

Item 1 – Cover Page

RUSSELL CAPITAL INC.

Part of Russell Investments

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March 28, 2012

This Brochure provides information about the qualifications and business practices of Russell Capital Inc. (“RCI”). If you have any questions about the content of this Brochure, please contact 206-505-4466 or investmentdivisioncompliance@Russell.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

RCI is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about RCI also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In this Item 2, RCI is required to identify and discuss all material changes to its Part 2A, Brochure, since its last update on July 26, 2011.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. RCI has added conflicts disclosure surrounding Russell’s exchange traded funds (“ETFs”).

Item 12 – Brokerage Practices. RCI has revised this section to provide greater detail with respect to its trading practices.

RCI will provide you with a new Brochure upon request without charge. RCI’s Brochure may be requested by contacting Christy Alden, Senior Client Service Associate at 206-505-4339 or calden@russell.com. RCI’s Brochure is also available on the following web site www.russell.com, also free of charge.

Additional information about RCI is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with RCI who are registered, or are required to be registered, as investment adviser representatives of RCI.

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Item 4 – Advisory Business

Russell Capital Inc. (“RCI”) is a subsidiary of Frank Russell Company (“FRC”). FRC, together with all other subsidiaries of FRC, collectively referred to herein as “Russell Investments” or “Russell” is majority-owned by Northwestern Mutual Life Insurance Company. RCI has been a registered investment adviser since June 8, 1999, and provides the following investment advisory services:

RCI engages in a general investment advisory business recommending suitable alternative investment funds, mutual funds and other collective funds using a systematic approach with the general objective of maximizing total returns subject to each client’s risk profile and investment guidelines. Using its extensive knowledge of alternative investment funds investing, RCI acts as adviser to several private equity and hedge funds offered to selected institutional investors.

RCI also advises private investment funds which involve privately negotiated equity and equity-related investments throughout the world. In these funds, RCI provides high-quality, well-diversified approaches to private equity investing and general advice with regard to portfolio diversification, and manages the accounting, reporting, and limited partner service functions of certain funds.

In addition to the above, RCI serves as investment manager for Russell Total Return Fund Ltd. and Russell Total Return Fund (Quarterly) Ltd. In this capacity RCI has full and exclusive discretionary authority and responsibility to manage the day-to-day operations of the Fund and to invest and reinvest its assets – including the authority to sell, exchange or otherwise transfer all or any portion of the assets of the Fund.

RCI also evaluates and recommends third-party funds and fund of funds products utilizing private equity and hedge fund strategies. In researching these products, Russell analysts utilize quantitative and qualitative methods to form opinions and recommendations. Information is gathered from a wide variety of sources including, but not limited to, manager documentation, conference calls, on-site visits, publicly available sources, as well as fee-based services such as Thomson One, Preqin, and Hedge Fund Research Inc.

A related party of RCI is a member of the general partner or manager for several funds formed to invest in privately negotiated equity and equity-related investments as well as partnerships and funds making such investments.

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Types of Investments

Types of investments on which RCI offers investment advice include, but are not limited to: mutual fund shares; futures contracts on intangible securities; and interests in partnerships investing in real estate.

RCI offers advice on partnerships investing directly in private equity, partnerships that invest in other private equity partnerships (private equity “funds of funds”), as well as hedge fund vehicles that invest in other hedge funds (“hedge funds of funds”). A related party of RCI is a member of the general partner or manager for several partnerships formed to invest in privately negotiated equity and equity-related investments as well as partnerships and funds making such investments.

RCI also offers advice on private equity investment funds that do not use a partnership structure. These funds may invest directly in private equity, as well as funds that invest in other private equity funds (“funds of funds”). A related party of RCI is a member of the manager for several funds formed to invest in privately negotiated equity and equity-related investments as well as in partnerships and funds making such investments.

Assets Under Management

As of December 31, 2011, RCI had approximately \$320 million in assets under management, all of which was discretionary.

Item 5 – Fees and Compensation

In general, all fees are subject to negotiation based on the circumstances of the client and other factors, including but not limited to the type and size of the account and the type of advisory and client-related services to be provided. It is currently anticipated that RCI’s portfolio management fees will range from 0.75% to 2.0% of assets under management. In addition to advisory fees charged by RCI, clients invested in private equity and hedge funds may also pay management fees, acquisition fees and organizational and offering expenses related to such private equity and hedge funds. From time to time, RCI may negotiate incentive (performance based) fee arrangements in accordance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Fees are collected by RCI from the assets of the fund to which they relate.

Both RCI and the portfolio investments may impose management fees, incentive or performance fees, and organizational and administrative costs and expenses. As a result, investors will pay higher expenses than they would if they invested directly in the portfolio investments and, accordingly, the rate of return on an investment will be lower than the rate of return on an investment directly in the portfolio investments.

Fees for funds are generally billed quarterly and generally deducted from assets of the funds. Funds generally pay administrative, custody and trustee expenses, plus costs of audit and tax compliance. Certain funds pay quarterly management fees in advance.

Fees for separate accounts are directly billed quarterly. At the client’s request, RCI will coordinate an audit and the client will bear the cost.

Item 12 describes the factors that RCI considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

As noted above, RCI may negotiate performance based fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. RCI will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act and the available exemptions thereunder, including the exemption set forth in Rule 205-3. The performance-based fees are calculated based on the specific terms negotiated with each client, and generally include realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for RCI to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Item 7 – Types of Clients

RCI provides investment advisory services to Qualified Purchasers. RCI does not have any requirements for opening or maintaining accounts.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Except as specifically noted, RCI does not generally research or recommend specific portfolio securities. Rather, RCI researches (using FRC's assistance and facilities) investment managers for different classes of assets and investment styles.

RCI internally generates research and models for managing large pools of assets. In addition, Russell reviews, evaluates and utilizes similar research developed by other professional organizations and by the academic community. RCI focuses much of its research on the process, organization, portfolio structure, and performance of investment managers, using both qualitative and quantitative methods in evaluating and selecting investment managers.

Qualitatively, the greatest emphasis is on the process and organization of an investment manager. RCI conducts extensive, in-depth manager meetings and analyzes publicly available information contained in financial newspapers and magazines, and manager-prepared information, to better understand the process and organization of investment managers.

RCI uses quantitative methods to analyze the portfolio structure and performance of investment managers. Russell employs a proprietary database facility which contains the investment results and portfolio characteristics of institutional investment managers. This database also includes the results of bank collective investment funds and hundreds of accounts managed by the investment managers. This information is not generally reported publicly. Additionally, Russell has access to certain investment performance measurement and portfolio analysis products developed and produced by Mellon Analytical Solutions which gives Russell additional insight into investment managers. Russell utilizes research and statistical materials prepared by others such as the portfolio evaluation systems of Axioma and Wilshire to analyze portfolio investments and composition, and on-line pricing and research information of Bloomberg Financial Markets to analyze money market investments.

