Fund Changes

The value of active management

We believe an effective multi-asset portfolio is built using the best strategies. That's why we put our efforts into continually researching money managers and strategies around the world—with the goal of finding top performers. Occasionally, necessary changes are identified by Russell Investments Portfolio Managers.

Changes effective June 8, 2016

Changes are occurring in the following Russell Investment Company (RIC) Funds:

› Russell Strategic Bond Fund
› Russell Investment Grade Bond Fund

Unless otherwise noted, investment objectives, risk parameters and fund portfolio characteristics will not materially change as a result of these manager changes.

Please see the funds' manager profile documents for further details on all the managers and strategies in the funds.

Russell Strategic Bond Fund

The Russell Investments portfolio managers of this fund, Gerard Fitzpatrick and Keith Brakebill, recently made changes in an effort to:

› Reduce the number of diversifying managers to increase structural credit risk.

New money manager: Western Asset Management Company and Western Asset Management Company Limited

Firm background:

› Firm headquarters is in Pasadena, California
› The strategy is led and implemented by a team of senior generalist portfolio managers.
The manager’s intended role in the Fund:

› Western believes in a well-diversified, long-term, fundamentally based, value driven investment approach. Western’s process combines bottom-up issuer selection with a top-down investment view.
› Western is a credit-focused manager.
› Targeted number of holdings: 200-400

Russell Investments’ analysis of the manager:

› Russell Investments expects this manager’s strategy to do well in a strong bull market, but not as well in a bear market.
› Russell Investments believes Western is complementary to the other credit-focused manager in the fund, Logan Circle, in that Western includes more macro elements in its process.

New money manager: Pareto Investment Management Limited

Firm background:

› Firm headquarters is in London, UK
› Lead manager is Paul Lambert

The manager’s intended role in the Fund:

› Pareto manages a fundamentally based investment process in currency markets using a broad range of currencies and instruments.
› Targeted number of holdings: 5-20

Russell Investments’ analysis of the manager:

› Pareto’s strategy is not dependent on the direction of credit markets and the firm may provide diversification within a portfolio in multiple market conditions. Russell Investments believes Pareto runs a very balanced process involving both fundamentals and technicals.

Terminated money manager: Wellington Management LLP

› Originally introduced into the fund in 2012.
› Wellington ran a multi-strategy approach that primarily used global, diversified quantitative and qualitative approaches to find value among developed global bond and currency markets.
› Wellington is being removed from the fund in an effort to add a more credit-focused manager.
› Targeted number of holdings: 300-500

Terminated money manager: Macro Currency Group - an investment group within Principal Global Investors LLC

› Originally introduced into the fund in 2012.
› Macro Currency Group ran an active currency strategy in the fund.
› Macro Currency Group is being removed from the fund in an effort to add a currency manager with a broader strategy.
› Targeted number of holdings: 3-10

What is the impact on the fund structure as a result of this change?

The fund’s expense ratio as stated in the current prospectus will not change.

Fund assets have been reallocated.
The percentages below represent the target allocation of the fund’s assets to each money manager’s strategy and Russell Investment Management Company’s strategy. This does not include liquidity reserves managed directly by Russell Investments, which may constitute 5% or more of fund assets at any given time.

**Russell Strategic Bond Fund**

<table>
<thead>
<tr>
<th>MANAGER</th>
<th>ROLE</th>
<th>PREVIOUS TARGET WEIGHT</th>
<th>CURRENT TARGET WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brookfield Investment Management</td>
<td>Specialist</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Colchester Global Investors Limited</td>
<td>Specialist</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Logan Circle Partners, L.P.</td>
<td>Generalist</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Macro Currency Group – an investment group within Principal Global Investors LLC</td>
<td>Specialist</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Metropolitan West Asset Management, LLC</td>
<td>Generalist</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Pareto Investment Management Limited</td>
<td>Specialist</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>Scout Investments, Inc.</td>
<td>Generalist</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Wellington Management Company LLP</td>
<td>Generalist</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Western Asset Management Company Limited</td>
<td>Generalist</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>Russell Investment Management Company*</td>
<td>--</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Russell Investments manages this portion of the fund’s assets to effect the fund’s investment strategies and/or to actively manage the fund’s overall exposures to seek to achieve the desired risk/return profile for the fund.

**Russell Investment Grade Bond Fund**

The Russell Investments portfolio manager of this fund, Keith Brakebill, recently made changes in an effort to:

› Introduce more credit risk into the portfolio.

**Terminated money manager: Macro Currency Group - an investment group within Principal Global Investors LLC**

› Originally introduced into the fund in 2012.
› Macro Currency Group ran an active currency strategy in the fund.
› Macro Currency Group is being removed from the fund in order to introduce more credit risk into the portfolio via a larger allocation to the Russell Investments positioning strategy
› Targeted number of holdings: 3-10

**What is the impact on the fund structure as a result of this change?**

The fund’s expense ratio as stated in the current prospectus will not change.

Fund assets have been reallocated.
The percentages below represent the target allocation of the fund’s assets to each money manager’s strategy and Russell Investment Management Company’s strategy. This does not include liquidity reserves managed directly by Russell Investments, which may constitute 5% or more of fund assets at any given time.

### Russell Investment Grade Bond Fund

<table>
<thead>
<tr>
<th>MANAGER</th>
<th>ROLE</th>
<th>PREVIOUS TARGET WEIGHT</th>
<th>CURRENT TARGET WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logan Circle Partners, L.P.</td>
<td>Generalist</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td>Loomis, Sayles &amp; Company, L.P.</td>
<td>Generalist</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Macro Currency Group – an investment group within Principal Global Investors LLC</td>
<td>Specialist</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>Metropolitan West Asset Management, LLC</td>
<td>Generalist</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Neuberger Berman Investment Advisers LLC</td>
<td>Generalist</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Russell Investment Management Company*</td>
<td>--</td>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Russell Investments manages this portion of the fund’s assets to effect the fund’s investment strategies and/or to actively manage the fund’s overall exposures to seek to achieve the desired risk/return profile for the fund.

Fund objectives, risks, charges and expenses should be carefully considered before investing. A summary prospectus, if available, or a prospectus containing this and other important information can be obtained by calling (800) 787-7354 or visiting www.russellinvestments.com. Please read a prospectus carefully before investing.

The investment styles employed by a Fund's money managers may not be complementary. This concentration may be beneficial or detrimental to a Fund's performance depending upon the performance of those securities and the overall economic environment. The multi-manager approach could increase a Fund's portfolio turnover rates which may result in higher levels of realized capital gains or losses with respect to a Fund's portfolio securities, higher brokerage commissions and other transaction costs.

Consider how the combined risks of various asset classes impact your total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal. Please see a prospectus for further details.

Bond investors should carefully consider risks such as interest rate, credit, default and duration risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Generally, when interest rates rise, prices of fixed income securities fall. Interest rates in the United States are at, or near, historic lows, which may increase a Fund's exposure to risks associated with rising rates. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries. Emerging markets debt has higher default and repayment risk than traditional bond markets.

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