

UNCONSTRAINED



Russell Investments Unconstrained Bond Fund

*Seeking positive returns in a
low interest rate environment*



Fund objective

The Fund is actively managed and aims to achieve an annual return of 3% over the 3-Month USD Interest Rate LIBOR over a three-year timescale, by investing in a broad range of active strategies across all fixed income sectors, as well as currency and volatility management. The Fund may also invest in other asset classes to achieve its objective.

The Fund's performance will be correlated to interest rate and credit markets, but we use wide latitude and flexibility to manage the Fund's asset mix in order to minimise periods of

negative performance and to reduce volatility. We combine the skills of third-party specialist investment managers with our custom smart beta strategies and dynamic asset allocation expertise.

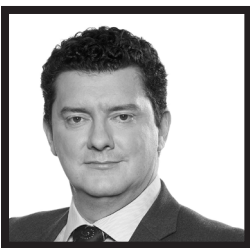
What is unconstrained investing?

Unconstrained investing focuses on achieving a return target for a given level of risk.

This is very different from traditional benchmark oriented investing, which aims to add value over a chosen benchmark, and constrains the range of investments and the active risk positions around them. An unconstrained fixed income approach allows us latitude to exploit the full return potential of credit investments, which should generate meaningful returns

above cash with a reasonable amount of certainty over the medium term. It also allows us the flexibility to use dynamic asset allocation and effective diversification to manage the risks associated with credit investing. For investors seeking moderate capital growth and income, we believe unconstrained investing is a strategy that is well-suited to the current market environment.

Fund facts

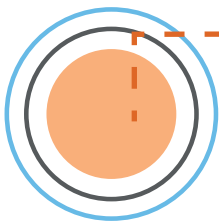


Portfolio Manager
Head of Fixed Income Research
Adam Smears

Share class; dealing currency:	USD; GBP Hedged (H) & EUR (H)
Dealing frequency; cut off:	Daily; 2.00pm GMT cut-off
Domicile; category:	Ireland; UCITS
Fund size:	\$788.08 (as at 31 December 2020)
ISIN codes:	USD IE00B9HH8J19; GBP-(H) IE00B9HH4Q06; EUR-(H) IE00B9HH4T37
Fund repurpose date:	On 6 September 2016 the Fund was repurposed from the Russell Absolute Return Bond Fund

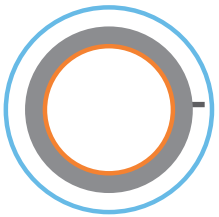
Russell Investments Unconstrained Bond Fund

The Fund aims to address the challenging, low interest rate environment which has made it difficult to find reliable, income-generating investments. With government bond yields at historic lows, it will be difficult for traditional fixed income products to generate reasonable returns going forward. Accordingly the Fund has the flexibility to invest across a broad range of fixed income securities across sectors, around the world, and across credit quality and maturity spectrums.



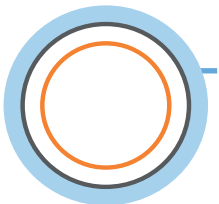
CORE YIELD ENGINE

Our capital markets research has found that short duration, high quality High Yield offers particularly attractive risk-adjusted returns. This segment of the market has mostly offered positive returns on a yearly basis. We call this portion of Russell Investments Unconstrained Bond Fund the core yield engine. The core yield engine is a consistent return driver, but can suffer meaningful drawdowns from time to time.



OPPORTUNISTIC INVESTMENTS

On a non-core basis, we include opportunistic investments in sectors or strategies which offer particularly attractive risk and return characteristics. These improve our ability to achieve our return target and add extra diversification.



DIVERSIFIERS

Therefore we add into the Fund's asset mix alpha and factor strategies that have particularly strong diversifying properties to contain downside risk. In several cases we have custom-designed these strategies for enhanced diversification.



DYNAMIC CASH MANAGEMENT

Lastly, we also recognise that the market does not always offer good investment opportunities all the time, therefore we dynamically manage the cash allocation within the Fund.

Combining the strategies

The Fund’s asset mix combines third-party specialist managers with custom smart beta strategies designed, constructed and managed by Russell Investments.

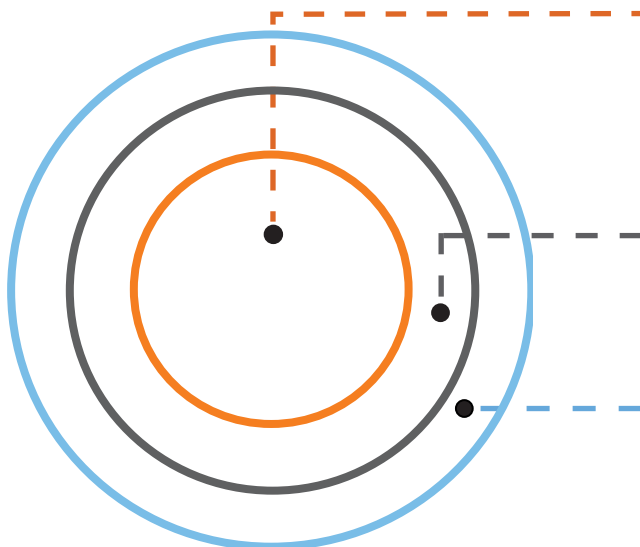
The opportunistic strategies currently feature just one manager, however this part of the portfolio will evolve as different opportunities present themselves.

