

# Large Cap Growth Mix

## Money Manager Overview

July 2011

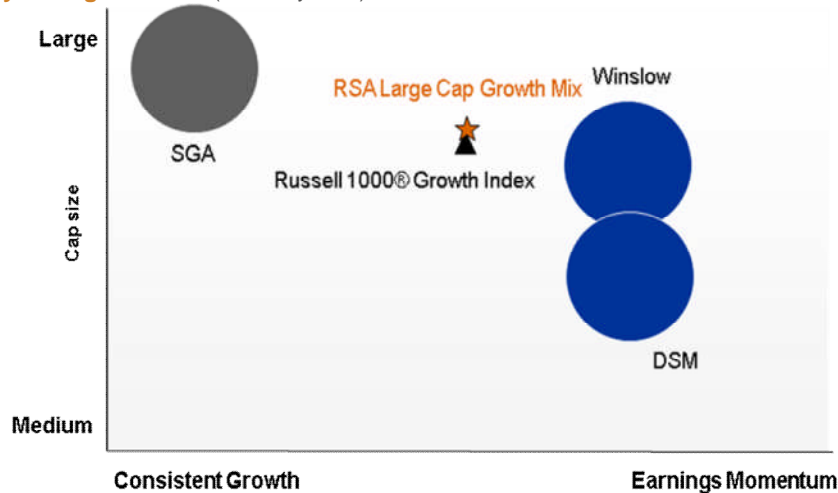
### Russell's investment approach

Russell uses a multi-asset, multi-style and multi-manager approach to construct and manage its investment portfolios. Assets are typically managed by multiple investment management firms that Russell researches and hires, monitors and terminates on an ongoing basis.

### The mix

Russell chooses managers that use many different investment sub-styles, from ones that look for companies that are undergoing positive changes and are expected to be the next generation of major winners to those that they believe will offer predictable and sustainable growth at a reasonable price over the long term. An additional layer of account management is applied by a distinct overlay portfolio manager to provide coordination across multiple manager portfolios, seek to reduce trading costs and improve tax efficiency, and automatically rebalance the portfolios. The mix's benchmark is the Russell 1000® Growth Index.

### Money manager mosaic (as of July 2011)



This mosaic depicts, at a specific point in time, the approximate relative weighting of managers within the mix plotted on the basis of cap size and style against fund benchmark (▲). Manager positions on this mosaic change over time as their allocations and holdings change. The circle size represents the relative size of each manager's assignment in the fund.



### Russell portfolio manager

Robert Kuharic

### The Russell portfolio manager's role

The Russell portfolio manager is responsible for selecting the managers included in the mix and determining the appropriate weight for each manager's assignment. There may be a number of reasons why a manager is added to or removed from a mix, including a change in control at a money management firm, the opportunity to select a manager Russell believes offers an investment proposition that would improve the excess return potential of the mix, or the departure of a key individual at a money management firm.

While the portfolio manager makes the decision to change the manager line-up, that decision must be validated through an internal Russell governance process to ensure all key considerations are addressed by the portfolio manager.

### Target allocation of assets:

#### Growth

34%	DSM Capital Partners LLC
33%	Winslow Capital Management, Inc.
33%	Sustainable Growth Advisers, LP

The above represents the breakout of the mix assets that are allocated to money managers.

## Large Cap Growth Mix

## DSM Capital Partners LLC

July 2011

**Firm background:**

DSM Capital Partners, a Delaware LLC, was founded by Daniel Strickberger and Stephen Memishian in 2001. DSM is an SEC registered investment advisor offering separately managed accounts, as well as certain pooled investment vehicles to individuals and institutional investors.

**Headquarters:** Mount Kisko, NY

**Founded:** 2001

**Lead managers:** Daniel Strickberger and Stephen Memishian

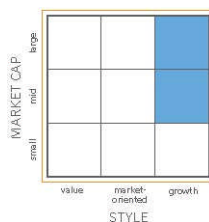
**Asset Class:** U.S. Equity

**Investment style:** Growth

**Manager's benchmark:** Russell 1000® Growth Index

**Number of holdings:** 25 - 35

**Capitalization level:** Mid to large cap

**Investment sub-style:**

Earnings momentum

**Manager profile:**

DSM Capital Partners LLC (DSM) was added to the Large Cap Growth Mix in 2007. Dan Strickberger and Stephen Memishian lead this growth manager assignment at DSM. The firm conducts a bottom-up fundamental research process. DSM believes in strong new idea flow, an emphasis on growth, profitability, and cash flow, and a disciplined approach to valuation.