Using these research processes, Russell ranks the managers into categories that represent its confidence in the manager. Russell looks at that ranking, along with the investment style of managers, when constructing portfolios, reallocating assets of an existing portfolio, or changing managers in a portfolio.

Investment Strategies

Hedge Funds of Funds

RCI seeks to achieve its investment objective by selecting and investing in a number of portfolio funds and/or through one or more accounts managed by one or more Money Managers, which employ a diverse range of alternative investment strategies.

RCI selects various underlying collective investment vehicles for investment as portfolio funds, and monitors each such portfolio fund on an ongoing basis and provides advice on their performance to clients. This review may include as appropriate a review of country allocations, country weights, capitalization, distribution, industry sector weights, price/book levels, currency exposure, sector exposure and quality exposure and other key risk measures.

Further, RCI makes recommendations to clients in relation to the appointment and termination, where applicable, of one or more money managers to operate segregated account(s).

In selecting portfolio funds and accounts in which to invest, RCI may target a number of different alternative investment strategies, including but not limited to: long/short equity; short-biased equity; equity market-neutral and statistical arbitrage; emerging markets; convertible and volatility arbitrage; relative value arbitrage; global macro; commodities; and managed futures.

The allocation of assets between accounts and portfolio funds will vary over time and is managed in accordance with the portfolio constraints agreed with each client.

In addition, RCI may recommend investments in financial derivative instruments for investment purposes or may recommend hedging techniques for efficient portfolio management purposes.

The type of financial derivative instruments may include futures contracts, forward contracts, options, swaps and forward foreign exchange transactions.

Private Equity Funds of Funds

The investment strategy is designed to generate superior investment returns by creating a balanced and diversified portfolio of high-quality private equity funds. Asset allocation, diversification and manager selection are critical factors in constructing investment portfolios.

RCI targets managers who employ appropriate strategies in different stages of investment, vintage years, industry sectors and geographic locations. Diversification mitigates the effects of unanticipated poor performance by a manager or sector, while increasing the likelihood of including superior performers.

Diversification factors include the following:

Stage: early or late-stage venture capital; small, mid-size or large buyouts; and special situations (including distressed debt, turnaround and mezzanine funds).

Vintage Year: Diversifying portfolios by vintage year avoids over-committing capital during any single high valuation period and spreads risk across market cycles in terms of entry and exit valuations. Capital is typically committed over a three- to four-year period, and underlying managers invest capital over a three- to six-year investment period, providing significant vintage year diversification.

Manager: Portfolios typically include a balance of different management styles and investment strategies. As well as a core portfolio of funds from well-established and highly successful firms, portfolios may allocate a portion of its capital for emerging management teams.

Industry Sector: Portfolios may be exposed to manufacturing, services, information technology, healthcare, energy, communications and consumer goods and services, among others.

Geography: Managers selected for a portfolio will be diversified within the geographic range agreed with the client.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results.

Investment Risk

There can be no assurance that a fund will achieve its investment objective. An investment in a fund involves investment risks, including possible loss of the amount invested. The capital return and income of a fund are based on the capital appreciation of, and income from, the investments it holds, less expenses incurred. Therefore, a fund's returns may be expected to fluctuate in response to changes in such capital appreciation or income. Past performance of RCI or its affiliates, employees or representatives or any other person is not indicative of future results of a fund.

Highly Volatile Markets

The prices of the holdings of a fund may be highly volatile. Price movements of such holdings are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause those markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Dependence on Investment Manager

Investors will generally have no right to participate in the management or operations of a fund or to exercise voting or other rights attendant to the securities held by a fund and, thus, must depend solely upon the ability of the investment manager with respect to making investment decisions. In addition, investors will not have an opportunity to evaluate specific investments made by a fund prior to the consummation of such investments.

Investment Manager Valuation

There is an inherent conflict of interest between the involvement of the investment manager in determining the valuation of a fund's investments and the investment manager's other responsibilities as the investment manager's fee will increase as the value of a fund increases. There are similar conflicts of interest at the underlying investment fund level.

Limitations on Liability; Indemnification of the Investment Manager

The investment manager, its agents and its respective officers, directors, employees, members, advisers and affiliates are generally entitled to be excused from liability to a fund and the investors and indemnified against damages or losses that a fund or such investors may incur by performance of services for a fund. As a result, a fund and the investors may have a more limited right of action in certain cases than they might otherwise have. Additionally, in the event that a claim is made, the investment manager may be entitled to be indemnified by a fund—in which case the assets of the fund would have to be used to indemnify the investment manager for amounts incurred in connection with such claim.

Hedging Transactions

A fund may utilise financial instruments such as forward contracts, currency options, swaps, caps and floors to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in currencies, interest rates, equities and other financial instruments. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase.

Risks associated with Financial Derivative Instruments

While the prudent use of financial derivative instruments (“FDI”) can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. A fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where a fund enters into swap and other derivative arrangements, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a fund could experience delays in liquidating the position and may incur a significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of a fund, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any

particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, a fund's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by a fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of a fund's investments under disadvantageous conditions. Also, there are legal risks involved in using FDIs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Risks associated with Futures and Options

A fund may from time to time use both exchange-traded and over the counter futures and options as part of its investment policy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in un-quantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk.

Counterparty Creditworthiness

A fund and the underlying portfolio funds may invest directly and indirectly in securities, commodities and other financial instruments that involve counterparties. The terms of these contracts are often customised and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight. The portfolio funds and the fund are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur rapidly and without notice.

Short Selling

Short selling by a portfolio fund involves trading on margin and accordingly can involve greater risk than investments based on a leveraged long position. A short sale of a security involves the risk of a theoretically unlimited loss. There can be no absolute guarantee that securities necessary to cover a short position will be available for purchase by a portfolio fund.

Currency Risk and Hedged Currency Share Classes/Series

An investment may be affected favorably or unfavorably by fluctuations in the exchange rates of different currencies. A fund may use currency hedging techniques to attempt to reduce any currency exposure but it may not be possible or practical to do so.

Certain funds advised by RCI make use of hedged currency share classes and/or series. The use of currency hedging strategies may substantially limit the holders of hedged currency interests from benefiting from favorable changes in the relevant exchange rates. There can be no assurance that any currency hedges will be successful, and over-hedged or under-hedged positions may arise due to factors outside the control of RCI.

During certain periods, including periods of high volatility in the currency markets, a fund may be required to maintain large cash balances collateralize accrued losses. If the fund maintains large cash balances in its collateral accounts for these or other reasons, it is expected that the fund will have less investable assets available to deploy in the fund's primary investment strategy, which may in turn detract from the overall performance of the interests.

