

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 Global Opportunities Fund - \$NZ Hedged – Class A dated 7 December 2016 (ARSN: 112 398 786; APIR: RIM0073AU)

Russell Investments Global Opportunities Fund - \$NZ Hedged – Class B dated 7 December 2016 (ARSN: 112 398 786; APIR: RIM0075AU)

Russell Investments Global Opportunities Fund – Class B dated 7 December 2016 (ARSN: 111 169 745; APIR: RIM0074AU)

Russell Investments Emerging Markets Fund – Class B dated 7 December 2016 (ARSN: 122 656 884; APIR: RIM0076AU)

Russell Investments Global Bond Fund – Class B dated 7 December 2016 (ARSN: 140 625 074; APIR: RIM0080AU)

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Additional Information Booklet

Important notes

This Additional Information Booklet is dated 7 December 2016 and is issued and produced by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185. 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 nominee, updated information may also be obtained from the operator of the nominee.

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 required otherwise.

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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:

Russell Investments

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 given, and as at the date hereof has not withdrawn its written consent to be named as the custodian and administrator of the Fund. State Street has not been involved in any way in the preparation of the PDS and is named only for information purposes. In addition to the above arrangements, the Responsible Entity may also hold some of the assets of the Fund, 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 nominee, please contact the operator for information on the reports you will receive. 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. 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 nominee

Wholesale Clients can invest in the Fund directly. Retail Clients can invest in the Fund through a nominee. We refer to people who invest through a nominee as 'Indirect Investors'.

To invest, Indirect Investors must complete the application forms provided by the nominee. Indirect Investors will receive reports from their nominee, not us. Indirect Investors should direct any enquiries or complaints in relation to the Fund to their nominee.

To withdraw, Indirect Investors need to contact their nominee for instructions.

To invest or withdraw, the nominee needs 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 nominee who invests on behalf of Indirect Investors and who has the rights of an investor in the Fund. Nominees 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 investors in the Fund.

Please contact us for the current list of approved nominees. However, you must satisfy yourself as to your choice of nominee and the terms on which you engage them, as we do not guarantee the performance of any nominee. We are not liable for the acts or omissions of a nominee.

Any reference to 'you' in the PDS (including this Additional Information Booklet), unless otherwise indicated, should be construed by an Indirect Investors as a reference to the nominee 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.

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 days of us 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 signatures.

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 market 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've 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 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 (with the exception of the Russell Investments Emerging Markets 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.

Under the Constitution of the Russell Investments Emerging Markets Fund, (unless withdrawals are suspended) we have up to 30 days to accept redemption requests, a further 90 days to process redemption requests after acceptance and up to six months 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 Fund is '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 the risks that apply to each of the Funds. Each of these risks is described below the table.

| Risk | Interest rate risk | Derivatives risk | Liquidity risk | Counterparty and settlements risk | Currency risk | Emerging markets risk | Credit risk | Political risk | Market risk | Underlying funds' absence of regulatory oversight |
|-------------------------------------------------------------|--------------------|------------------|----------------|-----------------------------------|---------------|-----------------------|-------------|----------------|-------------|---------------------------------------------------|
| Russell Investments Global Opportunities Fund | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Russell Investments Global Opportunities Fund - \$NZ Hedged | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Russell Investments Emerging Markets Fund | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Russell Investments Global Bond Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

- 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 or that there is an adverse movement in the asset, interest rate, exchange rate or index underlying the derivative, as derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track.

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

- 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.

- **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.
- **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.
- **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.

5. How we invest your money

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

Investment Management

As well as appointing investment managers to manage the assets of the Fund, 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.

Changing investment managers and/or underlying funds

We may change the investment managers and/or underlying funds of the Fund 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>. You can contact us if you would like a paper copy of this information free of charge.

Currency management

Some of the Funds 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.

Derivatives

Derivatives such as futures, options, swaps and forward contracts may be used by the Fund 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. If the Fund has foreign currency exposures it may use derivatives to manage currency exposures.

If the Fund invests 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.

