC policies. Accordingly, we may waive or rebate some of our fees (or issue units in the Fund) to these Wholesale Clients so that they pay reduced fees. This is generally because they invest large amounts of money in the Fund. We cannot enter into individual fee arrangements with Retail Clients. Investors are able to contact us using the contact details set out in the 'How to Contact Us' section of this Additional Information Booklet.

## Transaction costs

In managing the investments of a Fund, transaction costs such as brokerage, settlement costs, clearing costs, government taxes and charges, buy-sell spreads of underlying funds and bid/offer spreads may be incurred. Transaction costs of over-the-counter (OTC) derivatives may also be incurred by the Fund or an underlying fund.

These costs may be incurred by investing directly in the underlying securities but may also include costs incurred by an underlying fund that would be transaction costs if they had been incurred by the Fund. Such costs arise whenever the Fund buys or sells assets to invest applications, fund withdrawals or to generally manage the Funds in accordance with its investment objective.

Where these costs arise as a result of applications and withdrawals, these costs will generally be covered by the inclusion of a buy/sell spread in the purchase or withdrawal price. Please refer to the 'Buy/sell' spread section below for further details.

Transaction costs are paid out of the Fund's assets as and when incurred and they are an additional cost of investing to the investor where they have not already been recovered by the buy/sell spread and are not a fee paid to RIM.

The amount of transaction costs will vary from year to year depending on the type, size and frequency of transactions. This means that estimated and/or historical costs may not be an accurate indicator of the transaction costs an investor may pay in the future.

The estimated transaction costs disclosed in the fees and costs summary in the PDS are shown net of any amount recovered by the buy/sell spread charged by RIM and are calculated using the Fund's actual transaction costs incurred for the previous financial year and RIM's reasonable estimate of such costs where information was not available as at the date of the PDS and Additional Information Booklet or where RIM was unable to determine the exact amount.

The information in the table below sets out for each Fund, the estimated total gross transaction costs, the amount that will be recouped through the buy/sell spread, and the net transaction costs after buy/sell spread recoveries (or an estimate if the amount is not known for each Fund), presented as a percentage of each Fund's net assets. The resulting estimated net transaction costs are borne by all investors in each Fund and are reflected in the unit price.

Fund	Estimated total gross transaction costs (% p.a.) <sup>1,2</sup>	Estimated costs recouped through	Estimated net transaction costs (% p.a.) <sup>3</sup>
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1 This amount includes net transaction costs incurred in any underlying funds, where applicable.

2 This amount reflects the total gross transaction costs incurred for the relevant Fund for the previous financial year including RIM's reasonable estimate of such costs where information was not available as at the date of the PDS and this Additional Information Booklet or where RIM was unable to determine the exact amount.

3 This is the estimated percentage by which the Fund's investment return has been reduced by transaction costs. Numbers may not equal the transaction costs minus the costs recouped due to rounding.

		buy/sell spread (% p.a.)	
Russell Investments Conservative Fund	0.10%	0.05%	0.05%
Russell Investments Diversified 50 Fund	0.12%	0.04%	0.08%
Russell Investments Balanced Fund	0.14%	0.04%	0.10%
Russell Investments Growth Fund	0.17%	0.05%	0.12%
Russell Investments High Growth Fund	0.24%	0.07%	0.17%
Russell Investments Australian Shares Fund	0.03%	0.02%	0.02%
Russell Investments International Shares Fund	0.07%	0.04%	0.03%
Russell Investments International Shares Fund - \$A Hedged	0.14%	0.03%	0.11%

Each Fund's estimated and/or historical transaction costs may not be an accurate indicator of the actual transaction costs you may incur in the future.

## Buy/sell spread

The buy/sell spread covers our estimate of the transaction costs (such as brokerage and settlement costs) of a Fund buying or selling underlying assets when you invest or withdraw from the Fund. 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 an additional cost to you and will impact the return on your investment. The buy/sell spread is retained by the Fund, not by us or the investment managers. We reserve the right to change the buy/sell spread for the Fund at any time. For updated information visit <https://russellinvestments.com/au/disclosures>.