Under normal market conditions, currency hedging transactions are generally expected to be executed quickly and with low transaction costs. However, in periods of market turbulence or stress, the instruments normally used to conduct currency hedging activities may not generally be available or may not be available at prices appropriate or beneficial to the fund. Further, currency hedging counterparties may not be willing to continue or enter into additional currency hedging transactions or may seek to terminate the contractual arrangements with a fund pursuant to which such hedging transactions are effected. Further, the counterparties with which a fund enters into currency hedges are generally not required to enter into new hedges following the maturity of a given hedging transaction or to increase the size of a hedge transaction.

The instruments used to engage in currency hedges are subject to a variety of other risks. There can be no assurance that any currency hedging activities will eliminate all or any of the currency risk associated with investing in currencies other than the base currency of a fund.

Emerging Markets

Where a fund invests in equities or securities of companies incorporated in or whose principal operations are based in emerging markets, additional risks may be encountered. These include:

- **Currency Risk:** the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.
- **Country Risk:** the value of the assets may be affected by political, legal, economic and fiscal uncertainties within the emerging markets. Existing laws and regulations may not be consistently applied.
- **Market Characteristics:** the emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than

more established markets and are not highly regulated. Settlement of transactions may be subject to delay and administrative uncertainties.

- Custody Risk: custodians may not be able to offer the level of service and safe-keeping, settlement and administration of securities that is available in more developed markets and there is a risk that the fund will not be recognized as the owner of securities held on its behalf by a sub-custodian.
- Disclosure: less complete and reliable fiscal and other information may be available to investors and accounting standards may not provide the same degree of shareholder protection as would generally apply internationally.

Liquidity in Financial Markets

The financial markets in the United States and elsewhere have recently experienced, and may again experience in the future, a variety of difficulties and changed economic conditions. Reduced liquidity in equity, credit and fixed-income markets may adversely affect the funds. In addition, these conditions could lead to reduced demand for the securities which are held within the funds, which may in turn decrease the value of the fund's assets. Because securities are marked to market and fluctuate in value based on supply and demand, reduced liquidity in the markets for certain securities could depress the value of the assets of the funds to less than their intrinsic value. Further, a decrease in the net asset value of a fund could lead to a default under some or all of its credit and loan facilities, as well as any repurchase and/or reverse repurchase agreements to which it is a party or has committed its assets, and force it to sell its assets at reduced prices in order to satisfy its obligations to its lenders and counterparties. If investors seek to redeem their investment in the fund, the fund may be forced to sell investments at less than intrinsic value in order to meet such redemption requests.

Risks of Investing in Other Collective Investment Vehicles/ Partnerships

RCI funds will invest in regulated and unregulated portfolio funds. As an investor in another collective investment vehicle/ partnership, a fund will bear, along with other investors, its portion of the fees and expenses of the other portfolio funds, including management fees, performance fees and/or other fees. These fees will be in addition to the management fees and/or other fees and expenses which the RCI fund bears directly with its own operations. The portfolio funds in which the RCI fund may invest may be leveraged or unleveraged and may be established in regulated or unregulated jurisdictions.

A fund will not have an active role in the day-to-day management of the portfolio funds in which it may invest, and will generally not have the opportunity to evaluate the specific investments made by a portfolio fund before they are made. In particular, a fund will not carry out due diligence on the underlying investments selected for investment by the relevant portfolio fund and will instead rely exclusively on, and not be responsible for, the due diligence carried out on those underlying investments by the relevant portfolio fund's investment manager. Accordingly, the returns of a fund will primarily depend on the performance of the portfolio funds (and their

respective investment managers) and would be substantially adversely affected by the unfavorable performance of the portfolio funds and their managers.

Before investing in a portfolio fund, the investment manager does initial due diligence with respect to the portfolio fund and its managers and advisers. After an investment in a portfolio fund, the investment manager continues monitoring the portfolio fund and its managers and advisers. However, there can be no assurance that such due diligence and monitoring will detect misconduct, negligence or fraud on the part of the portfolio funds and their managers and advisers.

Performance Fee Risk

The investment manager may receive a performance fee based on the appreciation in the net asset value of a fund. The performance fee will generally be calculated with regard to unrealised gains, as well as realised gains. Therefore, a performance fee may be paid on unrealised gains which may subsequently never be realised. The performance fee may provide an incentive for the investment manager to make investments for a fund which are more risky than would be the case in the absence of a fee based solely on the performance of a fund.

Non-U.S. Investments

Funds in which a Fund may invest will invest in securities issued by non-U.S. companies, including U.S. dollar-denominated and local currency-denominated securities issued by non-U.S. entities, or in derivatives on such instruments or securities. Such investments have risks associated with political and economic developments, higher operating expenses, exchange controls, currency fluctuations, foreign withholding and other taxes which may reduce investment returns, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. chartered issuers. Securities of many non-U.S. issuers may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers. Transaction costs for non-U.S. securities are generally higher than for comparable securities issued in the U.S. The Fund may engage in certain hedging activities intended to reduce certain of the risks described above and such hedging activities may present certain risks of their own.

Limitations on Transfers

There is no public market for the interests in the funds, and the interests generally may not be sold, assigned, or transferred without the prior written consent of the fund.

Item 9 – Disciplinary Information

RCI is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RCI or the integrity of RCI's management. RCI has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

RCI has been appointed to provide administrative services to various Russell Funds. In this capacity, RCI will provide custodial, valuation, corporate secretarial, registrar and transfer agent services to the Fund and may appoint agents, including affiliates of the Administrator, to perform any of such services.

Other Financial Industry Affiliations

Many of RCI's affiliated entities listed below, in providing services to their respective clients, utilize the resources of Russell Investments, including, but not limited to, its Investment Division.

Frank Russell Company (“FRC”) is an SEC registered investment adviser. It is a diversified financial services company which provides a variety of different financial services and products to and through unincorporated divisions and wholly owned subsidiaries.

Since 1969, FRC and its corporate predecessor have provided comprehensive asset management consulting to the managers of large pools of investment assets through FRC Consulting. These asset pools chiefly represent the holdings of corporate employee benefit plans.

FRC provides advice concerning the structuring of a client's portfolio, but not with respect to underlying securities. FRC also recommends investment managers to make portfolio investments in accordance with specified investment objectives for portions of the total portfolio.

Russell Investment Management Company (“RIMCo”) is an investment adviser registered with the SEC in accordance with the Investment Advisers Act of 1940, as amended, and is a wholly owned subsidiary of FRC. In general, RIMCo conducts the following services: (i) multi-manager investment advice, index-based investment advice, fund-of funds investment advice, short term investments advice, objective setting, asset allocation, and other advisory services to affiliated and non-affiliated investment companies, other pooled investment vehicles, institutional and high net worth clients, (ii) licensing of model securities portfolios to investment advisers and broker-dealers, and (iii) consulting services to managers and sponsors of large pools of investment assets. Where necessary or appropriate, all of RIMCo's business activities are conducted pursuant to written agreements and conform to applicable law.