The firm seeks to add value through building a focused portfolio of unique business franchises where management strategies for growth and improving fundamentals are expected to increase intrinsic business value, which the manager believes will increase investment return.

**Investment process:**

DSM seeks to purchase high quality securities that it believes are trading at a discount but exhibit solid and/or improving revenues, profitability and cash flows. The firm believes that, while these companies have fallen out of favor with growth investors, the companies are candidates to outperform.

The firm runs a concentrated growth portfolio of the highest confidence 25 to 35 securities that they research. Their investment process focuses on finding companies it believes have the potential for solid revenue growth combined with high returns on assets. The characteristics of the portfolio holdings and portfolio candidates include high forecast earnings growth combined with attractive valuations. The combination of the robust research process with the firm's valuation discipline keeps the portfolio invested in the investment team's highest expected return stocks.

**Russell's manager analysis:**

Russell believes that Dan Strickberger and Steve Memishian, the firm's two portfolio managers and co-founders, are thoughtful and experienced money managers who complement each other well. The portfolio they run is quite concentrated, and often has considerable sector and industry deviations relative to its benchmark. In addition, the portfolio is confidence weighted into the investment team's highest expected return companies. As a result, the portfolio is expected to have high tracking error (the amount by which the performance of the portfolio differs from the benchmark) and in many cases, stock specific influence can drive the portfolio's return.

DSM will likely perform best when the market is led by medium capitalization stocks of companies that have high expected earnings growth and may have relatively high earnings variability. It will likely struggle when larger capitalization stocks with moderate, more stable earnings growth perform best.

## Large Cap Growth Mix

## Winslow Capital Management, Inc.

July 2011

**Firm background:**

Winslow Capital Management, Inc. was founded in 1992, and acquired by Nuveen Asset Management in 2008. Winslow is recognized for its large cap growth investment expertise, and specializes in managing portfolios for institutions and high net worth investors.

**Headquarters:** Minneapolis, MN

**Founded:** 1992

**Lead manager:** Clark Winslow

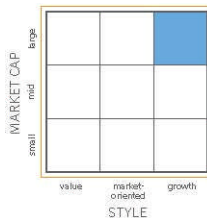
**Asset Class:** U.S. Equity

**Investment style:** Growth

**Manager's benchmark:** Russell 1000® Growth Index

**Number of holdings:** 50 - 70

**Capitalization level:** Large cap

**Investment sub-style:**

Earnings momentum

**Manager profile:**

Russell hired Winslow Capital Management, Inc. (Winslow) in 2007 to fill the core large cap growth mandate in the Large Cap, Large Cap Growth and Broad Cap manager mixes. Clark Winslow leads this growth manager assignment at Winslow. The firm conducts a bottom-up fundamental research process. Winslow believes that investing in companies with above-average earnings growth potential provides the best opportunity for achieving outperforming portfolio returns over the long term. Its focus is on companies it believes can deliver attractive future annual earnings growth, with rising return on invested capital and positive cash flow.

**Investment process:**

Winslow seeks to design portfolios that consistently outperform the Russell 1000® Growth Index over time. Its bottom-up investment process is fundamentally driven, with an underlying valuation discipline that is important to stock selection. It seeks to identify what it believes to be the best companies with more than \$3 billion in market capitalization.

The firm's growth equity universe is created through a quantitative screen of the Russell 1000® Growth Index to narrow the list of potential stocks to approximately 300 companies. It then qualitatively assesses and identifies purchase candidates from these remaining 300 stocks. This qualitative assessment narrows the list to approximately 100 companies that meet its definition of high-quality growth. The firm then conducts an active research review of these remaining 100 stocks, applying valuation disciplines as part of the analysis. The firm is willing to consider stocks of companies that are experiencing long-term sustainable earnings growth, cyclical growth at the right part of the cycle, and rapid growth in newer industries. The end result is a carefully constructed portfolio of approximately 50 to 70 stocks.