An estimate of the buy/sell spread applicable to applications and redemptions from each Fund is set out in the fees and costs summary in the PDS of each Fund. In estimating the buy-sell spread, RIM has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for RIM to predict) the buy/sell spread may increase significantly and it is not possible to reasonably estimate the buy/sell spread that may be applied in such situations.

Where there is a significant aggregate application or aggregate withdrawal from a Fund (i.e. by one or more investors), the market costs of buying or selling securities may be significantly higher than the stated buy/sell spread. RIM retains discretion to allocate full market costs associated with a large transaction to the transacting investor(s) to ensure non-transacting investors are not significantly adversely affected.



You should read the important information about the current buy/sell spread before making a decision - go to <https://russellinvestments.com/au/disclosures>.

The material relating to buy/sell spreads may change between the time when you read this Additional Information Booklet and the day when you acquire the product.

The tables below provide a hypothetical example of how the cost of the buy/sell spread can affect a \$10,000 application for units that is subsequently withdrawn from a hypothetical fund. For simplicity, the daily unit price for the fund is assumed to be constant at \$1.00 per unit.

Assume the fund currently has a buy spread of 0.27% and a sell spread of 0.25%. This means that the “entry price” of a unit would be 0.27% higher than the daily unit price (i.e. \$1.0027 per unit), and the “exit price” would be 0.25% lower than the daily unit price (i.e. \$0.9975 per unit).

On a \$10,000 application at the entry price of \$1.0027 per unit, an investor would receive 9,973 units. These units would be worth \$9,973 at the daily unit price of \$1.00 per unit.

Application amount	Entry price (daily unit price plus buy spread)	No of units issued
\$10,000	\$1.0027 per unit (\$1 + (\$1 x 0.0027))	9,973

On a withdrawal of these 9,973 units at the exit price of \$0.9975 per unit the investor would receive approximately \$9,948.

No of units redeemed	Exit Price (daily unit price less sell spread)	Withdrawal amount
9,973	\$0.9975 per unit (\$1 - (\$1 x 0.0025))	\$9,948

The example shows that the total cost of the 0.27% buy spread and 0.25% sell spread for a \$10,000 application is approximately \$52 as the investor only receives \$9,948 on withdrawal.

**Please note this example is provided for illustrative purposes only. The actual cost to you of the buy/sell spread depends on the amount you invest or withdraw and the current buy/sell spread of the Fund you have chosen.**

### Commissions and other benefits received

Subject to the Corporations Act and relevant law, we, or members of RIM, may receive commissions and other benefits (e.g. research) from brokers in respect of trades for the Fund. These benefits may flow to the Fund and to other funds managed by us. We instruct the investment managers of the Funds to trade only with brokers who will provide best execution, regardless of whether these trades are placed with brokers related to us or not.

### Related party payments

Members and affiliates of RIM may receive fees on normal commercial terms for providing services to the Fund. In particular, Russell Investments Implementation Services LLC (**RIIS**), a related party of the Responsible Entity based in Seattle, USA provides implementation and execution services for the Funds on an arm's length basis. RIIS receives brokerage of up to 0.2% of the value of a trade for providing these services to the Funds. RIIS may also receive a management fee where it is appointed as an investment manager which is paid out of the Responsible Entity's management fee so it does not represent an additional cost to you.

RIM engages an external company to provide comparative cost and best execution analysis on a regular basis, so as to ensure that the RIIS brokerage services are provided on an arm's length basis.

Another related party, Russell Investment Group Pty Ltd (**RIG**), an Australian company, may provide asset consulting services to the Fund on an arm's length basis. The Responsible Entity may pay RIG up to \$200,000 p.a. for providing these services. RIG's remuneration is paid out of the Responsible Entity's investment management fee so it does not represent an additional cost to you.

As all of the abovementioned related party transactions occur on an arm's length basis, member approval is not required. We do not see any risks associated with these related party transactions other than normal arm's length business risks. The Responsible Entity has policies and procedures that govern related party transactions. Specifically the compliance plan for the Fund contains a section covering related party transactions and the Responsible Entity also has a conflicts policy that is relevant to such transactions.