Russell Implementation Services Inc. (“RIS”), a wholly owned subsidiary of FRC, is registered with the SEC as a broker-dealer and investment adviser and is a member of FINRA. RIS provides brokerage transaction services, effected on an agency basis, for institutional clients. RIS also provides investment advisory services for institutional clients. RIS clears all market transactions through several correspondent brokers.

For client assets over which RCI exercises investment discretion, RCI causes certain client portfolio brokerage transactions to be effected through RIS, and such clients pay brokerage fees in addition to fees paid to RCI.

Russell Real Estate Advisors Inc. (“RREA”) is a wholly owned subsidiary of FRC, and is a SEC registered investment adviser. RREA provides investment management services to institutional investors (including corporate and public employee benefit plans) with respect to direct and collective investments in real estate, including limited partnerships.

Russell Institutional Funds Management, LLC (“RIFM”), a wholly-owned subsidiary of FRC, acts as the managing member of the RIFL Funds. The managing member has primary authority over the operation of the RIFL Funds and is responsible for the appointment of the investment manager and other parties who may provide, from time to time, services to the Funds.

Russell Institutional Funds, LLC (“RIFL”), is an unregistered private pooled investment vehicle that offers shares of different funds, with each having specific investment objectives, policies, and restrictions, which are set forth in RIFL’s current private placement memorandum. RIFL funds are available only to qualified purchasers who maintain a minimum account balance. RIMCo provides investment management services to RIFL pursuant to written agreements.

Russell Trust Company (“RTC”) is a wholly owned subsidiary of FRC. RTC is a non-depository trust company providing comprehensive trust and investment management services to corporate employee benefit plans, retirement plans maintained by government units, other forms of pension plans and foundations and endowments. RTC’s investment management services are provided through common or collective funds, and/or separate accounts. These accounts are generally advised by two or more investment advisors researched and recommended by FRC and retained by RTC.

Russell Financial Services, Inc. (“RFS”), a wholly owned subsidiary of RIMCo, is a SEC registered broker-dealer and is a member of FINRA. RFS acts as the principal underwriter and distributor of Russell’s U.S. mutual funds. RFS also provides sales and client service support for Russell’s institutional investor products and services offered by various Russell entities. These products and services include private equity, registered mutual funds, commingled and common trust funds, hedge funds, portfolio implementation services, consulting and investment management services.

Russell Investments Delaware Inc. (“RIDF”) is a wholly owned subsidiary of FRC. RIDF was established to invest capital into, and/or act as the general partner or manager, or as a member of

the general partner, manager or other managing entity for private equity funds that may be sponsored by other Russell entities.

Russell Investments Canada Limited (“RICL”) is a wholly owned subsidiary of FRC. RICL is registered as a Mutual Fund Dealer, Portfolio Manager, Exempt Market Dealer, Investment Fund Manager and Commodity Trading Manager with the Ontario Securities Commissions (its principal regulator). RICL is also registered i) as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager in the 9 other provinces and the Nunavut, Northwestern and Yukon territories; and ii) as an Adviser under the Commodity Futures Act (Manitoba). RICL provides advice to institutional clients similar to those provided by FRC and is engaged in the business of investment management and administrative services to institutional and retail investors. RICL is a principal distributor of the Russell Sovereign Investment Program, Russell LifePoints Portfolios, the Russell Group of Funds and the Russell Corporate Classes.

Russell Investments Cayman Ltd. (“RI Cayman”) was incorporated in the Cayman Islands in 1994 as a wholly owned subsidiary of Russell. It is a Cayman management company, located in Georgetown, Grand Cayman, Cayman Islands, and British West Indies.

RI Cayman is the principal money manager of Global Activist Fund of Funds N Feeder and the manager of Russell Alternative Strategies Fund N1. Full redemption requests have been received in respect of these funds and, accordingly, they will be closed once all remaining investments have been liquidated and final distributions made.

RI Cayman may invest in other fund complexes as opportunities arise. It holds a 33% minority interest in the AIF Telecommunications Fund Management Company and a 27% interest in the Asia Infrastructure Fund Management Company and owns an interest in Gilbert Global Equity Partners (GGEP) as well.

RI Cayman also owns a 50% interest in SG/Russell Asset Management Limited, a Dublin based investment management company that is the Irish management company to Multi-Style, Multi-Manager Funds PLC (“MSMM”), an Irish domiciled UCITS fund complex.

RI Cayman also owns Russell Investments South Africa Limited.

Russell Implementation Services Limited (“RISL”) was incorporated under the laws of England and Wales on April 26, 1995 and is a wholly owned subsidiary of RSL. RISL is authorized and regulated by the FSA in the U.K. RISL primarily provides discretionary management services for institutional clients. This includes transition management services, foreign exchange management, passive currency overlay, equitisation and policy implementation services.

RISL has permission from the FSA to engage in the following regulated activities:

Advising on investments; arranging (bringing about) deals in investments; arranging safeguarding and administration of assets; safeguarding and administration of assets; dealing in

investments as agent; making arrangements with a view to transactions in investments; and managing investments.

Russell Investments Ireland Limited (“RIIL”) was incorporated in Ireland in 1994 and is a wholly owned subsidiary of Russell. It is an Irish management company domiciled in Dublin. RIIL is registered with the SEC as an Exempt Reporting Adviser. Russell Ireland has responsibility for management of Russell Investment Company (“RIC”), Russell Investment Company II (“RIC II”), Russell Investment Company III (“RIC III”), Russell Investment Company IV (“RIC IV”), Russell Institutional Funds (“RIF”), Russell Unit Trust (“RUT”), Russell Qualified Investment Funds (“RQIF”), Russell Jadwa Shariah Based Funds (“Russell Jadwa”), Russell Multi-Manager Funds (“RMMF”), Russell Common Contractual Funds (“RCCF”), Russell Qualifying Investor Common Contractual Fund (“RQICCF”) and OpenWorld. It has no employees and most of the functions of Russell Ireland are contracted to other Russell entities and third party providers. Subsidiaries of State Street Bank, located in Dublin, act as Custodian/Trustee and Administrator. Responsibility for the selection of, and contracting with, money managers is carried out by RIL with respect to MSMM and to Russell Ireland in respect of RIC, RIC II, RIC III, RIC IV, RQIF, RUT, Russell Jadwa and OpenWorld. RIIL is also responsible for the selection of, and contracting with, money managers in respect of the preceding funds. Compliance oversight is provided by RIL in London, and oversight of the Administrator is provided by RIL.