Borrowings

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

Ethical Investments

Russell Investments employs a disaggregated ranking system in its manager research process that incorporates factors that we believe impact the investment manager's ability to generate returns for our clients. We have an ethical, social and governance rank (ESG), which takes into account labour standards and environmental considerations, formally incorporated into our 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. This rank is then incorporated into our overall view of the investment manager.

In relation to the Russell Investments Global Opportunities Fund, the Russell Global Opportunities Fund - \$NZ Hedged and the Russell Global Bond Fund, our ESG process also involves the exclusion of companies involved in the production of anti-personnel mines and cluster munitions.

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 costs

Management costs include all estimated expense recoveries, investment management fees and estimated performance-related fees payable out of Fund assets. This includes any known management costs charged by investment managers and underlying funds.

They do not include transaction costs and other costs that an investor would incur if the investor invested directly in the underlying assets. The management costs are estimates only, the actual management costs may vary throughout the year.

Management costs are expressed as a percentage of the Fund's net assets, rounded to two decimal places. They are paid directly from the assets of the Fund and are reflected in the daily unit price when declared.

Expense recoveries (including taxes)

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), Responsible Entity costs, legal fees, reporting and audit expenses.

The estimated expense recoveries for the Fund are included in the management costs and are based on the latest available figures as at the date of this PDS. The actual expense recoveries may increase or decrease throughout the year. We are entitled to be indemnified for any cost or liability we incur in the proper performance of our role as the Responsible Entity of the Fund.

Different fees

We may negotiate different fees with investors who are Wholesale Clients. 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. Please contact us if you require further information.

Buy/sell spread

The buy/sell spread covers our estimate of the transaction costs (such as brokerage and settlement costs) of buying or selling underlying assets when you invest or withdraw from the Fund. The buy/sell spread is retained by the Fund, not



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

by us or the investment managers. We reserve the right to change the buy/sell spread for the Fund at any time without providing notice to you.

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 Australian shares 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 ($\$1 + (\$1 \times 0.0027)$) | 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 ($\$1 - (\$1 \times 0.0025)$) | \$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

We, or members of Russell Investments, 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 Russell Investments 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 Fund 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 Fund.

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

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

As both 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.

Adviser remuneration

Pursuant to the 'Grandfathering' provisions of the Future of Financial Advice (FoFA) reforms, we may continue to pay adviser remuneration of up to 0.15% of the value of your investment in the Fund to Australian financial services licensees and/or their representatives who recommended the Fund to you before 1 July 2014. We will pay any adviser remuneration out of our fee, so it does not represent any additional cost to you.

Records of alternative forms of remuneration that is not conflicted remuneration

Occasionally, we may provide benefits of small value to Australian financial services licensees and/or their representatives who recommend the 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.

Payments to nominees

To the extent permitted by law, we may pay a one-off or annual product access payment of up to \$15,000 to nominees that distribute the Fund. In addition, to the extent permitted by law, we may make volume-based payments of up to 0.12% p.a. to nominees that distribute the Fund. Any such payments will reflect the scale and administrative efficiencies gained by Russell Investments using the nominee. Any such payments will be paid out of our management fee, so it does not represent an additional cost to you.

Updated information

The management costs as described above and indicated in the PDS for a Fund are based on the knowledge or reasonable estimate of the Responsible Entity. These estimates may be based on a number of factors including using any information provided by managers of underlying funds through which the Fund invests, information gathered by the Responsible Entity in making decisions about acquiring or disposing of an investment, using information about costs of similar investments or in similar markets in which the Fund invests, making inquiries and undertaking research into the typical costs of the relevant kind of investment and estimating the costs based on the amounts the Responsible Entity would incur if they were to make the investments themselves, rather than rely on a third-party provider.

As such, the actual fees and costs may differ and 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:

Australian Taxation

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

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 particular unitholders may differ, it is recommended that all unitholders seek their own professional advice on the taxation implications before investing in the Fund.

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

Fund income

The Fund fully distributes distributable income to unitholders in respect of each income year. You will be subject to tax on your share of the net (taxable) income of the Fund, in proportion to your entitlement to the distributable income of the Fund, in the year in which your entitlement arises, irrespective of whether the income is distributed to you after year end or is reinvested.