**Russell's manager analysis:**

Russell has high confidence in Winslow. Russell believes that the investment team at Winslow is insightful, motivated and experienced. As a team, they have a strong analytical background and complementary philosophical orientations. The firm seeks to identify companies that are in earlier stages of growth as well as avoid and/or sell stocks with declining growth rates. In addition, Winslow has a fairly strict valuation discipline that assists in recycling the portfolio into those companies that have the highest expected return potential.

Russell considers Winslow to be a core growth manager with a portfolio that tends to be more broadly diversified across sectors and industries relative to the other growth managers in the Russell Separate Account mixes. Russell believes this manager will perform best in broadly rising markets that are not narrowly focused within the largest capitalization tier. They may struggle in market environments in which risk-aversiveness dominates and defensive stocks lead.

# Large Cap Growth Mix

## Sustainable Growth Advisers, LP

July 2011

### Firm background:

Sustainable Growth Advisers is wholly owned by its principals and staff, and provides investment advice to institutional and individual clients, private investment companies and mutual funds.

**Headquarters:** Stamford, CT

**Founded:** 2003

**Lead managers:** George Fraise, Gordon Marchand and Robert Rohn

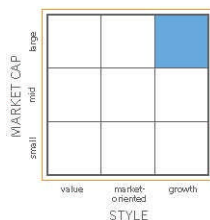
**Asset Class:** U.S. Equities

**Investment style:** Growth

**Manager's benchmark:** Russell 1000® Growth Index

**Number of holdings:** 20 - 30

**Capitalization level:** Large cap



### Investment sub-style:

Relative value

### Manager profile:

Sustainable Growth Advisers, LP (SGA) was added to the Large Cap Growth Mix in 2007. SGA conducts an extensive bottom-up fundamental research process and thorough due diligence as part of its stock selection process. SGA believes it is possible to generate high relative returns with low relative risk by investing for the long term in the best businesses at reasonable prices. They focus on businesses that they believe will offer predictable, sustainable earnings and cash flow growth.

### Investment process:

The firm seeks to identify those few businesses that it believes have predictable, sustainable earnings growth. SGA believes that specific characteristics increase the probability that a company will sustain growth with low business risk over the long-term. As a result, in order to be a viable purchase candidate, a company must have pricing power, repeat revenues, and global reach.

SGA seeks securities that it believes will sustain their prices at levels that consistently provide good profit margins and strong returns on invested capital. This is often associated with a strong franchise, a proprietary position, a low-cost position or a powerful brand. SGA also looks for companies whose products and services are used frequently and need to be replaced regularly. It believes that it is easier for a company to grow if it begins each year with a core constituency of loyal customers already in the habit of buying its products services. SGA believes these companies are more predictable and less vulnerable to fluctuations in economic activity, and many demonstrated an ability to grow earnings through all economic cycles. Finally, companies with a global reach that are not limited to one particular region for growth are also desirable to SGA. The firm believes these global companies have the ability to expand operations across borders because the products and services they provide have few inherent geographic or cultural limitations. SGA believes the long-term growth prospects are more sustainable for these companies because of the global scope of the market opportunity.

### Russell's manager analysis:

Russell believes the SGA investment team is capable of identifying companies that will maintain strong competitive positions while generating high and consistent free cash flow. The consideration of valuation in the investment process should allow many of SGA's holdings to participate in multiple expansions while limiting the susceptibility to the negative side of mean reversion.

SGA will likely perform best in during periods of decelerating economic growth and when high quality and/or low beta stocks are attractive to other investors. Conversely, we expect returns to be lower during periods of accelerating economic growth when stocks of lower quality growth companies and those with volatile earnings lead the index upward.

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The separate account mix managers are current as of 7/1/11. Russell has the right to employ or terminate a manager at any time and without prior notification, as is consistent with its role as investment manager of the mixes. The managers shown may not be the current managers in the mix.

This document will be updated annually. If a manager change is made during a year, a manager specific page will be added or removed.

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may decline in value. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure a profit or guarantee against loss in declining markets. There are no assurances that the objectives stated in this material will be met.

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The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

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