UNDERSTANDING EXCHANGE TRADED FUNDS SERIES

Russell Investments

The Exchange Traded Fund Series (ETF Series) of certain Russell Investments mutual funds provides Canadian investors with an additional choice to access our flagship investment solutions. This ETF Series is designed to meet specific investor needs and leverages our capabilities in asset allocation, capital market insights, manager research, factor exposures and portfolio implementation.

What is an ETF?

An ETF is an investment vehicle that combines characteristics of both mutual funds and individual securities. An ETF holds a basket of securities that can provide diversification, like a mutual fund. It can be bought and sold throughout the trading day on an exchange, like a stock. Some ETFs are designed to mirror the performance of an underlying market index, while others are actively managed and seek to outperform a market benchmark. At Russell Investments, our ETF Series invests directly into the underlying securities.

ETFs combine features of both mutual funds and individual securities:

Diversification
Can provide instant access to a diversified portfolio of securities in a single trade.

Flexibility
Can be bought and sold on an exchange, such as the TSX, at any time during market hours.

How can ETFs be used?

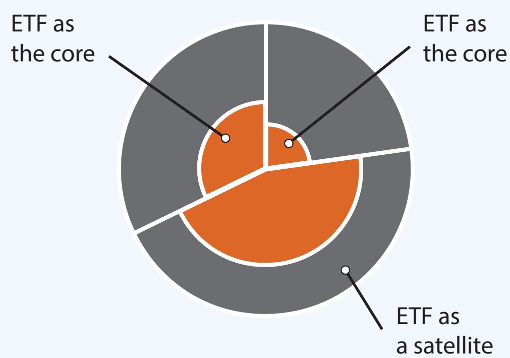
ETFs have multiple applications for investors: they can be used as individual building blocks to construct a portfolio or can be added to an existing portfolio to adjust exposures based on a particular market view or expectation.

A typical investment portfolio is comprised of traditional asset classes that represent the broad market, and generally include investment-grade fixed income securities and large-cap equities. These asset classes make up the portfolio's "core" investments.

"Satellite" investing involves actively managed, non-traditional asset classes that are used to enhance returns and manage risk. Satellite strategies often have greater return potential than core asset classes, but may be considered higher risk (with greater volatility) when held on their own.

Ultimately, choosing from among ETFs and other potential investment vehicles depends on an investors' individual investment objectives and tolerance for risk.

Trading ETFs. ETF units can be bought and sold on a stock exchange during market hours. Investors can place a market order with their advisor, to buy or sell an ETF at the market's current best available price. ETFs can also be traded using a number of stock-trading techniques including limit orders, stop orders and stop limit orders. With ETFs, margin buying and short sales are also possible, subject to applicable securities rules. As with any investment, investors should consult their financial advisor.



ETFs can be used as either core (orange) or satellite (grey) investments (illustrative asset allocation)

How are ETFs traded?

ETFs hold a basket of securities, just as mutual funds do, but trade on exchanges like stocks.

Pricing

ETFs have two sets of prices: market prices and net asset value (NAV)

Market Price

- ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF's investments can affect the market price
- You can get price quotes anytime during the trading day. Quotes have two parts: bid and ask
- The bid is the highest price a buyer is willing to pay if you want to sell your ETF units. The ask is the lowest price a seller is willing to accept if you want to buy ETF units. The difference between the two is called the "bid-ask spread."
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

Net asset value (NAV)

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF's investments at that point in time.
- NAV is used to calculate financial information for reporting purposes.

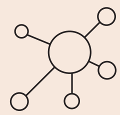
Orders

There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell ETF units at the current market price. A limit order lets you set the price at which you are willing to buy or sell ETF units.

Timing

In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.

A few ways to use ETFs



Complement diversified portfolios
Combine individual ETFs to build a broadly diversified portfolio.

Target precise exposures
Gain precise, consistent exposure to a specific market segment.

Use core/satellite strategies
Construct a portfolio using ETFs as either core or satellite investments.

What are the risks associated with ETFs?

All types of investment carry some risks. The performance of an ETF will depend on the performance and market value of the underlying securities. This means that if the underlying assets rise or fall in value, so will the value of the ETF.

IMPORTANT INFORMATION

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. There will be no fees or commissions payable in connection with issuance of exchange-traded fund series. For specific fees and expenses associated with exchange-traded fund series of mutual funds, please read the prospectus, as these fees and expenses may differ from mutual fund series. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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As with all mutual funds, investment in this mutual fund contains risks that may make it unsuitable for investors, depending on their investment objectives and risk tolerance. If the fund does not perform as intended, an investor may experience a loss of part or all of their principal invested. Please read the prospectus of this fund for a detailed description of the risks involved in this investment.

Although exchange-traded series of mutual funds ("ETF Series") will be listed on the TSX or another exchange or marketplace, there can be no assurance that an active public market for ETF Series will develop or be sustained. Trading of ETF Series on certain marketplaces may be halted under certain circumstances. There can be no assurance that ETF Series will trade at prices that reflect their net asset value per security. The trading price of ETF Series will fluctuate. For more information on risks associated with investing in ETF Series, please read the prospectus before investing.

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