You may be entitled to franking credits which arise from franked dividends received in respect of the Fund's investment in Australian shares (if applicable). Subject to various eligibility criteria, including the holding period rule, you can use the credits to reduce your tax liability on your share of the tax net income of the Fund or your other assessable income. Excess franking credits may be refundable to resident individuals and complying superannuation entities, and in certain circumstances may give rise to tax losses for companies.

With the exception of the Russell Investments Emerging Markets Fund and the Russell Investments Global Bond Fund, the Fund has made the managed investment trust (MIT) capital gains tax (CGT) election, and subject to continuing to satisfy the eligibility requirements to be a MIT for an income year, will hold their eligible assets (including equities, and units in other trusts, but excluding derivatives and foreign exchange contracts) on capital account. The Russell Investments Emerging Markets Fund and the Russell Investments Global Bond Fund have not made the MIT CGT election and accordingly will hold their respective eligible assets (as applicable) on revenue account.

Your share of the net income of the Fund may include a net capital gain of the Fund, where the Fund holds its assets on capital account or where the Fund holds units in other fund(s) which distribute capital gains to the Fund. If you withdraw, switch or transfer any part of your investment, it is treated as a disposal and you may be subject to capital gains tax. A discount may be available in calculating the taxable amount of a capital gain where the asset has been held for twelve months or more. A capital gain distributed by the Fund may also be subject to the CGT discount. The amount of the discount is one-half for individuals and trusts, and one-third for complying superannuation entities. No CGT discount is available for a corporate investor.

Foreign income

The Fund may derive income from sources outside Australia. Your share of the gross foreign income will be treated as foreign income in your hands. You may be entitled to a foreign income tax offset for foreign tax paid by the Fund in respect of the foreign income received by the Fund.

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) of the 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 is considered to be a 'foreign hybrid' under Australian tax law, the foreign hybrid partnership rules may also apply to include a share of partnership tax income in the taxable income of the Fund. A holding of at least 10% is generally required to be an "attributable taxpayer" under the CFC rules. However, it is generally expected that the Fund's interests in foreign companies will not be CFC interests. If applicable, the Responsible Entity will monitor the concentration of Australian (or Australian associated) ownership of any foreign companies 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 Fund. In broad terms, in calculating the net (taxable) income of the Fund, 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 Fund 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 number of additional compliance obligations in order to ensure that 30% FATCA withholding tax is not deducted from:

- certain US sourced income (referred to as fixed, determinable, annual or periodic (FDAP) income);
- gross proceeds from the sale of securities giving rise to US FDAP income; and
- passthru payments.

The definition of a FFI is very broad. Generally speaking, the Responsible Entity and the Fund fall within the definition of a FFI for FATCA purposes.

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.

As a result, the Responsible Entity and/or the Fund (as applicable) are required to ensure that:

- relevant entities are registered with the US Internal Revenue Service (IRS);
- unitholder identification processes and documentation requirements are enhanced in order to determine status for FATCA purposes;

- specific due diligence procedures are conducted on unitholders in existence as at 30 June 2014 in order to determine their status for FATCA purposes; and
- annual reporting to the ATO of relevant unitholders (if any) occurs within the required regulatory timeline (currently 31 July annually).

The Responsible Entity may therefore be required to request unitholders to provide additional information in order to comply with FATCA compliance obligations.

Common Reporting Standards (CRS)

Australia has implemented the Organisation for Economic Cooperation and Development's 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 investors. The CRS is also known as "global FATCA".

On 3 June 2015, Australia signed a multilateral competent authority agreement to automatically exchange information under the CRS and, on 18 March 2016, legislation implementing the CRS received Royal Assent.

The CRS will apply to Australian financial institutions from 1 July 2017, with a first reporting deadline of 31 July 2018 (for the six months from 1 July 2017 to 31 December 2017). Generally speaking the Responsible Entity and the Fund 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 in order to comply with its compliance obligations under the CRS. The Responsible Entity will continue to monitor developments in this regard to ensure relevant CRS compliance obligations are met.