## **Records of alternative forms of remuneration that is not conflicted remuneration**

Subject to the Corporations Act and relevant law, occasionally, we may provide benefits of small value to Australian financial services licensees and/or their representatives who recommend a Fund to Retail Clients such as professional development, sponsorship and entertainment for financial advisers and dealer groups, where the law permits. The cost of any alternative remuneration will be paid out of our management fee, so it does not represent any additional cost to you. We maintain records of these benefits as required by the Corporations Regulations 2001 (Cth). These records will be provided to you on request within one month and we may charge a reasonable cost for obtaining and giving the particulars to you.

## **Taxation of the Fund**

Information about tax is set out in section 7 of each Fund's PDS and section 7 of this Additional Information Booklet.

## **Payments to platforms**

To the extent permitted by law, we may make payments to platform operators that distribute Units in a Fund. Any such payments will be paid out of our management fee, so it does not represent an additional cost to you.

## **Updated information**

The indirect costs, expense recoveries, performance fees and transaction costs as described in this Additional Information Booklet are based on the knowledge or reasonable estimates of the Responsible Entity. These estimates may be based on a number of factors including previous financial year information and information provided by investment managers and/or underlying funds.

These fees and costs are subject to change from time to time. Updated information that is not materially adverse to investors will be updated online at <https://russellinvestments.com/au> or you may obtain a paper copy of any updated information from us free of charge on request.



## 7. How managed investment schemes are taxed

The following additional information should be read in conjunction with section 7 of each PDS:

The following summary of Australian taxation matters is a general guide in relation to the Australian taxation implications applicable to the Funds for Australian resident unit holders who hold their units in the Funds on capital account. It is intended as an outline of some of the Australian tax issues which may affect an investment in the Funds and should not be relied upon as a complete statement of all the potential tax considerations which may arise upon investing in the Funds.

The summary is based on the Australian tax laws as at the date of the PDS. The Australian tax laws are subject to continual change, and as the tax treatment applicable to unitholders may differ, it is recommended that all unitholders seek their own professional advice on the taxation implications before investing in the Funds.

Non-residents should seek specific advice from their tax advisers on the Australian tax implications of investing in the Funds.

### Tax position of the Funds

The tax position of a Fund and unit holders will depend on whether the Fund qualifies as an Attributed Managed Investment Trust (AMIT) for the income year, as described below.

#### Income tax

Each fund may qualify as a managed investment trust (MIT) for a given year of income. In turn, a MIT may further qualify and elect to be treated as an AMIT. Regardless of the classification, it is intended that the Funds be treated as 'flow through' for income tax purposes, where for each year of income, the unit holders of a Fund are taxed on the taxable income of that Fund and not the Responsible Entity.

If a Fund incurs a tax loss for an income year, the Fund cannot pass that loss to unit holders. Instead, the Fund may carry the loss forward to offset taxable income of subsequent income years, subject to the Fund meeting certain conditions.

#### Capital gains

In the first year that a Fund qualifies as a MIT, an irrevocable election may be made to treat eligible assets (such as company shares and units in unit trusts but excluding derivatives and foreign exchange contracts) on capital account. We will advise unit holders on our website whether a Fund has made the capital account election. Where the election has been made, realised gains on certain assets may be eligible for the capital gains discount concession.

All the Funds have made the capital account election. The capital account election will continue to apply to the Funds under the AMIT regime.

Where the Fund is also an AMIT, it may attribute capital gains or income, arising on the sale of securities to meet a significant redemption, on a fair and reasonable basis to the redeeming unit holder, as permitted by the AMIT regime. Furthermore, whereas decreases in the capital gains cost base of units may arise for trusts including MITs, cost base increases may also be available for units in AMITs.

Refer to 'Tax position of Australian unit holders' below for more information.

#### Non-AMIT status of the Funds

If a Fund does not qualify or ceases to qualify as a MIT, and thereby as an AMIT, for a given income year, the tax position of each Fund and unit holders may change for that year.

If a Fund meets the eligibility requirements in a subsequent year, it may revert to being treated as a MIT or an AMIT as the case may be.



Even where a fund does not qualify as an AMIT for a year of income, flow through tax treatment is intended to remain available, however certain features pertaining to MITs and AMITs will not apply (see below).

## Tax position of Australian unit holders

### Distributions – Fund is an AMIT

Australian unit holders should not be taxed on the cash distributions they receive from the Fund but on the amount of income and capital gains of the Fund which has been attributed to them on a fair and reasonable basis. The tax character of income (e.g., dividends, capital gains - discounted or otherwise) will flow through the Fund to the unit holder.