Russell Investments Ireland II Limited (“RIIL II”) was incorporated in Ireland on November 15, 2005, and is a wholly owned subsidiary of Russell Ireland. It is an Irish management company located in Dublin. RIIL II has responsibility for management of Russell Global Directional Strategies Fund (“RGDSF”) and Global Activist Fund of Funds (“GAFF”). However, it has no employees and most of its functions are contracted to other Russell entities and third party providers. Subsidiaries of State Street Bank, located in Dublin, act as Custodian/Trustee and Administrator. Responsibility for the selection of, and investment in, target funds is delegated to Russell Capital Inc. in Seattle, and oversight of the Administrator is provided by RIL.

Russell Investments Limited (“RIL”) was incorporated under the laws of England and Wales on December 30, 1986 and is a wholly owned subsidiary of Russell Systems Limited. RIL provides a wide range of services for strategic partners, from the production of marketing materials to assistance with developing asset allocations, customizing Russell extranet sites, conferences and training.

RIL advises institutional clients in the UK and elsewhere on investment matters. RIL also introduces clients and prospects to RISL and Russell Implementation Services Inc.; some clients use Russell Implementation Services Inc. brokerage credits to pay RIL and RISL fees.

RIL provides discretionary management services to institutional clients in the UK and Europe. Such discretionary management services generally relate to rebalancing of fund and full discretionary management.

Russell Investment Group Pty Ltd (“RIGPL”) is a wholly owned subsidiary of FRC. RIGPL provides consulting services to large Australian superannuation funds and other institutional investors. In this capacity RIGPL provides advice on Russell’s multi-asset, multi-manager investment approach. RIGPL has an Australian Financial Services License.

Russell Investment Management Ltd (“RIML”) is a wholly owned subsidiary of RIGPL which is a wholly owned subsidiary of FRC. RIML has an Australian Financial Services License to conduct a financial product advisory business in Australia. Under this license, RIML provides responsible entity, trustee and money manager services for the Russell funds. RIML is the responsible entity for over 40+ public offer unit trusts (the Russell group of registered managed investment schemes) and acts as the trustee for several unregistered schemes for institutional investors. RIML also provides investment management services to institutional investors and distribution partners (e.g. financial intermediaries) in connection with the Russell funds or on a separate managed account basis.

Russell Investment Group Private Limited (“RI Singapore”) is as a wholly owned subsidiary of FRC. RI Singapore provides investment advisory and consulting services to actively managed funds. Provision of investment and fund management advisory services. Russell Singapore holds a Capital Markets Services License (with exempt Financial Adviser License), issued by the Monetary Authority of Singapore. RIS Singapore also holds a Cross-border Discretionary Investment Advisory License issued by the Financial Supervisory Service of Korea. Russell’s Dublin Funds are offered in Singapore, Hong Kong and Taiwan. Russell’s Australian Funds are offered in Malaysia.

Russell Investment Group (N.Z.) Limited (“RIGL”) is a wholly owned subsidiary of FRC. RIGL provides consulting services similar to those provided by FRC to large institutional investors in New Zealand. RIGL also provides support services to institutional investors and distribution partners (e.g. financial intermediaries) for non-New Zealand domiciled Russell funds offered in the New Zealand market.

Russell Investment Tujajamun Chusik Hoesa (“RITCH”) is a wholly owned subsidiary of FRC. RITCH provides asset consulting, implemented consulting and investment management services to institutional and government clients in South Korea. RITCH holds Discretionary Investment Management and Investment Advisory Licenses issued by the Financial Supervisory Services of Korea.

Russell Investments Japan Co., Ltd. (“RIJ”) is a wholly owned subsidiary of FRC and is regulated by the Financial Services Agency of Japan and Kanto Local Finance Bureau as a registered Financial Instruments Company (Investment Management Business, 2nd Financial Instruments Business, Investment Advisory and Agency Business). RIJ is a member of the Investment Trusts Association, Japan, Japan Securities Investment Advisers Association.

The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”) was founded in 1857, and is a mutual insurance company organized under the laws of the state of Wisconsin. Its principal lines of business are: (i) life insurance, which provides indemnification for the economic loss caused by an insured’s death; (ii) disability income insurance, which provides

income payments to the insured when employment is interrupted or terminated because of illness, sickness or accident; and (iii) annuities and accumulation products, which may supplement retirement income. Northwestern Mutual also began offering long-term care insurance through a subsidiary in August 1998. Individual life insurance sales constitute Northwestern Mutual's core business.

Northwestern Mutual Investment Services, LLC. ("NMIS") is a wholly owned subsidiary of Northwestern Mutual, and is a FINRA registered broker-dealer and a SEC registered investment adviser. NMIS acts as a broker-dealer for variable annuity and variable life insurance contracts issued by Northwestern Mutual. NMIS' investment advisory services and products include a mutual fund-ETF wrap-fee product offering and financial planning services.

Private Funds

The following entities advise the private funds listed below. Related persons may recommend, when legally permitted, that their clients invest in one or more of the private funds. Each client will receive an offering memorandum and/or other documents relating to such funds. FRC or its related persons have an economic interest in such private funds.

Russell Capital Inc.

Russell Telecommunications Fund, L.P.
Frank Russell Capital / OMERS, L.P.
Frank Russell Capital / OMERS II, L.P.
Frank Russell Global Private Equity Fund of Funds, L.P.
Frank Russell European Private Equity Fund of Funds, L.P.
Russell Total Return Fund Ltd.
Russell Total Return Fund (Quarterly) Ltd.
JeffHedge, LLC

Russell Investments Ireland Limited

OpenWorld Plc
Russell Investment Company Plc
Russell Qualified Investment Funds Plc

Russell Investment Management Company

Russell Institutional Funds LLC – Russell Low Duration Bond Fund
Russell Institutional Funds LLC – Russell Core Bond Fund
Russell Institutional Funds LLC – Russell International Equity Fund
Russell Institutional Funds LLC – Russell Large Cap US Equity Fund
Russell Institutional Funds LLC – Russell Quantitative US Equity Fund
Russell Institutional Funds LLC – Russell Small Cap US Equity Fund
Russell Institutional Funds LLC – Russell 1000 Defensive Index Fund
Russell Trust Company – Russell US Cash Management Fund
Russell Trust Company – Russell US Cash Collateral Fund
Russell Cayman Commodity Strategies Fund Ltd.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Russell and its affiliates, including RCI, have adopted a Global Code of Conduct and regional Codes of Ethics (collectively, the “Codes”) that are designed to reinforce its institutional integrity, and to set forth procedures and limitations which govern the personal securities transactions of its associates. The Codes were developed to promote the highest standards of behavior and ensure compliance with applicable regulations.

The Codes comprise written standards that are reasonably designed to deter wrongdoing and describe Russell’s policies and procedures concerning:

- Placing restrictions on employees with respect to trading for their own accounts to preclude front-running and insider trading;
- Placing restrictions on employees that preclude participation in initial public offerings, and limit other trading practices;
- Maintaining confidential client and internal corporate information;
- Reporting requirements and restrictions that limit the value of gifts that employees give or receive;
- Complying with anti-money laundering requirements;
- Managing potential conflicts of interest with RCI’s clients; and
- Requiring employees to obtain pre-approval for any outside business affiliations.