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.

Current reforms in progress include a deregulation review in relation to the Taxation of Financial Arrangements ("TOFA") rules. This reform may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and it is strongly recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

Changes to the taxation of Managed Investment Trusts (MITs)

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for Managed Investment Trusts.

Trusts that meet the eligibility criteria may elect to become an Attribution Managed Investment Trust (AMIT). The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for MITs and their investors. For Funds which are eligible to be AMITs, and where it is commercially appropriate, the Responsible Entity of the Funds intends for the Funds to elect into the AMIT regime from 1 July 2017.

Key changes under the AMIT rules are:

- Taxable income and credits will be allocated to investors on a “fair and reasonable” attribution basis, rather than being allocated proportionally based on each investor’s present entitlement to the income of the trust.
- Where the amount of taxable income estimated for the fund at year end is different to the amount that is finally calculated, the difference (an under or over) is generally carried forward and adjusted in the year in which the variation is discovered.
- The cost base of an investor’s holdings is increased where the cash distribution they receive from the trust is less than the attributed amount that is taxable to the investor (after certain adjustments e.g. for non-cash attributes such as franking credits, and in respect of discount capital gains).
- In certain circumstances, capital gains or revenue gains may be specifically allocated to investors e.g. where a large redemption triggers capital or revenue gains in the trust.
- A choice is available to treat individual classes of units as separate AMITs (so that, for example, losses of one class will not be offset against the income of another class).

The administrator of the Funds will assist the Responsible Entity with compliance with the AMIT rules as required by tax legislation.

Australian Taxation of Non-Resident Investors

Australian withholding tax may be withheld from distributions of Australian source income and gains paid to a non-resident investor. Based on the Fund’s investment profile, non-resident investors 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 investor 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.

On 25 February 2016, Tax and Superannuation Laws Amendment (2015 Measures No 6) Act 2015 became law, introducing a new 10 per cent non-final withholding tax on the acquisition of certain taxable Australian property from foreign residents. The obligation applies to a transaction involving, for example, the acquisition of an indirect Australian real property interest, such as a membership interest in a ‘land-rich’ company or trust. On-market transactions however are excluded from the withholding regime.

The Responsible Entity recommends that non-resident investors seek independent tax advice in relation to these issues if required.

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

It is not compulsory for an Australian investor to quote their TFN or ABN. If an Australian investor is making this investment in the course of a business or enterprise carried on by the investor, the investor may quote an ABN instead of a TFN. Failure by an investor 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 investor. The investor may be able to claim a credit in the investors’ tax return for any TFN/ABN tax withheld. By quoting their TFN or ABN, the investor authorises the Responsible Entity to apply it in respect of all the investor’s investments with the Responsible Entity. If the investor does not want to quote their TFN or ABN for some investments, the Responsible Entity should be advised.

Goods and Services Tax (GST)

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

The Fund 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 Fund 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 take into account any available reduced input tax credits.

To the extent that the Fund is investing in international securities, the Fund may be entitled to as 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 the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

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

New Zealand Taxation

The following summary is a general guide that outlines the New Zealand taxation implications applicable to New Zealand resident investors in the Fund. The summary is based on the New Zealand income tax laws as at the date of this PDS. New Zealand income tax laws are subject to continual change and as the tax treatment applicable to particular investors may differ, it is recommended that all New Zealand investors seek their own professional advice on the taxation implications before investing in the Fund.

The summary assumes that no New Zealand resident investor will have an interest of 10% or more in a Fund. Generally the New Zealand taxation treatment of an investment in Australian securities is not the same as an investment in New Zealand securities.

Status of the Fund - New Zealand investors

For New Zealand tax purposes, the Fund, being an Australian unit trust, is deemed to be a company. New Zealand resident investors are treated as holding shares in an Australian resident company.

De Minimis Threshold

Investors that are individuals (and some limited trusts) that hold a total cost of NZD50,000 or less of units in the Fund along with any other foreign shares (that are not in ASX listed Australian companies) have a choice whether to follow the FIF rules below. If the investor chooses not to apply the FIF rules, the investor will only be taxable on distributions from the Fund.