Unit holders may also be attributed franking credits attached to dividend income and foreign income tax offsets (FITOs) for tax paid on foreign income. Unit holders should seek their own tax advice on the additional criteria which has to be met to claim these credits and offsets.

If unit holders receive distributions of cash in excess of taxable components attributed to them, they may be required to reduce the cost base of their units. Should the cost base of a unit holder's units be reduced below zero, the amounts in excess of the unit holder's cost base are a capital gain that should be included in the unit holder's calculation of their net capital gain or loss for the income year.

Conversely, if unit holders are attributed taxable amounts from a distribution which they have not received in cash, unit holders may be able to increase the cost base of their units in the Fund.

Unit holders will be provided with an Attribution Managed Investment Trust Member Annual (AMMA) statement each year setting out the amounts to which they have been attributed and any adjustments to be made to the cost base of their units.

### Distributions – Fund is not an AMIT

For each income year, Australian unit holders will be taxed on their share of the taxable net income (including realised capital gains) of the Fund in proportion to the share of the distributable income of the Fund to which they are 'presently entitled' to.

The share of taxable net income can be made up of various components, including dividends, capital gains, tax credits and offsets, such as franking credits attached to dividend income and offsets for tax paid on foreign income (both of which are subject to the unit holder meeting certain eligibility criteria). Cash distributions in excess of taxable components will reduce the unit holders' cost base of their units and reductions in excess of the cost base may result in an immediate capital gain.

If a Fund does not qualify as a MIT (and thereby as an AMIT) a few consequences arise including:

- unit holders will not receive the benefit of the capital gains discount concession on distributions of realised gains for that year
- the Fund may not be able to claim certain carried forward losses from prior years; and
- if an unit holder is taxed on amounts which they have not received in cash, they are not entitled to increase the cost base of their units and consequently, could be taxed twice on the same amount of income.

Unit holders will be provided with an Annual Tax Statement each year setting out the amounts to include in their own tax return and any adjustments to be made to the cost base of their units.

### Disposal of units

Unit holders may realise a taxable capital gain or capital loss if they redeem, switch, transfer or otherwise dispose of their units in a Fund. Resident individuals, trust or complying superannuation entities, that have held units for at least 12 months prior to the disposal or redemption of those units, may be entitled to discounted capital gains treatment. The capital gains discount is 50% for a resident individual or trust, and 33 1/3rd % for a unit holder that is a complying superannuation entity.

Capital losses may only be offset against capital gains that the unit holder makes in the same income year and any excess capital losses may be offset against capital gains derived in subsequent income years, subject to certain loss integrity rules. Further capital losses must be offset against the nominal capital gain before applying the discount concession. In calculating the capital gain or loss on the disposal of units, cost base adjustments may be required.

## **Tax position of non-resident unit holders**

For non-resident unit holders, deductions of Australian tax will be made from distributions (or attributions) from certain Australian-sourced income and capital gains. The amounts withheld will depend on the type of income and the country of residence of the unit holder.

Based on the Fund's investment profile, non-resident unit holders holding their units on capital account should not generally be subject to Australian capital gains tax on the disposal of units in a Fund unless the units were capital assets held by the unit holder in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account.

We recommend that non-resident and temporary resident unit holders consult their tax adviser before investing so that they can consider their circumstances, the provisions of any relevant Double Taxation Agreement and /or Exchange of Information Agreement between Australia and their country of residence.

## **Foreign income**

The Funds may derive income from sources outside Australia. The attributed or distributed income amount of the gross foreign income will be treated as foreign income of the unit holder. The unit holder may be entitled to a foreign income tax offset for foreign tax paid by the Funds in respect of the foreign income received by the Funds.

## **Controlled Foreign Company (CFC) & Foreign Hybrid Rules**

The CFC rules may apply to certain interests in foreign companies where controlling interests are held by one or more Australian residents (including one or more of the Funds), in certain circumstances.

