

Russell Financial Services, Inc.

Statement of Financial Condition

December 31, 2015

Assets

| | | |
|------------------------------|----|------------|
| Cash and cash equivalents | \$ | 36,156,224 |
| Distribution fees receivable | | 3,235,981 |
| Prepaid expenses and other | | 2,045,128 |
| Deferred income taxes, net | | 586,381 |
| Fixed assets, net | | 357,208 |
| Total assets | \$ | 42,380,922 |

Liabilities and Stockholder's Equity

Liabilities

| | | |
|--|----|------------|
| Distribution fees payable | \$ | 7,524,011 |
| Administrative fees payable | | 7,956,620 |
| Compensation payable | | 7,326,403 |
| Due to affiliates | | 1,504,891 |
| Accrued expenses and other liabilities | | 1,308,049 |
| Incentive compensation liabilities | | 1,472,959 |
| Total liabilities | | 27,092,933 |

Commitments, guarantees and contingencies (Notes 8, 10 and 11)

Stockholder's equity

| | | |
|---|----|------------|
| Common stock, par value \$0.10 per share; 100 shares authorized; 26 shares issued and outstanding | | 3 |
| Additional paid-in capital | | 11,419,633 |
| Accumulated deficit | | 3,868,353 |
| Total stockholder's equity | | 15,287,989 |
| Total liabilities and stockholder's equity | \$ | 42,380,922 |

The accompanying notes are an integral part of this financial statement.