New Zealand Foreign Investment Fund ('FIF') rules

An investment in the Fund by a New Zealand resident investor is likely to be a FIF interest for New Zealand tax purposes. The treatment under the FIF rules will depend on which Fund the investor holds an interest in.

1. Investment in:

- Russell Investments Emerging Markets Fund
- Russell Investments Global Opportunities Fund
- Russell Investments Global Opportunities Fund – \$NZ Hedged Class A
- Russell Investments Global Opportunities Fund - \$NZ Hedged Class B:

The main method to calculate a New Zealand Resident investor's taxable income from these Funds is under the Fair Dividend Rate ('FDR') method. The FDR method taxes investors on 5% of the opening market value of the shares in the Fund held at the beginning of the year plus an adjustment for any gain on units in the Fund bought and subsequently sold within the same year. Under the FDR method, distributions and disposal gains and losses are not separately taxable. Investors that are individuals or certain family trusts can choose to calculate taxable income from the Fund under the Comparative Value method (see below) instead of the FDR method. Losses arising under the FDR method or the CV method, if it is chosen as an alternative to FDR, are not deductible.

2. Investment in:

- Russell Investments Global Bond Fund – Class B:

This Fund holds investments (held directly or indirectly) that predominantly comprise debt securities, with foreign currency exposures largely hedged back to New Zealand dollars. For this Fund, New Zealand resident investors are prevented from using the FDR method to calculate taxable income. Instead New Zealand resident investors will calculate their taxable income from this Fund applying the Comparative Value ('CV') method. The CV method taxes investors on their actual gain (or loss) each year from the Fund (i.e. the aggregate of changes in market value, income distributions, the cost of units purchased and the proceeds of units sold during the year). Ordinarily, losses arising from FIF interests calculated under the CV method are not deductible however where investors are obligated to use the CV method (as in this case) any losses will be deductible to investors.

Income distributions and disposals

Income distributions and disposal gains and losses are not separately taxable under the FDR and CV FIF calculation methods. Distributions and gains and losses are included in the CV calculation.

Foreign withholding tax

Any Australian withholding tax deducted from distributions from the Fund may be allowed as a credit against a New Zealand resident investor's New Zealand income tax liability, subject to the general limitation that the credit allowed is the lesser of the New Zealand tax payable on income from the Fund and the Australian withholding tax paid.

Any withholding tax deducted from income derived by the Fund in other countries is not allowed as a credit against a New Zealand resident investor's New Zealand tax liability.

General

This information is of a very general nature and New Zealand resident investors should seek their own advice on the Australian and New Zealand tax implications of an investment in the Fund.

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 the 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 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 nominee, you will need to comply with your 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
Level 29, 135 King Street
SYDNEY NSW 2000
Email: aus-compliance@russellinvestments.com
Phone: 02 9229 5111

Note for Indirect Investors:

When you invest in the Fund through a nominee, we will not collect or hold personal information about you. You should contact your 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 nominee 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*. 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 nominee, 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.

Annual investment statements and exit statements

You will receive an annual investment statement setting out information in relation to your investment since the last annual statement, including details of the return on your investment in the Fund and any transactions affecting your investment in the Fund. If you are a Retail Client, you will receive an exit statement within 6 months of exiting the Fund.

Tax statement

We will provide you with an annual tax statement 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>.

Disclosing entity

If the Fund has more than 100 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, or inspected at, an ASIC office. 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.

'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 nominee you should first contact the operator of the nominee.

In Australia (Responsible Entity)

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

Russell Investment Management Ltd
Level 29, 135 King Street,
Sydney NSW 2000, Australia

Or

GPO Box 3279
Sydney NSW 2001, Australia
<https://russellinvestments.com/au>

In New Zealand (Client Services)

Client Service Manager
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Fax: 09 357 6129 (in New Zealand)
E-mail: akl-funds@russellinvestments.com

Russell Investment Group Ltd
Level 13, PWC Tower,
188 Quay Street,
Auckland 1010

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<https://russellinvestments.com/nz>