RIC Global Bond Fund

Performance Review

	Three Months %	Year to Date %	One Year %[1]	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception%[2]
RIC Global Bond Fund ($ Gross of Fees)	2.9	2.9	6.9	12.6	7.8	8.2	6.4	6.6
RIC Global Bond Fund ($ Net of Class A Fees)	2.7	2.7	6.1	11.8	7.0	7.3	5.6	5.8
Global Bond Fund Benchmark ($)[3]	0.9	0.9	5.3	7.5	6.4	7.3	5.9	6.1
Morningstar Median Manager ($)[4]	1.8	1.8	4.0	7.4	6.0	7.2	5.3	5.8
Quartile ranking	2	2	1	1	1	2	2	3
Fund size $ 1,951m								

[1] Returns greater than one year are annualised.
[2] Inception date 30/09/1994
[3] Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.
[4] Morningstar Offshore & International Fixed Income Global USD Based Universe

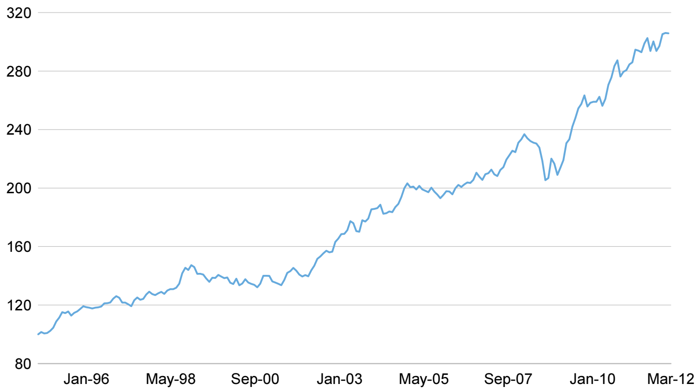
Market Performance

Overview

The Barclays Capital Global Aggregate Bond Index returned 0.9% over the quarter. After a rocky second half of 2011, the first quarter of 2012 saw systemic risk dissipating, market volatility decreasing and credit spreads tightening. The primary catalysts were developments surrounding the European debt crisis, which provided clarity on policy and significantly reduced liquidity risk. First and foremost was the European Central Bank's LTRO (Long Term Refinancing Operation) programme, which injected €1 trillion worth of liquidity into eurozone banks, eliminating the probability of a Lehman-like event. Near term Greek pressure was alleviated as private borrowers agreed on terms of a principal write-down and the German parliament approved a second bailout of €130 billion. The events played out over a backdrop of an ongoing trend in global central bank easing (including the US Federal Reserve's forecast to remain on hold into 2014), positive US economic data and somewhat decreasing concerns of a China hard landing. At the end of the quarter there was some disappointment in EU finance ministers limiting fresh "firewall" funds to €500 billion, as a higher amount would demonstrate deeper EU commitment and potentially compel other countries to donate more to the IMF. The above events drove positive sentiment in risk assets, with Pan-European high-yield banks returning an astounding 24% and lowest quality global credits (rated Ca to D) returning 13%. Peripheral European sovereign debt which had been struggling rebounded with strong returns. The positive environment helped capital to continue to pour into emerging market debt funds, bolstering their returns. Subprime mortgages did well, due in part to the Federal Reserve selling the remainder of its Maiden Lane II portfolio privately and some indications that the housing market may be nearing the bottom.

Fund Performance

Performance History(1)



(1) Performance is quoted gross of management fees

Key Drivers

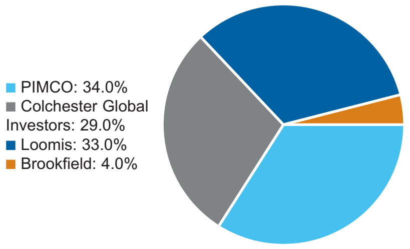
The Fund enjoyed very strong performance over the quarter, with all of the underlying managers outperforming the benchmark. Currency effects contributed positively, most notably an underweight to the Japanese yen, which declined over the period due to the Bank of Japan's increase in stimulus measures. In terms of rates, overweight's to Ireland and Mexico against an underweight to the US boosted returns. Sector positioning added value through an exposure to emerging market debt and high yield corporates versus an underweight to governments.

Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
PIMCO	Sector Specialist	2.1%	PIMCO enjoyed positive returns over the period, as its market sector positioning was particularly beneficial. The manager benefitted from its spread strategy in securitised assets, especially in non-agency MBS and an overweight to financials. Duration strategies detracted over the quarter, in particular overweights to the eurozone and UK. Currency detracted slightly through an overweight to JPY and USD.
Colchester Global Investors	Macro Value	1.6%	Colchester outperformed the benchmark over the quarter, however lagged its peers. The manager benefitted largely from it rates positioning, in particular its sizeable overweight to Ireland and underweight to the US. Currency exposures also added significantly to returns, notably an underweight position to the Japanese yen which declined over the period. From a sector perspective, an overweight to emerging market debt was positive as investors moved towards riskier assets over the quarter.
Loomis	Security Selection	2.6%	Loomis's outperformance was driven by its currency, sector positioning and security selection. An underweight to the Japanese yen and an overweight to the Mexican peso contributed. Overweights to industrials, sub-investment grade names and underweights to treasuries added as well as exposure to emerging markets.
Brookfield	Sector Specialist	4.5%	Mortgage sector specialist Brookfield significantly outperformed over the quarter and was the best performing manager. Positive performance was largely driven by exposure to non-agency mortgage-backed securities and commercial mortgage-backed securities (CMBS), as mortgages performed particularly well, partly due to the Fed selling the remainder of its Maiden Lane II portfolio privately and the favourable environment for risk.

Fund Statistics

Manager Weights

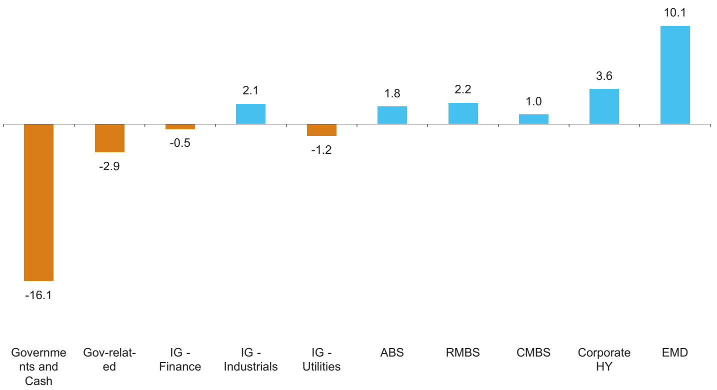


Characteristics	Fund	Benchmark
Effective Duration	5.8	5.8
Yield to Maturity	4.0	2.1
Average Credit Rating	A1	Aa2
Average Maturity (Years)	7.2	7.5

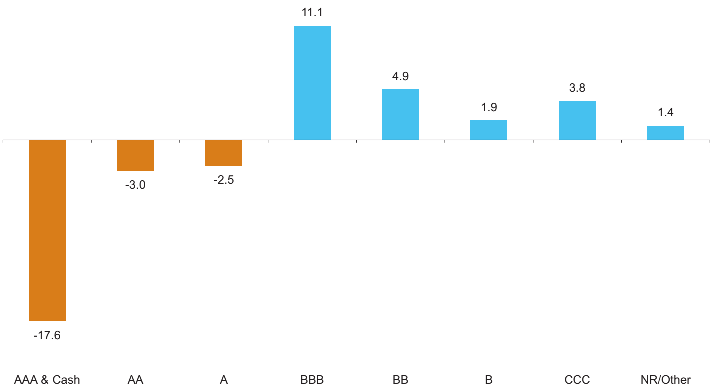
Tracking Error	Fund	Median Manager
One Year	1.8	3.0
Three Years	2.0	2.8
Five Years	2.7	3.4

Fund Analysis

Bond Market Sector (Relative Exposure)



Credit Rating (Relative Exposure)



Russell Investments