Under the CFC rules, the net (taxable) income of a Fund may include the Fund's share of a CFC's attributable income (generally passive income) for a year on an accruals basis, even though the income has not been distributed by the CFC. Further, if a CFC or an investment in a limited partnership is a 'foreign hybrid' under Australian tax law, the foreign hybrid partnership rules may alternatively apply to include a share of partnership tax income in the taxable income of a Fund. A holding of at least 10% is generally required to be an "attributable taxpayer" under the CFC rules, or to qualify certain investments in foreign entities as a foreign hybrid. However, it is generally expected that the Fund's interests in foreign companies and limited partnerships will not be CFC interests or foreign hybrids. If applicable, the Responsible Entity will monitor the concentration of Australian (or Australian associated) ownership of any foreign companies and limited partnerships to determine if any income attribution under the CFC rules or foreign hybrid rules is required.

## **Taxation of Financial Arrangements (TOFA) regime**

The TOFA rules may apply to certain "financial arrangements" held by the Funds. In broad terms, in calculating the net (taxable) income of the Funds, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account. The administrator of the Funds will assist the

Responsible Entity with compliance with the TOFA rules, as required by the tax legislation.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) is US tax law that requires Foreign Financial Institutions (FFIs) to comply with a few additional compliance obligations to ensure that 30% FATCA withholding tax is not deducted from certain US sourced income.

### Australian Inter-Governmental Agreement

On 28 April 2014, an Inter-Governmental Agreement (IGA) was signed between Australia and the US. The FATCA regime has been applicable in Australia since 1 July 2014.

Generally speaking, the Funds will fall within the definition of an FFI for FATCA purposes. Accordingly, the Responsible Entity may be required to request unitholders to provide additional information, and report annually to the ATO on US reportable accounts, to comply with its compliance obligations under the FATCA.

## Common Reporting Standards (CRS)

Australia has implemented the Organisation for Economic Cooperation and Development's (OECD) approach for the automatic exchange of information (the Common Reporting Standard or "CRS") by "financial institutions" (as defined for CRS purposes) on non-resident account holders or unit holders. The CRS is also known as "global FATCA".

The CRS applies to Australian financial institutions from 1 July 2017. Generally speaking, the Funds will fall within the definition of a "financial institution" for CRS purposes.

Accordingly, the Responsible Entity may be required to request unitholders to provide additional information, and report annually to the ATO on non-resident reportable accounts, to comply with its compliance obligations under the CRS.

## Tax reform

The comments noted above are based on the taxation legislation and administrative practice as at the issue date of the PDS, together with changes to the taxation legislation as announced by the Government. However, it should be noted that the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, reform is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty, whether it be uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process.

These reforms may impact on the tax position of the Funds and their unit holders. Accordingly, it will be necessary to closely monitor the progress of these reforms, and it is strongly recommended that unit holders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Funds.

## Tax File Numbers (TFN) and Australian Business Numbers (ABN)

It is not compulsory for an Australian unit holder to quote their TFN or ABN. If an Australian unit holder is making this investment in the course of a business or enterprise carried on by the unit holder, the unit holder may quote an ABN instead of a TFN. Failure by an unit holder to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to the unit holder. The unit holder may

be able to claim a credit in the unit holders' tax return for any TFN/ABN tax withheld. By quoting their TFN or ABN, the unit holder authorises the Responsible Entity to apply it in respect of all the unit holder's investments with the Responsible Entity. If the unit holder does not want to quote their TFN or ABN for some investments, the Responsible Entity should be advised.

## **Goods and Services Tax (GST)**

The Funds are registered for GST. The issue or withdrawal of units in the Funds and where applicable the receipt of any distributions is not subject to GST.

The Funds may be required to pay GST included in management and other fees, charges, costs, and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Funds a proportion of this GST as a reduced input tax credit.

Unless otherwise stated, fees and charges quoted in the PDS (including this Additional Information Booklet) are inclusive of GST and consider any available reduced input tax credits.

To the extent that a Fund is investing in international securities, the Fund may be entitled to yet undetermined additional input tax credit on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on and/or reduced input tax credits on behalf of a Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

Unitholders should seek professional advice with respect to the GST consequences arising from their unit holding.

## 8. How to apply

The following additional information should be read in conjunction with section 8 of each PDS:

### Investor identification and verification

In making an application for units investors must provide and we must verify specified proofs of identity. Refer to the Client Account Manual and associated forms for further details of what identification is required.