STRATEGY	MANDATE	TARGET WEIGHT
Core Yield	Post Advisory Group: U.S. credit specialist	20%
Core Yield	Hermes Investment Management: Credit manager with global expertise	25%
Opportunistic	Putnam Investment Management: Mortgage bond and mortgage prepayment risk specialist	20%
Diversifier	Russell Investments: Positioning strategy	35%
Total exposure		100%

Source: Russell Investments. Data as at 31 December 2020.

Product profile

What should clients expect?



Core Yield Engine (40-70%)

- › Generate baseline return and income from the most attractive part of the credit spectrum (0-5 years BB)
- › Flexibility to increase credit quality or shorten duration to manage risk

Opportunistic Book (0-50%)

- › The highest risk end of fixed income: longer duration High Yield, Local and Hard Currency Emerging Market Debt
- › Convertibles, non agency, bank capital, mortgages
- › Active sector rotator

Diversifiers (0-70%)

- › Diversifying overlays – currency factors and real yield strategies
- › Volatility management
- › Cash

Duration will be driven both by asset class duration and by a futures overlay.

The latter allows us to alter the balance of risk coming from term premium and ensure diversity.

Libor +3%*	2-4%**	0-8 Years
Target	Volatility	Duration

Notes: For illustrative purposes only. Not be relied upon when making investment decisions.

Source: Russell Investments. *3-Month USD Interest Rate LIBOR **6-8% volatility in a stressed market environment.

Any past performance is not necessarily a guide to future performance. Targets figures do not take into account any fees or charges on investment returns.

Key benefits

Global: Puts together a team of global specialist managers and strategies to work for you.

Unconstrained: Combines targeted exposure to attractive parts of the credit market with alternative and opportunistic investments to ride the credit cycle and optimise risk/return outcomes. Unconstrained investing allows us to pursue returns without benchmark constraints.

Outcome orientated: Strives to provide better performance than traditional fixed income funds with less volatility than a pure high yield bond product.

Downside protection: Uses dynamic allocation and effective diversification to mitigate the risk of drawdowns and volatility that periodically comes from credit markets.

Access to experts: Uses a best-in-class approach to identify the leading specialist third-party managers in each style segment. Through our intensive research process we identify the best specialists and gain valuable insights into the success of different emerging markets equity strategies. Our extensive experience and relationships allow us to select niche specialist capabilities and customise strategies to complement our portfolios.

Capacity: Hires managers that have scope to succeed. Single-manager strategies operating

in emerging markets are typically capacity constrained and their performance can deteriorate when they absorb too much cash flow. Our best in-class approach is well positioned to adapt to this challenge, constantly looking for new skilled strategies with capacity.

Integrated: We employ a straightforward but powerful strategy process based on business cycle, market valuation and investor sentiment factors (Cycle, Value and Sentiment or CVS), together with a consistent methodology to design, construct and manage portfolios (DCM). Our CVS and DCM approaches link the work of our portfolio management, research and strategy teams, providing them with a common language and analytical framework. This allows our teams to combine top-down and bottom-up research, to generate more penetrating insights and to maintain constant market awareness. Importantly, this integrated capability underpins our ability to allocate the Fund's assets dynamically in the light of changing markets and new opportunities.

Nimble: Real-time management and powerful analytics help manage risk exposures, make for greater agility in a constantly changing environment, and create flexibility to respond to what's going on in the marketplace.

Why Russell Investments?

We believe Russell Investments has a crucial advantage. We can combine our capital markets insights, manager research expertise, tactical asset allocation capabilities and factor capture skills, in one integrated and dynamic process, on a truly global basis. We don't just find a good manager. We look at the manager's strategy and see whether it is appropriate for the current market environment, how it interacts with the overall portfolio, and whether the timing is right to invest now. Additionally, we look at the best way to implement that strategy – should we do this actively, passively or through smart beta?

Lastly, we constantly re-evaluate the strategies placed in the Fund's asset mix in light of market movements. The fixed income universe is extremely broad, and it is rare to find the multitude of skillsets it requires in just one manager. For instance, the skills to manage a currency strategy are different from the skills required to manage a mortgages portfolio. Indeed, a manager that invests in U.S. mortgages usually lacks the capabilities to invest in the European mortgage bond market. Our 30 years of manager research experience allows us to deploy world class talent rapidly in whichever segment of the market is attractive.

For more information:

Call Russell Investments on +44 (0)20 7024 6000 or visit russellinvestments.com

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Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Potential investors in Emerging Markets should be aware that investment in these markets can involve a higher degree of risk.

Russell Investments may trade a portion of the Fund's assets based on a model portfolio provided by the investment advisor. By employing this emulated portfolio approach, the Fund leverages off the implementation capabilities of Russell Investments in order to manage the funds in an efficient manner.

Applications for shares in the fund are subject to the terms and conditions set out in the fund's prospectus, Key Investor Information Document (KIID), memorandum and articles of association. Investors and potential investors are advised to read these documents (and in particular the risk warnings), as well as the further information contained in the annual and half-yearly reports before making an investment. Copies are available free of charge on request from Russell Investments.

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