The Codes are available upon request by calling Russell’s Code of Ethics Team at 206-505-4860, emailing russellcompliance@russell.com, or by writing to: Russell, 1301 Second Avenue, 16th Floor, Seattle, WA 98101 Attn: Global Compliance Operations.

POLITICAL CONTRIBUTIONS

Russell has enacted a “Pay-To-Play” policy which applies to all Russell associates who make political contributions in the U.S. and includes the following requirements and restrictions:

- Bans most U.S. political contributions by Russell associates (including spouses and other family members or partners living in their home) above the minimum amounts of: US\$350 per candidate per election if the associate is eligible to vote for the election of that candidate and US\$150 per candidate per election if the associate is not eligible to vote for the election of that candidate.
- Requires reporting of all political contributions in the U.S., regardless of the amount of the contribution or to whom it’s given, including those to candidates for federal, state and local office, state and local political parties and PACs. Associates will be required to report all U.S. political contributions to the Compliance Department.

Any violations of this policy can result in disciplinary action up to and including termination of employment from Russell.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS – CONFLICTS OF INTEREST

RCI

RCI does not act as a broker for its clients in securities transactions, nor does it effect cross trades for its clients. However, certain of RCI's affiliates may, in the ordinary course of their business for their clients, be compensated for effecting client securities transactions or effect cross trades.

As discussed above, RCI is typically appointed as a manager of private equity funds, hedge funds and other collective investment vehicles and alternative investment products. These products may be managed, sub-advised and otherwise serviced by certain of RCI's affiliates who receive compensation for their services.

RCI, as to certain clients or their Intermediaries who grant RCI investment discretion may invest client assets in funds or managed account products from which RCI receives fees. All fees received by RCI with respect to such transactions are disclosed in the discretionary investment advisory agreements signed by the client or may, in certain cases, be provided via an advisory or sub-advisory agreement or other applicable documentation with a discretionary Intermediary at no additional cost to the client, in which case the client may not need to sign an agreement specific to such transactions.

FRC

FRC has a business agreement with former subsidiaries, Pantheon Ventures, Inc. and Pantheon Holdings Limited (together, "Pantheon"). From time to time, Russell or any of its affiliated companies may make a client aware of Pantheon products, and as part of the FRC agreement, Pantheon may pay FRC or its subsidiaries a "finder's fee" based on the dollar amount of the investment. FRC is also vested monetarily in the success of Pantheon's business, so Russell associates may have an incentive to sell Pantheon products in order to promote Pantheon's success. If Russell recommends a Pantheon product, such recommendations could be in conflict with Russell's obligation to recommend the best product suitable to the client's needs.

Russell

Russell strives to maintain a strong and ethical culture and continues to enhance the controls it has in place to address potential conflicts of interest. These controls include Russell's Global Code of Conduct and Regional Codes of Ethics (collectively, the "Codes") that are signed by each Russell associate annually. The Codes include specific restrictions and discussions regarding the steps Russell takes to manage potential conflicts of interests. In addition, Russell maintains compliance and risk management teams. Finally, Russell believes in disclosure of

potential conflicts of interest of which it is aware. These potential conflicts and Russell's procedures for addressing those conflicts are outlined below.

- Russell's business relationships with investment advisers could lead to a financial incentive to favor these firms. Specifically:
 - Russell offers a range of "Implementation Services" including commission recapture, transition management, overlay management, currency management, and other related services. Russell also provides Implementation Services for multi-manager funds, insurance pools and separate accounts managed by investment advisers. Third party investment advisers offering these products and purchasing Implementation Services from Russell may offer other investment management products that are evaluated by Russell as part of Russell's manager research process. As such, Russell has a potential financial incentive to favor investment advisers who recommend or cause the funds they manage to use Russell's Implementation Services.
 - A portion of Russell's revenue from Implementation Services comes from its commission recapture program. Under the program, clients (including many Russell consulting clients) specifically instruct their investment advisers to execute a portion of their account trades through a broker network administered by Russell Implementation Services. The program is voluntary for consulting clients, and those consulting clients who participate receive an annual disclosure report that includes disclosure of the compensation received by Russell. Russell offers execution services to investment advisers as part of the program, and all trading is conducted by brokers selected by the investment advisers from the directory provided by Russell. There is no direct benefit to the investment advisers. However, as Russell is compensated for providing commission recapture services Russell may have a financial incentive to recommend investment adviser(s) who agree to trade through the Russell commission recapture network.
 - Russell Implementation Services administers soft dollar programs for certain investment managers. Under these programs, investment managers may instruct Russell to use credits the investment manager generates in trading through Russell's correspondent brokers or Russell's trading desk, to pay for bona fide research. Russell may therefore have a financial incentive to favor investment managers participating in the program.
 - Russell owns the Russell indexes and the Russell universes. Russell earns revenues from licensing these products to investment advisers. Russell, therefore, may have a financial incentive to recommend investment advisers who purchase these products.
 - Russell's consulting clients who use Russell indexes as performance benchmarks do not pay Russell for the use of that data. If a Russell consulting client uses a Russell index as a performance benchmark for an investment manager, then the investment manager is likely to consider buying Russell index data from Russell, if the investment manager does not already do so. If a Russell consulting client wants in depth holdings and other data about the indexes, then Russell will charge a fee for the use of the data.

- Russell Funds may purchase index futures, options on futures or exchange traded funds based on a Russell index for which Russell may receive index license fees. Russell has entered into an exclusive arrangement with IntercontinentalExchange, Inc. for trading of futures and options on futures that provides for a minimum payment to Russell until certain volumes are achieved after which there is a per contract fee paid to Russell. Volumes required for a per contract fee have not been achieved. Additionally, investment managers of funds benchmarked to Russell indexes may purchase index data from Russell.
- Investment managers researched by Russell may receive compensation for services provided to Russell or the investment products offered through Russell. These relationships include instances where the investment manager provides investment management services to a Russell sponsored multi-manager portfolio, or where a division of the investment manager may provide non-investment advisory services (e.g., custody services) to Russell. Russell therefore may have a potential incentive to favor investment managers who provide services on favorable terms.
- Russell sponsors exchange traded funds (“ETFs”), which are advised by a Russell investment adviser and are based on Russell’s proprietary indexes. This business presents potential conflicts of interest including: (i) incentives to manipulate Russell indexes to benefit or harm the ETFs; (ii) incentives for Russell associates to trade for the benefit of Russell or their own accounts based on material non-public information about changes to ETFs or their underlying Russell indexes; or (iii) the possibility that Russell could engage in trading or other business with the ETFs to serve the interests of Russell or its affiliates. Russell maintains policies and procedures that incorporate physical, procedural and technical safeguards which mitigate potential conflicts of interest that could arise in connection with the ETFs.