The protection of your investments is an important matter. We have investor identification and verification procedures (**ID Procedures**) in place to manage risks associated with fraud and unauthorised transactions.

At times these procedures may cause inconvenience or delay to you. Please remember that the procedures are applied to safeguard your investments.

In addition, under Anti-Money Laundering and Counter Terrorism Financing legislation, we are required to establish and enforce appropriate risk control programs with accompanying ID Procedures. The procedures require investors to provide satisfactory proof of identity which must be verified before an application for units can be accepted. The ID Procedures may also require us, from time to time, to re-verify that information or request additional identification or related information from you before we can process a requested transaction on your behalf.

As noted in section 7 'How managed investment schemes are taxed', the Responsible Entity may be required to request unitholders to provide additional information in order to comply with FATCA and CRS compliance obligations.

We do not accept any liability for any loss you may incur (whether by delay in acceptance of an application; transaction processing or otherwise), arising from the application of our ID Procedures.

If you invest in the Fund through a platform, you will need to comply with your platform operator's investor identification and verification procedures.

### Your privacy

The way that we collect, use, disclose, keep secure and give people access to their personal information is regulated by the *Privacy Act 1988*. Our Privacy Policy states how we manage personal information and includes details about:

- how we use personal information (for example, we may share it with related companies and external service providers, or use it to tell you about other products and services that we offer – but you can elect to stop receiving such information at any time);
- how we store and maintain personal information;
- how you can access or correct your personal information; and
- how you can make a complaint to us about a breach of the *Privacy Act 1988*.

You do not need to give us any of the personal information requested in the Application Form or any other document or communication relating to the products or services that we supply to you. However, without this information, we may not be able to process your application or provide you with an appropriate level of service.

By completing the Application Form accompanying the PDS, you agree to us collecting, holding and using personal information about you in the way set out in our Privacy Policy; and to process your application, and administer and manage the products and services we provide to you. This includes monitoring, auditing and evaluating the products and

services, modelling data, data testing, communicating with you and dealing with any complaints or enquiries.

You also agree to us disclosing your personal information to other Russell Investments companies as well as our external service providers, which provide services in connection with our products and services.

We may also disclose your personal information:

- if, acting in good faith, we believe that the law requires or permits us to do so;
- if you consent; or
- to any party proposing to acquire an interest in our business.

For full details on how we manage personal information, a copy of our Privacy Policy can be obtained on our website at <https://russellinvestments.com/au> or by contacting us.

If you wish to update or request access to your information or if you have any queries regarding our Privacy Policy, please contact us at:

The Privacy Officer  
Russell Investments  
GPO Box 3279  
SYDNEY NSW 2001  
Email: [aus-compliance@russellinvestments.com](mailto:aus-compliance@russellinvestments.com)  
Phone: 02 9229 5111

Note for Indirect Investors:

When you invest in the Fund through a platform, we will not collect or hold personal information about you. You should contact your platform operator for details on how they manage your personal information.

## 9. Other Information

### Our legal relationship with investors

The Fund's Constitution provides the framework for the operation of the Fund, and together with the PDS and the *Corporations Act 2001*, sets out our relationship with investors. A copy of the Fund's Constitution is available free of charge on request.

However, remember that when you invest through a platform you do not become an investor in the Fund.

Some of the provisions in the Fund's Constitution are discussed elsewhere in the PDS. Others relate to:

- how we must calculate unit prices
- our powers – which are very broad – and how and when we exercise them
- our ability to refuse applications and transfers
- calling, attending and voting at investor meetings
- when we are not liable to investors
- changing the Constitution
- when we can terminate the Fund or retire as Responsible Entity, and what happens if we do (if we terminate the Fund, investors share the net proceeds from us selling the underlying assets).

We are not liable for any loss unless we fail to comply with our duties under the *Corporations Act 2001* and the Constitution. An investor's liability is limited by the Constitution to the value of their units, however this position has not yet been fully tested in Australian courts.

We may change the terms of the PDS, but will notify investors of any material changes.

### Compliance Plan and Compliance Committee

The Fund has a compliance plan which describes the measures that we undertake to ensure compliance with the *Corporations Act 2001* and the Fund's Constitution. A Compliance Committee with a majority of independent members has been established by us to oversee compliance with the Fund's Constitution and the *Corporations Act 2001*.

