The case for global equity investing

Wondering if you should be investing globally? More than likely, you already are.

If you've had a Nestle's chocolate bar, sipped on Dunkin Donuts coffee, or snacked on a cup of Dannon Yogurt lately, you're supporting—or indirectly investing in—three of the world's largest consumer products companies. And while these products may be made and distributed locally in America, each is owned by companies located outside of the U.S.—Switzerland, United Kingdom, and France, respectively. Indeed, it's become a small world after all, and the world's markets are growing rapidly [See Exhibit 1].

Money managers discover unlimited borderless opportunities.

In the past, money managers confined their international investing to a limited number of multi-national companies located in specific countries or regions, also known as having a home country-bias. The opportunity to invest in truly global products was limited, and oftentimes, the quality of the available offerings was poor.

Now we know there has been a paradigm shift; the term, "global economy" is for real. Over the last year or more we've seen how events in Washington or China or Germany impacted the world, often in what seemed to be a nanosecond. Decisions that companies and governments made on one continent in the morning were felt by employees, families, cities, and countries around the globe in the afternoon.

The upside of the new global economy is that it provides money managers a new opportunity to shift from a traditional regional approach, or home-country bias, to a borderless investing approach where they are free to find the best opportunity, or stock, in a given sector no matter where it is in the world [See Exhibit 2].

Consider these two examples of managers who are searching for the best ideas regardless of country location:

› One manager predicts that as consumers in developing nations grow wealthier there'll be strong demand for high quality food products. So they search for companies that produce chicken and fish for these markets that traded at discounts during the recession.

› At the other end of the spectrum, another predicts that luxury products—like watches, purses, jewelry—will fly off the shelves once the worldwide economic recovery is underway.

Is global equity investing right for you?

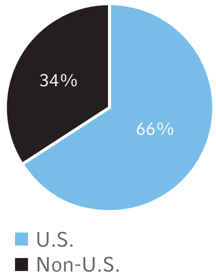
Adopting a broader global approach to investing means putting the world at your disposal. This does not mean that global investment strategies are better than another strategy. Rather the global backdrop provides money managers with the freedom to select the stocks they consider the best ideas, and it gives you and your financial advisor an opportunity to overlay a global perspective in your portfolio if it fits within your risk profile.

If you're considering allocating a portion of your portfolio to global equities, talk to your financial advisor. Together you can chart the right course of action for you and your portfolio.

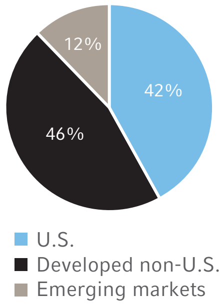
Exhibit 1: World stock markets

Growing and becoming more global

1970
$929 billion



2009
$23,748 billion



Source: Morgan Stanley Capital International (MSCI), S&P Global Stock Markets Factbook, FactSet. Developed Non-U.S. includes Canada. Canada, 9/30/2009.

Exhibit 2: 2008 Fortune Global 500 largest companies by revenue*

While bigger doesn't mean better, this chart shows that the U.S. does not lay claim to most of the largest telecom companies or auto manufacturers. And it shows how a money manager's opportunity set is expanded when borders are removed from consideration.

Telecommunications	Auto Manufacturers
1. AT&T (U.S.)	1. Toyota Motor (Japan)
2. Nippon Telegraph & Telephone (Japan)	2. Volkswagen (Germany)
3. Verizon Communications (U.S.)	3. General Motors (U.S.)
4. Deutsche Telekom (Germany)	4. Ford Motor (U.S.)
5. Telefónica (Spain)	5. Daimler (Germany)
6. France Télécom (France)	6. Honda Motor (Japan)
7. Vodafone (U.K.)	7. Fiat (Italy)
8. China Mobile Communications (China)	8. Nissan Motor (Japan)
9. Telecom Italia (Italy)	9. Peugeot (France)
10. Vivendi (France)	10. BMW (Germany)

* Fortune compiled data as of the fiscal year ended on or before March 31, 2009. Revenue figures for non-U.S. companies have been converted to U.S. dollars at the average exchange rate during each company's fiscal year.

Fund objectives, risks, charges and expenses should be carefully considered before investing. A prospectus containing this and other important information can be obtained by calling 800-787-7354 or visiting www.russell.com. Please read the prospectus carefully before investing.

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 experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, as certain times, unintentionally reduce returns.

Global equity involves risks associated with investments primarily in equity securities of companies located around the world, including the United States. International securities can involve risks relating to political and economic stability or regulatory conditions. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems which have less stability than those of more developed countries.

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