Russell has long recognized these potential conflicts of interest. The core of Russell Investment’s activities is based on the “multi-manager” approach to investing. As such, Russell recognizes that much of Russell’s business – not just its consulting business – depends almost entirely on the quality and integrity of Russell’s investment manager research and recommendations. Russell, therefore, has a strong incentive to ensure it manages potential conflicts effectively to avoid even the appearance that its investment adviser recommendations may be compromised.

To that end, Russell’s policies provide that Russell does not charge, and will not accept, compensation from investment managers to be included in Russell’s manager research database or consulting recommendations. Further, Russell’s policies provide that investment managers are not required to purchase any of Russell’s affiliates’ products or services to be included in Russell’s manager research database. The sole criterion for a manager recommendation is that Russell’s manager research analysts believe the manager’s product is likely to outperform. Russell’s manager research professionals are personally evaluated based on the quality of their recommendations. Their evaluations of investment managers are subject to extensive documentation requirements and peer review. As documented in Russell’s internal conflicts policies and the Codes, Russell’s manager research analysts and Russell’s consulting teams are

not permitted to review revenue information from Implementation Services, or to consider such revenue a factor in their ranking determinations or recommendations.

- Russell’s manager research documentation for clients includes the following disclosure:

“Russell and Russell Companies may have past, current or future commercial relationships with investment management firms it researches and evaluates. These products and services include serving as a broker-dealer in clearing portfolio trades, distributing Russell proprietary products, the purchase of analytical products or serving as a manager in Russell products. The existence of these other relationships is not a factor in Russell’s ranking process.”

Russell does not compensate its consulting associates for referrals or pay commissions to its consulting associates for any new business, whether consulting business or otherwise. However, certain Russell’s sales associates that may call on consulting clients could face a potential conflict when presenting product options to a client. However, only Russell products and services are offered by Russell sales associates, and all Russell sales associates have a general duty to recommend only those products they believe are suitable for clients and prospective clients. Furthermore, all associates are bound by Russell’s Codes and conflicts policies.

Please see Item 10 for general conflicts of interest disclosure surrounding related persons. Please refer to Item 12 as it relates to brokerage transactions.

Item 12 – Brokerage Practices

Direct Management of Client Accounts

Where RCI’s related persons manage transitions, the determination of the securities to be bought and sold (including the amount to be bought and sold) is in accordance with the buy list of the investment managers hired by Russell or the client who is receiving the transitioned assets consistent with agreed upon benchmarks. Where RCI’s related persons manage cash overlay strategies and interim portfolio assignments, the determination of the investments to be bought and sold (including the amount to be bought and sold) is made by reference to investment guidelines and restrictions agreed upon with the client.

Brokerage Discretion

Where RCI or its related persons directly manage portfolios, Russell has the authority to determine the broker or dealer to be used and the commission rates to be paid. Russell generally selects brokers and dealers that it determines to be able to provide quality institutional execution services, which may include a Russell related party, to effect such trades.

Best Execution

Russell seeks Best Execution in all trading activity.

Russell defines Best Execution as: *The trading process that seeks to maximize the value of a client's portfolio within the client's stated investment objectives and constraints.*

Russell's approach to evaluating best execution is based on guidance from various regulators and industry associations in global financial markets, including the CFA Institute's Trade Management Guidelines. Among other factors, this guidance recognizes that Best Execution:

- Is intrinsically tied to portfolio investment objectives, guidelines and risk controls, and cannot be evaluated independently of those factors,
- Is a prospective, statistical, and qualitative concept that cannot be known with certainty ex-ante,
- Has aspects that may be measured and analyzed over time on an ex-post basis, although such measurement may not always be meaningful, especially in isolation, and
- Is interwoven into complicated, repetitive, and continuing practices and relationships.

Determining the quality of trade execution entails the evaluation of subjective, objective and complex qualitative and quantitative factors. Many of the circumstantial and judgmental aspects involved in seeking Best Execution are not quantifiable, and cannot be properly evaluated on a trade-by-trade. Russell therefore evaluates best execution in the context of the total portfolio or the aggregate of the trading activity.

Russell's approach to evaluating best execution is adapted to Russell's trade implementation process, as modified from time to time. Russell's current trade implementation process is designed to minimize the magnitude and range of the distribution of total expected transaction costs associated with implementing investment ideas. During implementation, Russell analyzes expected transaction costs and evaluates transaction results to identify the trading strategies and venues that increase the likelihood of meeting the goals and objectives of the client. Russell's process includes the use of proprietary analytics and includes state-of-the-art trading and real time monitoring tools. Implementation strategies are evaluated over time with ex post analytics to test assumptions and methodologies and to make process improvements.

Russell's best execution oversight program is overseen by Russell's Trade Management Oversight Committee. Russell has established a Trade Management Oversight Committee (TMOC), which is authorized and directed to review and evaluate the activities, policies and procedures established by the company's internal trading groups. The TMOC is responsible for providing the framework for construction, review and evaluation of trade management practices and, when appropriate, to make recommendations to senior management and the individual trading groups. The Committee formally meets quarterly, or more frequently depending on circumstances, and is responsible for evaluating Russell's trade management policies and procedures and for making recommendations, when appropriate, to senior management to improve trading practices.

RCI's related persons use Russell Implementation Services, Inc., as introducing broker in certain investments manager transitions and manager funding arrangements. The benefits of this relationship are as follows: (i) maintain proper fund structure during event; (ii) reduced risk with effective communication; and (iii) provides environment for RCI's related persons to have better overall control of the transition event. To monitor this relationship RCI's related person monitors trade execution consistency with preset benchmarks and reviews commissions paid against normal commission rates.

Order Aggregation and Allocation

Russell may in some cases aggregate sales and purchase orders of securities, futures, currency, swaps and other investments for Clients with concurrent. RIMCo is not obligated to aggregate orders, and will only do so if RIMCo reasonably believes such aggregation will result in an overall benefit to its Clients, taking into consideration the objective of best execution as defined above. Aggregated orders are allocated among RIMCo Clients such that Clients are treated on a fair and equitable basis, and that the interests of some Clients are not placed over those of others.

It is Russell's policy that investment decisions shall be made consistent with the investment objectives, guidelines and restrictions of Russell's clients ("Clients"). Furthermore, trades are to be allocated fairly and equitably among accounts participating in each transaction, taking into consideration the objectives, restrictions, investment strategy, asset allocations and benchmarks of each Client. Russell is committed to conducting its business with high ethical and fiduciary standards. To that end:

Russell aggregates trade orders within and across all trading mandates for which it reasonably believes an aggregated order will achieve best execution. Investment decisions to determine a quantity of securities to purchase will normally be allocated either:

Pro rata on the basis of the asset size or assessed need of each account included in the aggregated order; or

In such a way as to achieve uniform weightings of the traded items across each account included in the aggregated order.