### Reporting on your investments

For Indirect Investors accessing the Fund through a platform, please contact your provider for information on reports you will receive.

The below is a summary of the statements you will be provided when you invest in the Fund. For more information on the Fund's reporting, contact Russell Investments Fund Operations.

#### Confirmations

You will receive a transaction statement each time you invest in or redeem from the Fund.

#### Distributions

You will receive a distribution statement each time a distribution is made.

#### Monthly reports

You will receive a transaction statement at the end of each month with details of any transactions you made over the month.

### **Tax statement**

We will provide you with an annual tax statement (AMMA Statement if the Fund is an AMIT) in relation to your investments in the Fund.

### **Annual report**

Under the *Corporations Act 2001* we are required to provide or make available to you a copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report ('Annual Report') for the Fund in which you are invested unless you have elected not to receive them. The Annual Report is published on the website at <https://russellinvestments.com/au/disclosures>.

### **Disclosing entity**

If the Fund has 100 or more investors it will be a disclosing entity for the purposes of the *Corporations Act 2001* and will be subject to regular reporting and disclosure requirements. Copies of documents lodged with the Australian Securities and Investments Commission (**ASIC**) in relation to the Fund may be obtained from ASIC. Where the Fund is a disclosing entity we will comply with our continuous disclosure obligations under the law by publishing material information about the Fund at <https://russellinvestments.com/au/disclosures> on our website, in accordance with ASIC's good practice guidance for website disclosure. For a Fund that is a disclosing entity, you can also obtain the annual and half year financial reports which were most recently lodged with ASIC and other information from our website. We encourage you to regularly check our website for new information that may be relevant to your investment.

### **What you need to remember**

The PDS and this Additional Information Booklet contain general information only. It has not been prepared having regard to your investment objectives, financial situation or specific needs. Before making a decision to invest in the Fund, you need to consider whether the Fund is appropriate to your objectives, financial situation and needs. We encourage you to talk to a financial adviser before making an investment decision.

As with most investing, it is not guaranteed that you will make money from investing in the Fund. The value of your investment can go up or down and you could get back less than you invested. Please note that neither we nor any other member of Russell Investments guarantees the repayment of your capital or the performance of the Fund.



**Terms used in the PDS and this Additional Information Booklet:**

**'Application Form'** refers to the Application Form attached to the PDS.

**'Client Account Manual'** refers to the documentation that is required to be completed in addition to the Application Form when you apply for units in the Fund.

**'business day'** means a day other than a Saturday, Sunday, public holiday or day on which banks are generally closed for business in Sydney.

**'Retail Client'** has the meaning given under section 761G of the *Corporations Act 2001*.

**'Russell Investments'** is a global financial services organisation with headquarters in Seattle, USA.

**'Russell Investments Diversified Funds'** collectively refers to the Russell Investments Conservative Fund, Russell Investments Diversified 50 Fund, Russell Investments Balanced Fund, Russell Investments Growth Fund and Russell Investments High Growth Fund.

**'Russell Investments Sector Funds'** collectively refers to the Russell Investments Australian Shares Fund, Russell Investments International Shares Fund and the Russell Investments International Shares Fund - \$A Hedged.

**'underlying funds'** means a managed investment scheme in which the Fund holds units or shares. The underlying funds may be domiciled in Australia or in another jurisdiction and may be managed by RIM, other members of Russell Investments or by a third party investment manager.

**'unit'** refers to the units of the Fund.

**'Wholesale Client'** has the meaning given under section 761G of the *Corporations Act 2001*.

## How to Contact Us

If you would like a paper copy of this document, or any other relevant information, please contact us by using the details below.

If you are accessing the Fund through a platform you should first contact the operator of the platform.

### For wholesale investors:

Russell Investments Fund Operations  
Tel: 1300 728 208 (in Australia)  
Tel: +612 9229 5204 (outside Australia)  
Fax: 1300 768 040 (in Australia)  
Fax: +612 9229 5116 (outside Australia)  
E-mail: [syd-fundoperations@russellinvestments.com](mailto:syd-fundoperations@russellinvestments.com)

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