Russell will act honestly in good faith and in the best interest of the Client, including requiring that any personnel with knowledge of the Client's portfolio, place the interest of the Client first ahead of their own interest in all personal trading scenarios which may involve a conflict of interest with the Client. To avoid any potential conflict of interest, Russell has restrictions on trading in securities that are traded by Russell. Please refer to Russell's Global Code of Conduct and Code of Ethics for further definition.

Research and Brokerage Services

Russell hires a number of unaffiliated investment managers to manage its multi-manager products. These managers may obtain research and brokerage services from brokers chosen by

them to make trades on behalf of Russell Funds and client accounts, provided in doing so the managers comply with terms within their agreements.

Russell may arrange for the Russell Funds it manages to receive commission recapture revenues. Russell has chosen Recapture Services, a division of BNY ConvergeX Execution Solution LLC (“BNY”) as a commission recapture provider for the Russell Funds. Russell asks the unaffiliated investment managers for its multi-manager funds to direct a portion of their trading activity through BNY or its correspondent broker network. BNY and its correspondent brokers retain a portion of the commission as payment for execution services including introducing, clearing and settlement services. The remainder is returned to the specific Russell Fund that paid the commissions, resulting in a net reduction in trading-related expenses to the product. Russell does not receive any portion of the commissions charged to its products under this arrangement.

Funds may also effect soft commission transactions through BNY. Trades placed through BNY and its correspondent brokers are used to obtain research for RCI to assist it in its investment decision-making process in its capacity as Adviser to Russell Funds. For purposes of trading to obtain research for RCI, Funds' investment managers are requested to, and RCI may, with respect to transactions it places, effect transactions with or through BNY, only to the extent that the funds will receive best execution. In addition, RCI recommends targets for the amount of trading that investment managers direct through BNY based upon several factors including asset class, investment style and other factors. Research services provided to RCI by BNY include those services that are permitted by Section 28(e) of the Securities Exchange Act of 1934. Research services will generally be obtained from unaffiliated third parties at market rates. Research provided to RCI may benefit particular Russell Funds or other clients generating the trading activity, but may also benefit other funds within individual fund families and may also benefit other funds and clients managed or advised by RCI or its affiliates. Similarly, funds will benefit from research provided with respect to trading by those other funds and clients.

Decisions concerning the acquisition of research services using soft commissions are approved and monitored by Russell's Soft Commission Committee (“SCC”), which consists principally of individual employees in research and investment management roles, the primary users of the research. The SCC acts as an oversight body with respect to purchases of research services acquired by Russell.

BNY retains a portion of all commissions generated, regardless of whether the trades were used to provide research to RCI or commission recapture to the Funds.

Where RCI's related persons suggest to an individual client that it use its affiliate, Russell Implementation Services, Inc. to liquidate the client's portfolio to raise cash to invest in Russell Funds, the client makes the decision to do so. RCI's related persons may from time to time recommend Russell Implementation Services, Inc. to their consulting clients for transition management, commission recapture and other institutional brokerage services. Such recommendations are not part of Russell's consulting engagement and consulting clients choosing to avail themselves of Russell Implementation Services, Inc.'s services are required to make their own independent decision whether to hire a broker to provide the services, and if so, whether to choose Russell Implementation Services, Inc. Other than the overall benefits

associated with being part of the same enterprise, RCI does not receive any products, research or services from Russell Implementation Services, Inc. for making such recommendations.

Research services provided to RCI's related persons by BNY or other brokers include, but are not limited to (1) advice either directly or indirectly through publications or writings as to the value of securities, the advisability of investing in, purchasing or selling securities and the availability of securities or of purchasers or sellers of securities, (2) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and/or (3) effecting securities transactions and performing functions incidental thereto (such as clearance and settlement) or that are required in connection therewith.

Item 13 – Review of Accounts

RCI monitors the investment activities of funds it advises on a monthly or quarterly basis. For each client, positions are reviewed versus either a schedule of guidelines or investment management agreement trading objectives. Accounts are analyzed in such areas of asset allocation and leverage positions. Additionally, service groups within the Russell organization will periodically perform independent reviews on behalf of their clients to ensure consistency with agreed upon terms and limits.

Item 14 – Client Referrals and Other Compensation

RCI does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit from a non-client in connection with giving advice to clients. However, related persons of RCI do have similar arrangements and RCI may indirectly receive some economic benefit based on those arrangements.

From time to time, RCI or any of its affiliated companies may make a client aware of Pantheon products, and as part of RCI's agreement, Pantheon may pay FRC or its subsidiaries a "finder's fee" based on the dollar amount of the investment.

RCI does not directly or indirectly compensate any person for client referrals. However, related persons of RCI have arrangements whereby affiliated associates may be compensated for client referrals, and RCI does not accept client referrals from any other person or firm.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. RCI urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Investment or Brokerage Discretion

RCI

RCI, as to clients that have given it investment discretion, may determine what securities should be bought or sold as well as the amount of securities to be bought or sold for a client's account.

Investment Discretion

Direct Management of Russell Funds

Where RCI or its related persons directly manage Russell Funds, Russell has the authority to determine the securities to be bought and sold (including the amount of securities to be bought and sold) is generally limited by the investment strategy determined for the specific investment management activity. In the case of transitions managed by RCI's related persons, these limitations are generally determined in accordance with the buy list of the investment managers hired by Russell or Russell Funds which are receiving the transitioned assets consistent with agreed upon benchmarks. In the case of cash equitization and interim investment management assignments in connection with cash inflows and manager changes, these limitations are generally determined by reference to the benchmark set for the investment portfolio being equitized as well as the portfolio's investment guidelines and restrictions.

Item 17 – Voting Client Securities

RCI is the Investment Manager of various funds of hedge funds (the "Funds"). The Funds invest primarily in other collective investment schemes (each a "Portfolio Fund") managed by third party investment managers (each a "Third Party Manager"). The Portfolio Funds may offer both voting and/or non-voting shares. The Portfolio Funds seldom hold shareholder meetings and the Investment Manager is often required by the offering documents of the Portfolio Funds to assign the Funds' proxies in favor of the Third Party Manager. In the limited cases where a Portfolio Fund calls a shareholder meeting and the Funds have the right to vote at such meetings, the Investment Manager votes in accordance with the best interests of the Funds' shareholders. The Third Party Managers have discretion to exercise any voting rights attached to the investments held by each Portfolio Fund.

Other than as provided above RCI does not have any proxy voting responsibilities.

Item 18 – Financial Information

RCI is required in this Item to provide you with certain financial information or disclosures about RCI's financial condition. RCI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.